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**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

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**FORM F-1**  
**REGISTRATION STATEMENT**

*UNDER*  
*THE SECURITIES ACT OF 1933*

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**AiHuiShou International Co. Ltd.**

(Exact name of Registrant as specified in its charter)

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Not Applicable  
(Translation of Registrant's name into English)

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Cayman Islands  
(State or other jurisdiction of  
incorporation or organization)

5990  
(Primary Standard Industrial  
Classification Code Number)

Not Applicable  
(I.R.S. Employer  
Identification Number)

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

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

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Cogency Global Inc.  
122 East 42nd Street, 18th Floor  
New York, NY 10168  
+1 800-221-0102

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public:  
as soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.   
If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933.

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 7(a)(2)(B) of the Securities 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.

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**CALCULATION OF REGISTRATION FEE**

Title of each class of securities to be registered	Proposed maximum aggregate offering price <sup>(2)(3)</sup>	Amount of registration fee
Class A ordinary shares, par value US\$0.001 per share <sup>(1)</sup>	US\$100,000,000	US\$10,910
(1) American depositary shares issuable upon deposit of Class A ordinary shares registered hereby will be registered under a separate registration statement on Form F-6 (Registration No. 333- ). Each American depositary share represents Class A ordinary shares.		
(2) Includes Class A ordinary shares that are issuable upon the exercise of the underwriters' over-allotment option. Also includes Class A ordinary shares initially offered and sold outside the United States that may be resold from time to time in the United States either as part of their distribution or within 40 days after the later of the effective date of this registration statement and the date the shares are first bona fide offered to the public. These Class A ordinary shares are not being registered for the purpose of sales outside the United States.		
(3) Estimated solely for the purpose of determining the amount of registration fee in accordance with Rule 457(o) under the Securities Act of 1933.		
<p align="center">_____</p> <p><b>The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.</b></p>		

The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion. Dated \_\_\_\_\_, 2021.

## American Depositary Shares



## AiHuiShou International Co. Ltd.

### Representing \_\_\_\_\_ Class A Ordinary Shares

This is an initial public offering of American depositary shares, or ADSs, of AiHuiShou International Co. Ltd.

We are offering \_\_\_\_\_ ADSs to be sold in the offering.

Prior to this offering, there has been no public market for our ADSs or ordinary shares. Each ADS represents \_\_\_\_\_ of our Class A ordinary shares, par value US\$0.001 per share. It is currently estimated that the initial public offering price will be between US\$ \_\_\_\_\_ and US\$ \_\_\_\_\_ per ADS. Application will be made for listing on the New York Stock Exchange under the symbol "RERE."

See "[Risk Factors](#)" on page 24 to read about factors you should consider before buying the ADSs.

**Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.**

Following the completion of this offering, our outstanding share capital will consist of Class A ordinary shares, Class B ordinary shares and Class C ordinary shares. Mr. Kerry Xuefeng Chen, our co-founder, chairman and chief executive officer, will beneficially own all of our issued Class C ordinary shares and will be able to exercise approximately \_\_\_\_\_% of the total voting power of our issued and outstanding share capital immediately following the completion of this offering, assuming that the underwriters do not exercise their over-allotment option. JD.com Development Limited will beneficially own all of our issued Class B ordinary shares and will be able to exercise approximately \_\_\_\_\_% of the total voting power of our issued and outstanding share capital immediately following the completion of this offering, assuming that the underwriters do not exercise their over-allotment option. 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 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 and 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.

	Per ADS	Total
Initial public offering price	\$ _____	\$ _____
Underwriting discount(1)	\$ _____	\$ _____
Proceeds, before expenses, to us	\$ _____	\$ _____

(1) See "Underwriting" for additional information regarding underwriting compensation.

To the extent that the underwriters sell more than \_\_\_\_\_ ADSs, the underwriters have the option to purchase up to an additional \_\_\_\_\_ ADSs from us at the initial public offering price less the underwriting discount.

The underwriters expect to deliver the ADSs against payment in [New York, New York on or about \_\_\_\_\_, 2021.]

**Goldman Sachs**  
GTJA

**BofA Securities**  
CLSA

**China Renaissance**  
Tiger Brokers

Prospectus dated \_\_\_\_\_, 2021.

万物新生  
A T R E N E W

# To Give a Second Life to All Idle Goods





# No.1

## Pre-owned Consumer Electronics Transactions and Services Platform in China<sup>1</sup>



Total GMV<sup>2</sup>

**¥22.8bn**



Number of  
Consumer Products  
Transacted<sup>2</sup>

**26.1m**



Net Revenue  
YoY Growth<sup>3</sup>

**119%**



Number of  
Offline Stores<sup>4</sup>

**755**



Number of Cities  
(Store Presence)<sup>4</sup>

**172**



Average  
Processing Time  
for Each Device

**3 days**

1. In terms of total number of devices transacted and distribution GMV for the twelve months ended March 31, 2021, according to the CIC Report

2. For the twelve months ended March 31, 2021

3. For the three months ended March 31, 2021

4. Including AHS Recycle and Paipai offline stores, as of March 31, 2021

## LETTER FROM THE FOUNDER

Dear Investors,

Thank you for your interest in us. We operate the largest pre-owned consumer electronics transactions and services platform in China under our brand "ATRenew", meaning all things renew in English and 万物新生 in Chinese. I am excited to share with you our path, opportunity, vision, value proposition and my view of our future.

### **Our beginning: focus on creating long term value despite difficulties**

We started our smartphone recycling business a decade ago when mobile internet and smartphones were in their infancy. We set a key principle early on: "dare to be different." We wanted to do something that would create value in the long run – even if that did not attract much attention and may be difficult to do at the time.

### **Our opportunity: to redefine an "overlooked" industry**

For entrepreneurship, being "overlooked" is not necessarily a bad thing, as there are many examples of success that came from being "overlooked" or misunderstood. For a long time, we were misunderstood by others as a company that simply dismantles smartphones and re-purposes metals. The most common questions we face include: are pre-owned smartphones worth transacting? Who would like to purchase a pre-owned mobile phone?

We see tremendous opportunities for the rising pre-owned consumer electronics transaction industry. According to the CIC Report, the annual new device shipment volume of consumer electronics in China exceeded 530 million in 2020. The average selling price of smartphones has been rising in recent years. For example, a pre-owned device that was originally released seven years ago (such as an iPhone 6) could still easily be sold at a reasonable price today. There were a total of 2.6 billion consumer electronic devices that still have use value in China in 2020, but a large portion of them are idle. In China, there is a large population with relatively low disposable income while having a strong demand for good quality and value-for-money pre-owned consumer electronics. Looking beyond China, we believe that pre-owned devices transaction is naturally a global business. For example, we estimate that an iPhone's life cycle typically lasts for several years, where each device can be transacted a few times from developed economies and top-tier cities in China to lower-tier cities in China, and to other developing economies in the world.

Driven by the large churn of upgraded devices, and the strong consumer demand in lower-tier cities and from the export market, China's pre-owned consumer electronics industry is enormous while being complex. Multiple layers of the traditional distribution channel lead to an average markup of 60%-80% for a pre-owned device from its original recycling price. We saw an opportunity to set new industry standards by making transactions and services more user-friendly, efficient, transparent, secure, and environmentally friendly.

### **Our vision: to transform pre-owned consumer electronics transactions and services globally by leveraging technology**

We have built our end-to-end platform to transform the inefficient traditional pre-owned consumer electronics value chain in China. Our goal is to recycle from consumers and sell directly to consumers. Through delivering the best transaction experience, we directly engage with individual sellers to obtain primary source of devices, and skip the traditional multiple layers of transactions. The platform then

provides standardized inspection and grading, maintenance and other value-added services, before selling to buyers, with quality guarantee and warranty. In this way, we have created the most direct path of the value chain.

We also seek to grow our international presence. We plan to increase the global circulation of pre-owned devices and to empower the existing value chain overseas by leveraging our technological advances, particularly our automatic testing process. We believe that technology will be a driving force to increase the efficiency of global circulation and extend the lifecycle of pre-owned products, benefiting the world from both economic and sustainability perspectives.

**Our value proposition: an open platform driven by supply chain capabilities and technology**

We believe that building an open platform driven by supply chain capabilities and technology is the key to success in the pre-owned consumer electronics industry. China's pre-owned consumer electronics market lacks sufficient supply as the recycling channels are fragmented, while many pre-owned devices are idle and not recycled.

We continue to execute on the following three principles to strengthen our core capabilities:

- **Principle #1: supply chain capability as the core competency**

Supply chain is the core competency in the under-supplied industry. We have invested heavily in our supply chain capabilities, including inspection, grading, pricing, quality control, and after-sales services.

- **Principle #2: empowering the industry and its participants**

Consumer electronics recycling has a relatively low-frequency. On the supply side, we believe the most efficient conversion scenario is when consumers trade-in their old devices for new items. We empower tens of thousands of device retailers by enabling them to offer trade-in solutions to their consumers, which in turn generates a consistent flow of electronic devices for our platform. For our partners, including e-commerce platforms such as JD.com, and well-known smartphone brands, we provide recycle and trade-in services to their consumers.

On the demand side, we open up our core capabilities to empower e-commerce platforms as well as content community and social platforms with supply of quality products. We support their sales process, quality control and after-sales services. In turn, we obtain high-quality traffic and orders. The large and targeted traffic from JD.com and the coverage of target consumers on Kuaishou in lower-tier cities support the rapid growth of our B2C retail business.

- **Principle #3: technology-driven**

We implement an operational strategy based on "tech and data driven" decision making process, as demonstrated by our continued investment in technologies, data and automatic inspection. We have an intelligent pricing system based on transaction data, and we continue to improve the operational metrics backed by big data analysis. In addition, we have established a large-scale automated operation center.

**Our evolution: from a single offering start-up to an end-to-end platform**

We take our entrepreneurial journey as mountain climbing. One has to go through the ups and downs and the mist to reach the peak.

Our journey has been a decade of continuous innovation. We began our business in 2011 under a single brand, AHS Recycle, and have since become the leading innovator in the industry through our

unique business model and technology. In late 2017, we launched PJT Marketplace to evolve from a single trade-in service provider to an open platform transaction enabler. In 2019, we completed a “C2B + B2B + B2C” closed-loop value chain by acquiring Paipai Marketplace from JD Group. In 2020, we became fully integrated, combining three originally independent business lines under one brand name – “ATRenew”.

As our three business lines, AHS Recycle, PJT Marketplace and Paipai Marketplace, continue to integrate and synergize, the flywheel of sourcing supply and facilitating demand grows stronger to power our future growth and deepen our moat.

**Our outlook: the future of our company**

Our corporate culture balances stability and innovation, focusing on both the present and the future.

For next three to five years, we adhere to two strategic priorities: firstly, we aim to pursue rapid business growth by enhancing our integrated platform capabilities. Secondly, we will continue to innovate and seize new opportunities.

In the long-term:

- We aim to strengthen our leadership in the pre-owned consumer electronics industry in China, contributing to the increasing recycling penetration rate and industry upgrades.
- We aim to build a global transaction platform, allowing pre-owned consumer electronics to circulate globally with less friction.
- We aim to make the world a better place by reducing electronic waste and prolonging the lifecycle of consumer electronics.

**Partnership with our shareholders: creating long-term value and contributing to the society**

What makes a good business? Previously, I thought scale was crucial. However, the past decade has taught me that a healthy and sustainable business is a good business, and a business that does social good beyond generating shareholder return is a good business.

We are committed to promoting and facilitating the circulation of pre-owned consumer electronics globally, giving a second life to all idle goods. We believe that the value of a business lies in solving social problems and creating social value. The greater the social value a business creates, the greater the economic value the business may have. If you share similar values and believe in long-term value creation both economically and socially, join us at ATRenew as we build a better world.

Thank you for reading this letter. We look forward to partnering with you in the exciting journey ahead.

*Kerry Xuefeng Chen*  
*Founder and CEO*



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You should rely only on the information contained in this prospectus or in any related free writing prospectus. We have not authorized anyone to provide you with information different from that contained in this prospectus or in any related free writing prospectus. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We are offering to sell, and seeking offers to buy the ADSs, only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of the ADSs.

Neither we nor any of the underwriters has taken any action to permit a public offering of the ADSs outside the United States or to permit the possession or distribution of this prospectus or any filed free writing prospectus outside the United States. Persons outside the United States who come into possession of this prospectus or any filed free writing prospectus must inform themselves about and observe any restrictions relating to the offering of the ADSs and the distribution of the prospectus or any filed free writing prospectus outside the United States.

Until \_\_\_\_\_, 2021 (the 25th day after the date of this prospectus), all dealers that buy, sell or trade ADSs, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

## PROSPECTUS SUMMARY

*The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial statements appearing elsewhere in this prospectus. In addition to this summary, we urge you to read the entire prospectus carefully, especially the risks of investing in the ADSs discussed under "Risk Factors," before deciding whether to invest in the ADSs. This prospectus contains information from an industry report commissioned by us and prepared by China Insights Industry Consultancy Limited, or CIC, an independent research firm, to provide information regarding our industry and our market position. We refer to this report as the CIC Report.*

### **Our Mission**

To give a second life to all idle goods.

We founded our company with the belief that environmental problems can be addressed while achieving commercial success. Since inception, we have transformed the pre-owned consumer electronics industry in China by facilitating recycle and trade-in services and further grown the industry by connecting and empowering all participants in the ecosystem. We remain excited about pursuing our mission and will leverage our platform and technology to continue to standardize mass-market pre-owned consumer goods.

### **Our Vision**

To enable pre-owned consumer electronics transactions and services globally by leveraging technology.

### **Overview**

#### **Who We Are**

We are the largest pre-owned consumer electronics transactions and services platform in China in terms of GMV for electronics and the number of devices transacted by merchants and consumers, with a market share of 6.6% and 8.7% in terms of GMV for electronics and number of devices transacted, respectively, in 2020, according to the CIC Report. Our GMV for electronics and number of devices transacted on our platform for the year ended December 31, 2020 were both greater than the next five largest platforms combined, according to the CIC Report. Total GMV transacted on our platform was RMB22.8 billion and the number of consumer products transacted on our platform was 26.1 million for the twelve months ended March 31, 2021, representing a year-over-year growth from the twelve months ended March 31, 2020 of 66.1% and 46.6%, respectively. Total GMV transacted on our platform was RMB6.2 billion and the number of consumer products transacted on our platform was 6.4 million for the three months ended March 31, 2021, representing year-over-year growth from the same period of 2020 of 106.7% and 68.4%, respectively.

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. According to the CIC Report, 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 Aihuishou Recycle, or AHS Recycle, China's leading online and offline offering for recycle and trade-in services primarily for reuse. We have since evolved to an integrated transactions and services platform through the addition of Paijitang Marketplace, or PJT Marketplace, China's leading B2B marketplace for trading electronic products and services, in late 2017. We further extended our capabilities to mass 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 March 31, 2021, we operated 755 offline stores throughout China, of which 753 were AHS stores and two were Paipai stores. In 2020 and the three months ended March 31, 2021, out of all consumer products transacted on our platform, 67.7% and 69.7% were mobile phones, respectively, while the remaining were other electronics such as laptops, tablets and digital cameras, luxury goods, household items and books.

#### ***Market Opportunities in China for Creating a Pre-owned Consumer Electronics Infrastructure***

Without effective recycling standards and channels, consumer electronic devices are often discarded after a short life cycle. In China, annual new device shipment volume reached 538 million in 2020, according to the CIC Report. Discarded devices pollute the environment and have impacted people's daily lives. Additionally, though some individuals desire pre-owned devices, there are few trusted channels to purchase high-quality and reliable pre-owned devices. We are the only sizable online pre-owned consumer electronics transactions and services platform that provides quality warranty services, according to the CIC Report. As for offline channels, small merchants are incapable of trading high-quality pre-owned devices consistently absent of the necessary inspection and pricing endorsement from reputable platforms. In addition, consumers themselves are unable to distinguish the difference in credibility among various merchants.

We believe increasing the volume and speed of circulation of pre-owned consumer electronics is the solution to these problems. Our business emerged due to the inherent differences in the consumer electronics market between China and the rest of the world. We believe there is no better market in which to create the infrastructure for pre-owned devices than China given the following defining characteristics:

- *Largest consumer electronics market globally:* According to the CIC Report, China has the world's largest number of consumer electronic devices in circulation in 2020, greater than that in the United States and Europe combined. More devices and more frequent roll-out of new models lead to more frequent replacements and more pre-owned goods as a result. This creates a larger market opportunity for pre-owned consumer electronics.

- *More fragmented supply of pre-owned consumer electronics:* According to the CIC Report, China has many more consumer electronics brands than the United States, with fewer dominant brands and a greater variety of product models. Sales channels are also more fragmented in China. Mobile phones are available for purchase at a diverse range of retailers ranging from branded stores to e-commerce platforms, offline mom-and-pop stores and small merchants. Fragmentation of supply creates the opportunity to aggregate access to pre-owned devices on a single platform.
- *More varied consumer purchase patterns:* Consumers in the United States frequently acquire mobile phones from mobile network operators or large retailers bundled with service contracts. Trade-ins often happen when renewing those contracts, resulting in a centralized recycling network. Meanwhile, consumers in China typically acquire mobile phones without service contracts. The lack of trade-in at contract renewal decentralizes the recycling ecosystem and diversifies the supply of pre-owned devices in China. In this diverse retail environment, trade-ins are processed inefficiently and with limited scale. This opens an opportunity for an advanced platform to facilitate recycling and the sale of pre-owned devices.
- *Greater consumer demand for pre-owned goods:* With a much lower disposable income per capita of US\$4,983 in China compared to US\$52,997 in the United States in 2020, according to the CIC Report, demand for value-for-money pre-owned consumer electronic products is much stronger in China than in more developed economies. As a result, China's economy has a greater degree of reuse and internal circulation compared to more developed economies, where procured pre-owned consumer electronics are typically exported overseas. Internal circulation of goods leads to the creation of a complex, multi-regional value-chain dedicated to recycling and transacting pre-owned goods throughout China. The existence of this largely offline and traditional value-chain creates the need for the standardization of pre-owned goods transactions and services.

These characteristics have created tremendous and growing market opportunities in China to address pre-owned consumer electronics transactions and services. According to the CIC Report, 189 million pre-owned devices were transacted to merchants and individual buyers in 2020 with RMB252 billion in total GMV distributed to merchants and buyers. The defining characteristics of the industry will propel its rapid growth to 546 million pre-owned devices or RMB967 billion of total GMV by 2025, representing CAGRs of 24% and 31%, respectively. We believe we are uniquely positioned to capture this growing market opportunity due to the infrastructure we have created that digitalizes and standardizes the pre-owned consumer electronics industry.

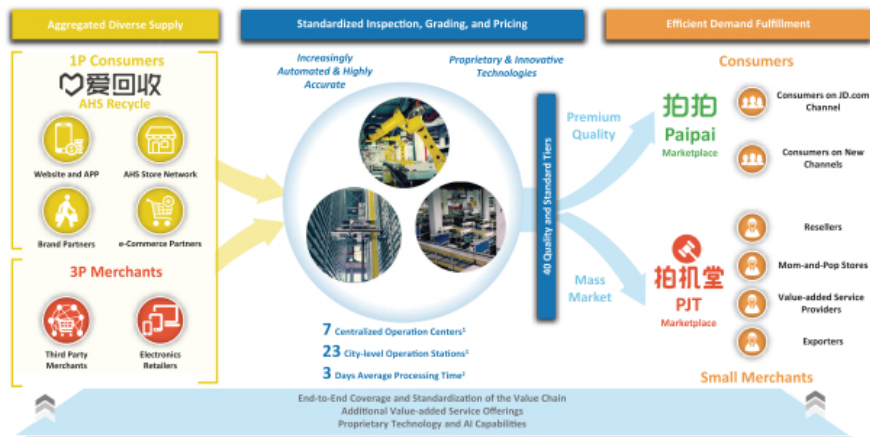
#### **Our Platform**

We believe the key to capturing the tremendous opportunity in the pre-owned consumer electronics market in China is the creation of a new infrastructure defined by end-to-end coverage of the value chain and standardization of inspection, grading, and pricing.

- *Aggregated Diverse Supply:* AHS Recycle, our omni-channel business and household brand for the collection of pre-owned consumer electronics, sources supply from consumers. Consumers can sell their pre-owned consumer electronics at any of our online portals or offline locations, or through our strategic partners, including JD.com and Kuaishou Technology, or Kuaishou. AHS Recycle is central to our strategy of obtaining supply, after which devices are processed in our operation centers and then resold primarily for reuse through our other offerings including PJT Marketplace and Paipai Marketplace.

- *Efficient Demand Fulfillment:* Given the success of AHS Recycle and our proven ability to obtain supply, we launched PJT Marketplace and Paipai Marketplace to improve the circulation of pre-owned consumer electronics on our platform.
  - PJT Marketplace, founded in late 2017, enables small merchants to acquire pre-owned consumer electronics and retailers, typically in the telecom and phone-retail industries, to bid-for, win, and purchase pre-owned consumer electronics. PJT Marketplace also leverages our proprietary inspection, grading and pricing capabilities and extends this recycling infrastructure to the broader industry which allows small merchants on the selling side to facilitate their own trade-in programs and pre-owned consumer electronics transactions.
  - Paipai Marketplace, acquired in 2019 from JD Group, enables consumers to buy quality pre-owned consumer goods with ease and convenience. Over time, Paipai Marketplace has expanded to inspect and sell pre-owned goods in verticals outside of electronics, such as luxury goods, household items and books.
- *Standardized Inspection, Grading, and Pricing:* As of March 31, 2021, we operated seven centralized operation centers and 23 city-level operation stations equipped with proprietary data-driven processing technologies, including a fully automated center in Changzhou, China. Devices sourced from AHS Recycle and PJT Marketplace that are eventually resold on PJT Marketplace and Paipai Marketplace pass through these centers for inspection, grading and pricing. This standardized processing creates widely accepted benchmarks for quality and pricing in the industry.
- *Complementary Services:* We provide an increasing variety of services to ecosystem participants to make our platform a one-stop destination for pre-owned consumer electronics. Consumers benefit from in-store value-added services at our AHS stores such as data migration and data erasing, introduction of third-party phone screen maintenance service, instant repair, power bank rental and accessories purchase. Small merchants also have access to modularized offerings on our platform, such as testing and certification through our operation centers, our auction and bidding infrastructure, enhanced fulfillment services and consignment sales. Additionally, our comprehensive trade-in solutions help support phone brands' trade-in programs, by handling their backend collection of devices and improving their online and offline marketing capabilities, thereby increasing the number of new devices sold.

The diagram below illustrates the major components of our platform:



Notes:  
 (1) As of March 31, 2021; (2) According to the CIC Report

**Our Value Propositions**

Our platform brings value to all participants in the consumer electronics ecosystem. By creating industry standards, we have made transactions and services for pre-owned consumer electronics more user-friendly, efficient, transparent, secure, and environmentally friendly and socially beneficial.

- **User-friendly.** Our control of supply and demand channels for pre-owned consumer electronics both online and offline has made it easier for participants to take part in the ecosystem. Those looking to sell devices can do so online through our website, mobile app, or key partnerships with e-commerce platforms such as JD.com and content community and social platforms such as Kuaishou, or offline at our 753 AHS stores and our over 1,500 self-service kiosks as of March 31, 2021. Those looking to purchase pre-owned devices can do so easily through PJT Marketplace or Paipai Marketplace. Our platform has become a go-to destination for those looking to sell or buy pre-owned devices.
- **Efficient.** The digital nature and end-to-end coverage of our platform has reduced the number of intermediaries and transactions required from trade-in to eventual purchase of a pre-owned device. Our ability to obtain supply, process devices, then resell devices quickly has made the turnaround time of devices much faster than industry average and improved the economics for device sellers and purchasers. Our processing time for inspection, grading and pricing for each device before shipping takes approximately three days, while that of competitors takes up to ten days or longer, according to the CIC Report.
- **Transparent.** Participants in our ecosystem trust transacting pre-owned consumer electronic devices on our platform, which provides consistent pricing based on our proprietary inspection and grading process and standardized metrics. Our nationwide footprint of AHS stores also helps build our brand recognition and provides users with a unique in-store experience, all of which make transacting on our platform easy, trustworthy and transparent.

- *Secure.* We take immense pride in our commitment to data privacy protection. We maintain a stringent data clearance policy including mandatory data erasing before devices enter our operation centers and data erasing in front of our customers who transact in stores. We believe our focus on data privacy protection removes one of consumers' key concerns with taking part in the pre-owned consumer electronics ecosystem, and will benefit the continual growth of our platform.
- *Environmentally Friendly and Socially Beneficial.* Our platform reduces electronic waste by prolonging the life cycle of electronic devices. We also foster the global circulation of certified pre-owned devices, particularly to international markets with strong demand for value-for-money products. We believe that the global circulation of certified pre-owned devices helps everyone in developing economies gain equal access to the benefits of technology such as mobile electronics.

#### ***Our Innovation and Technology***

Innovation and technology are at the core of our company and permeate every aspect of our operations.

Our innovations in testing tools help us obtain supply and empower others to participate in the pre-owned consumer electronics transactions. Our self-service trade-in kiosks allow devices to be inspected and display a fair sale price within two minutes. We also have proprietary inspection terminals to help small merchants inspect the need for parts replacement, functionality, battery life, or many other key features quickly and accurately.

Our operation centers are equipped with proprietary technology to assist the inspection, grading, and pricing of devices. Our AI and machine-learning driven algorithms leverage data from millions of transactions, thousands of device models, and millions of device sellers and buyers to refine our quality inspection, grading and pricing.

Our technological strengths in big data analytics improve the day-to-day operations of our AHS stores as well. We apply intelligent store management systems to capture key in-store footprints which we analyze to standardize customer service offerings and manage risk of theft or malpractice. This operational know-how also helps us select sites for new AHS store openings.

#### ***Our Scale and Financial Performance***

We have experienced substantial growth since our inception in 2011. We operate an inventory-led e-commerce platform that generates product revenue from the sale of pre-owned goods, primarily pre-owned consumer electronics as well as e-commerce marketplaces that generate services revenue from third-party sales of devices over our platform. In 2020, we had approximately 23.6 million consumer products transacted, which represented an increase of 48.4% from 15.9 million of consumer products transacted in 2019. In the three months ended March 31, 2021, we had approximately 6.4 million consumer products transacted, which represented an increase of 68.4% from 3.8 million of consumer products transacted in the same period of 2020. The number of consumer products transacted in 2020 contributed to GMV of RMB19.6 billion, representing a 60.7% growth from RMB12.2 billion of GMV in 2019. The number of consumer products transacted in the three months ended March 31, 2021 contributed to GMV of RMB6.2 billion, representing a 106.7% growth from RMB3.0 billion of GMV in the same period of 2020.

Our net revenue increased by 20.6% from RMB3,261.5 million in 2018 to RMB3,931.9 million in 2019, and further by 23.6% to RMB4,858.2 million (US\$741.5 million) in 2020. Our net revenue

increased by 118.8% from RMB692.2 million in the three months ended March 31, 2020 to RMB1,514.4 million (US\$231.1 million) in the same period of 2021. Our loss from operations was RMB256.5 million, RMB731.8 million, RMB458.8 million (US\$70.0 million) and RMB111.4 million (US\$17.0 million) in 2018, 2019, 2020 and the three months ended March 31, 2021, respectively. Our adjusted loss from operations, a non-GAAP financial measure, was RMB232.8 million, RMB535.2 million, RMB143.7 million (US\$21.9 million) and RMB33.6 million (US\$5.1 million) in 2018, 2019, 2020 and the three months ended March 31, 2021, respectively. We recorded net loss of RMB207.9 million, RMB704.9 million, RMB470.6 million (US\$71.8 million) and RMB94.8 million (US\$14.5 million) in 2018, 2019, 2020 and the three months ended March 31, 2021, respectively. Our adjusted net loss, a non-GAAP financial measure, was RMB210.0 million, RMB538.4 million, RMB202.8 million (US\$31.0 million) and RMB36.4 million (US\$5.6 million) in 2018, 2019, 2020 and the three months ended March 31, 2021, respectively. See “Summary Consolidated Financial and Operating Data—Non-GAAP Financial Measures.”

#### **Our Competitive Strengths**

We believe the following competitive strengths contribute to our success and set us apart from our competitors:

- China's largest pre-owned consumer electronics transactions and services platform;
- pioneer in developing industry infrastructure and standards;
- unique supply and demand flywheel driving continuous growth;
- proprietary and innovative technologies;
- highly synergistic relationship with JD Group; and
- visionary, entrepreneurial management team continually innovating and transforming the industry.

#### **Our Strategies**

Since our inception, we have advanced the pre-owned consumer electronics transactions and services industry. Through the following strategies, we aim to further grow our business as well as increase the overall penetration of pre-owned consumer electronics in China and globally:

- expand our sources of supply and continue to empower pre-owned consumer electronics industry participants;
- further strengthen the industry infrastructure and our ability to define industry standards;
- increase demand by broadening our consumer and merchant reach and other distribution channels;
- continue to improve our technology capabilities; and
- grow our international presence.

#### **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. 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 are not profitable and have negative net cash flows from operating activities, which may continue 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;
- Our operations have been and may continue to be affected by the COVID-19 pandemic;
- 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 our self-operated transactions 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;
- 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; and
- Our expansion into new product categories and offering of new services may expose us to new challenges and more risks.

***Risks Related to Our Corporate Structure***

Risks and uncertainties relating to our corporate structure include, without limitation, the following:

- If the PRC government finds that the agreements that establish the structure for operating certain of our businesses in China do not comply with PRC regulations relating to the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations;
- We rely on contractual arrangements with our VIEs and their respective shareholders for a large portion of our business operations, which may not be as effective as direct ownership in providing operational control; and
- Any failure by our VIEs or their respective shareholders to perform their obligations under our contractual arrangements with them would have a material and adverse effect on our business.

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

We are also subject to risks and uncertainties relating to doing business in 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 operations;
- 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;
- You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing actions in China against us or our management based on foreign laws; and
- Our ADSs may be delisted under the Holding Foreign Companies Accountable Act if the Public Company Accounting Oversight Board, or the PCAOB, is unable to inspect auditors who are located in China. The delisting of our ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment. Additionally, the inability of the PCAOB to conduct inspections deprives our investors with the benefits of such inspections.

***General Risks Related to The ADSs and This Offering***

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:

- There has been no public market for our shares or ADSs prior to this offering, and you may not be able to resell our ADSs at or above the price you paid, or at all;
- 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.

### **Corporate History and Structure**

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 self-operated offline 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 AiHuiShou International Co. Ltd., our current holding company, in Cayman Islands in November 2011. 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.

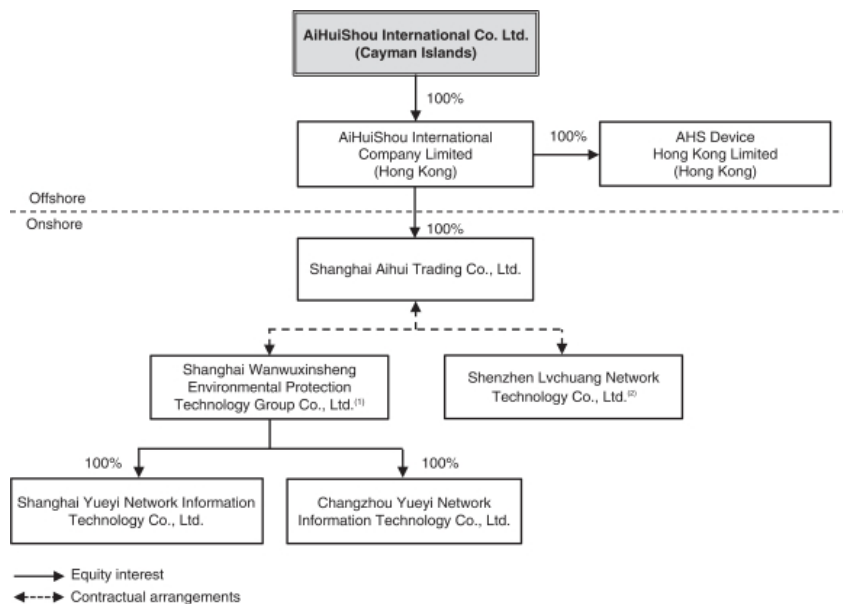
After we established our offshore holding structure in August 2012, we obtained control over Shanghai Wanwuxinsheng Environmental Protection Technology Group Co., Ltd., or Shanghai Wanwuxinsheng, a company jointly established by Mr. Kerry Xuefeng Chen and Mr. Wenjun Sun in China in May 2010 under the 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. The contractual arrangements were supplemented, amended or restated several times and the latest set of contractual arrangements consist of (i) the exclusive technology consulting and management service agreement and a supplement agreement allowing us to receive all economic benefits of Shanghai Wanwuxinsheng, (ii) the business operation agreement allowing us to control the business operations and management of Shanghai Wanwuxinsheng, (iii) the third amended and restated option purchase agreements granting us an option to acquire all equity interests of Shanghai Wanwuxinsheng, (iv) the third amended and restated share pledge agreement pledging us all equity interests of Shanghai Wanwuxinsheng to guarantee the performance of obligations by Shanghai Wanwuxinsheng and its shareholders under the contractual arrangements, (v) the voting proxy agreement granting us all rights as the shareholders of Shanghai Wanwuxinsheng, (vi) the amended and restated powers of attorney executed by each of the shareholders of Shanghai Wanwuxinsheng irrevocably delegating us the full power to act as shareholders of Shanghai Wanwuxinsheng, and (vii) the spousal consent letters executed by each of the spouses of Mr. Kerry Xuefeng Chen and Mr. Wenjun Sun. Shanghai Wanwuxinsheng is the primary entity through which we carry out our research and development activities and innovation and provide back office supports to our business operations.

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.

The following diagram illustrates our corporate structure as of the date of this prospectus consisting of our principal subsidiaries, our variable interest entities and principal subsidiaries of our variable interest entities.



- (1) Shanghai Wanwuxinsheng Environmental Protection Technology Group Co., Ltd. is 72.3425% owned by Mr. Kerry Xuefeng Chen, our co-founder, chairman and chief executive officer, and 27.6575% owned by Mr. Wenjun Sun, our co-founder. Both Mr. Chen and Mr. Sun are beneficial owners of our company.
- (2) Shenzhen Lvchuan Network Technology Co., Ltd. is wholly owned by Mr. Haichen Shen, our employee. Shenzhen Lvchuan Network Technology Co., Ltd. currently does not engage in any business operations.

**Implication of Being a Foreign Private Issuer**

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 of the securities rules and regulations in the United States that are applicable to U.S. domestic issuers. Moreover, 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. In addition, as a 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 NYSE listing standards. See "Risk Factors—Risks Related to the ADSs and This Offering—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."

#### **Implication of Being an Emerging Growth Company**

As a company with less than US\$1.07 billion in revenue for our last fiscal year, we qualify as an "emerging growth company" pursuant to the Jumpstart Our Business Startups Act of 2012, as amended, or the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements compared to those that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2002 in the assessment of the emerging growth company's internal control over financial reporting. The JOBS Act also provides that an emerging growth company does not need to comply with any new or revised financial accounting standards until such date that a private company is otherwise required to comply with such new or revised accounting standards. We do not plan to "opt out" of such exemptions afforded to an emerging growth company. As a result of this election, our financial statements may not be comparable to companies that comply with public company effective dates.

We will remain an emerging growth company until the earliest of (a) the last day of the fiscal year during which we have total annual gross revenues of at least US\$1.07 billion; (b) the last day of our fiscal year following the fifth anniversary of the completion of this offering; (c) the date on which we have, during the preceding three-year period, issued more than US\$1.0 billion in non-convertible debt; or (d) the date on which we are deemed to be a "large accelerated filer" under the Securities Exchange Act of 1934, as amended, or the Exchange Act, which would occur if the market value of our ADSs that are held by non-affiliates is at least US\$700 million as of the last business day of our most recently completed second fiscal quarter. Once we cease to be an emerging growth company, we will not be entitled to the exemptions provided in the JOBS Act discussed above.

#### **Corporate Information**

Our principal executive offices are located at 12<sup>th</sup> 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, Ugland 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.

Investors should submit any inquiries to the address and telephone number of our principal executive offices. Our main website is <https://www.aihuishou.com>. The information contained on our website is not a part of this prospectus.

### Conventions that Apply to this Prospectus

Unless otherwise indicated or the context otherwise requires, references in this prospectus to:

- “ADRs” are to the American depositary receipts which may evidence the ADSs;
- “ADSs” are to the American depositary shares, each of which represents Class A ordinary shares;
- “AHS,” “we,” “us,” “our company” and “our” are to AiHuiShou International Co. Ltd., our Cayman Islands holding company and its subsidiaries;
- “China” and the “PRC” are to the People’s Republic of China, excluding, for the purposes of this prospectus only, Hong Kong, Macau and Taiwan;
- “Class A ordinary shares” are to our Class A ordinary shares, par value US\$0.001 per share;
- “Class B ordinary shares” are to our Class B ordinary shares, par value US\$0.001 per share;
- “Class C ordinary shares” are to our Class C ordinary shares, par value US\$0.001 per share;
- “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, and upon and after the completion of this offering, are to our Class A ordinary shares, Class B ordinary shares and Class C ordinary shares, par value US\$0.001 per share;
- “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; and
- “VIEs” are to Shanghai Wanwuxinsheng Environmental Protection Technology Group Co., Ltd. (formerly known as Shanghai Yueyee Network Information Technology Co., Ltd. (上海悦易网络信息技术有限公司)) and Shenzhen Lvchuang Network Technology Co., Ltd.; and
- “WFOE” are to Shanghai Aihui Trading Co., Ltd.

Unless the context indicates otherwise, all information in this prospectus assumes no exercise by the underwriters of their over-allotment option. Unless otherwise noted, all translations from Renminbi to

U.S. dollars and from U.S. dollars to Renminbi in this prospectus are made at a rate of RMB6.5518 to US\$1.00, the exchange rate in effect as of March 31, 2021, as set forth in the H.10 statistical release of The Board of Governors of the Federal Reserve System. We make no representation that any Renminbi or U.S. dollar amounts 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. On May 21, 2021, the exchange rate for Renminbi was RMB6.4339 to US\$1.00.

<b>The Offering</b>	
Offering price	We expect that the initial public offering price will be between US\$            and US\$            per ADS.
ADSs offered by us	ADSs (or            ADSs if the underwriters exercise their over-allotment option in full).
ADSs outstanding immediately after this offering	ADSs (or            ADSs if the underwriters exercise their over-allotment option in full).
Ordinary shares issued and outstanding immediately after this offering	We have adopted a triple-class ordinary share structure. There will be a total of            ordinary shares, comprised of            Class A ordinary shares,            Class B ordinary shares and            Class C ordinary shares (or            ordinary shares if the underwriters exercise their over-allotment option in full, comprised 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 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. Each of the Class B ordinary shares and 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. Class B ordinary shares issued and outstanding immediately after the completion of this offering will represent            % of our total issued and outstanding shares and            % of the then total voting power (or            % of our total issued and



The ADSs	<p>outstanding shares and           % of the then total voting power if the underwriters exercise their over-allotment option in full). Class C ordinary shares issued and outstanding immediately after the completion of this offering will represent           % of our total issued and outstanding shares and           % of the then total voting power (or           % of our total issued and outstanding shares and           % of the then total voting power if the underwriters exercise their over-allotment option in full).</p> <p>Each ADS represents           Class A ordinary shares, par value US\$0.001 per share.</p> <p>The depositary, or its custodian, will hold Class A ordinary shares underlying your ADSs. You will have rights as provided in the deposit agreement among us, the depositary and holders and beneficial owners of ADSs from time to time.</p> <p>We do not expect to pay dividends in the foreseeable future. If, however, we declare dividends on our Class A ordinary shares, the depositary will pay you the cash dividends and other distributions it receives on our Class A ordinary shares after deducting its fees and expenses in accordance with the terms set forth in the deposit agreement.</p> <p>You may surrender your ADSs to the depositary in exchange for Class A ordinary shares. The depositary will charge you fees for any exchange.</p> <p>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.</p> <p>To better understand the terms of the ADSs, you should carefully read the "Description of American Depositary Shares" section of this prospectus. You should also read the deposit agreement, which is filed as an exhibit to the registration statement that includes this prospectus.</p>
Over-allotment option	<p>We have granted the underwriters an option, exercisable within 30 days from the date of this</p>

Use of proceeds	<p>prospectus, to purchase up to an aggregate of additional ADSs.</p> <p>We expect that we will receive net proceeds of approximately US\$            million from this offering or approximately US\$            million if the underwriters exercise their over-allotment option in full, assuming an initial public offering price of US\$            per ADS, which is the midpoint of the estimated range of the initial public offering price, after deducting underwriting discounts and commissions and estimated offering expenses payable by us.</p> <p>We intend to use the net proceeds from this offering to further improve our technology capabilities; to diversify service offerings on our platform; to further expand our AHS store network and develop new sales channels for Paipai Marketplace; and for general corporate purposes, which may include investing in sales and marketing activities, and funding working capital needs and potential strategic investments and acquisitions. See "Use of Proceeds" for more information.</p>
Lock-up	<p>[We, our directors, executive officers, and all of our existing shareholders] have agreed with the underwriters, subject to certain exceptions, not to sell, transfer or otherwise dispose of any ADSs, ordinary shares or similar securities for a period of 180 days after the date of this prospectus. See "Shares Eligible for Future Sale" and "Underwriting" for more information.</p>
Directed Share Program	<p>At our request, the underwriters have reserved for sale, at the initial public offering price, up to an aggregate of            % of the ADSs offered in this offering to some of our directors, officers, employees, business associates and related other persons associated with us through a directed share program. Any sales made through the directed share program will be made by            . We do not know if these persons will choose to purchase all or any portion of these reserved ADSs, but any purchases they do make will reduce the number of ADSs available to the general public. Any reserved ADSs not so purchased will be offered by the underwriters to the general public on the same terms as the</p>

Listing	other ADSs. Certain participants may be subject to the lock-up agreements as described in “Underwriting—Directed Share Program”.  We intend to apply to have the ADSs listed on the New York Stock Exchange under the symbol “RERE.” The ADSs and our ordinary shares will not be listed on any other stock exchange or traded on any automated quotation system.
Payment and settlement	The underwriters expect to deliver the ADSs against payment therefor through the facilities of The Depository Trust Company on _____, 2021.
Depository	Citibank, N.A.

**Summary Consolidated Financial and Operating Data**

The following summary consolidated statements of operations and comprehensive loss data for the years ended December 31, 2018, 2019 and 2020, summary consolidated balance sheets data as of December 31, 2018, 2019 and 2020, and summary consolidated statements of cash flows data for the years ended December 31, 2018, 2019 and 2020 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The following summary consolidated statements of operations and comprehensive loss data for the three months ended March 31, 2020 and 2021, summary consolidated balance sheet data as of March 31, 2021, and summary consolidated statements of cash flows data for the three months ended March 31, 2020 and 2021 have been derived from our unaudited interim condensed consolidated financial statements included elsewhere in this prospectus and have been prepared on the same basis as our audited consolidated financial statements and include all adjustments, consisting only of ordinary and recurring adjustments, that we consider necessary for a fair statement of our financial position and results of operations for the periods presented. 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 Summary Consolidated Financial and Operating Data section together with our consolidated financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus.

The following table presents our summary consolidated statements of operations and comprehensive loss data for the years ended December 31, 2018, 2019 and 2020 and the three months ended March 31, 2020 and 2021:

	For the Year Ended December 31,						For the Three Months Ended March 31,					
	2018		2019		2020		2020		2021			
	RMB	%	RMB	%	RMB	US\$	%	RMB	%	RMB	US\$	%
(in thousands, except for percentages, share numbers and per share data)												
<b>Net revenues</b>												
Net product revenues	3,249,923	99.6	3,730,206	94.9	4,244,023	647,764	87.4	606,103	87.6	1,310,547	200,029	86.5
Net service revenues	11,597	0.4	201,652	5.1	614,176	93,742	12.6	86,109	12.4	203,884	31,119	13.5
<b>Total net revenues</b>	<b>3,261,520</b>	<b>100.0</b>	<b>3,931,858</b>	<b>100.0</b>	<b>4,858,199</b>	<b>741,506</b>	<b>100.0</b>	<b>692,212</b>	<b>100.0</b>	<b>1,514,431</b>	<b>231,148</b>	<b>100.0</b>
<b>Operating expenses</b>												
Merchandise costs	(2,801,433)	(85.9)	(3,176,401)	(80.8)	(3,610,434)	(551,060)	(74.3)	(500,800)	(72.3)	(1,095,696)	(167,236)	(72.4)
Fulfillment expenses	(353,969)	(10.8)	(658,149)	(16.7)	(666,317)	(101,700)	(13.7)	(157,954)	(22.8)	(223,019)	(34,039)	(14.7)
Selling and marketing expenses	(237,562)	(7.3)	(566,792)	(14.4)	(740,542)	(113,029)	(15.2)	(144,150)	(20.8)	(222,580)	(33,972)	(14.7)
General and administrative expenses	(80,959)	(2.5)	(140,874)	(3.6)	(177,542)	(27,098)	(3.7)	(53,900)	(7.8)	(29,408)	(4,489)	(1.9)
Technology and content expenses	(65,759)	(2.0)	(142,858)	(3.7)	(151,536)	(23,129)	(3.1)	(40,165)	(5.8)	(55,499)	(8,471)	(3.7)
<b>Total operating expense</b>	<b>(3,539,682)</b>	<b>(108.5)</b>	<b>(4,685,074)</b>	<b>(119.2)</b>	<b>(5,346,371)</b>	<b>(816,016)</b>	<b>(110.0)</b>	<b>(896,969)</b>	<b>(129.6)</b>	<b>(1,626,202)</b>	<b>(248,207)</b>	<b>(107.4)</b>
Other operating income	21,701	0.6	21,410	0.6	29,395	4,487	0.6	5,811	0.8	361	55	0.0
<b>Loss from operations</b>	<b>(256,461)</b>	<b>(7.9)</b>	<b>(731,806)</b>	<b>(18.6)</b>	<b>(458,777)</b>	<b>(70,023)</b>	<b>(9.4)</b>	<b>(198,946)</b>	<b>(28.7)</b>	<b>(111,410)</b>	<b>(17,004)</b>	<b>(7.4)</b>
Interest expense	(6,536)	(0.2)	(12,397)	(0.3)	(21,090)	(3,219)	(0.5)	(3,535)	(0.5)	(6,552)	(1,000)	(0.4)

	For the Year Ended December 31,						For the Three Months Ended March 31,					
	2018		2019		2020		2020		2021			
	RMB	%	RMB	%	RMB	US\$	%	RMB	%	RMB	US\$	%
	(in thousands, except for percentages, share numbers and per share data)											
Interest income	8,273	0.3	7,813	0.2	9,321	1,423	0.2	1,910	0.3	3,420	522	0.2
Fair value change in warrant liabilities	23,781	0.7	—	—	—	—	—	—	—	—	—	—
Other income (loss), net	21,579	0.7	3,581	0.1	(39,866)	(6,085)	(0.8)	6,559	0.9	914	140	0.1
Loss before taxes	(209,364)	(6.4)	(732,809)	(18.6)	(510,412)	(77,904)	(10.5)	(194,012)	(28.0)	(113,628)	(17,342)	(7.5)
Income tax benefits	1,922	0.0	30,120	0.8	47,320	7,222	1.0	12,028	1.7	19,459	2,970	1.3
Share of loss in equity method investments	(499)	0.0	(2,199)	(0.1)	(7,526)	(1,149)	(0.2)	(4,281)	(0.6)	(612)	(93)	(0.0)
<b>Net loss</b>	<b>(207,941)</b>	<b>(6.4)</b>	<b>(704,888)</b>	<b>(17.9)</b>	<b>(470,618)</b>	<b>(71,831)</b>	<b>(9.7)</b>	<b>(186,265)</b>	<b>(26.9)</b>	<b>(94,781)</b>	<b>(14,465)</b>	<b>(6.3)</b>
<b>Net loss per share attributable to ordinary shareholders:</b>												
Basic	(55.98)		(84.27)		(94.51)	(14.43)		(27.28)		(32.13)	(4.90)	
Diluted	(55.98)		(84.27)		(94.51)	(14.43)		(27.28)		(32.13)	(4.90)	
<b>Weighted average number of shares used in calculating net loss per ordinary share</b>												
Basic	19,405,981		18,782,620		18,782,620	18,782,620		18,782,620		18,782,620	18,782,620	
Diluted	19,405,981		18,782,620		18,782,620	18,782,620		18,782,620		18,782,620	18,782,620	
<b>Non-GAAP financial measures(1)</b>												
Adjusted loss from operations	(232,798)		(535,178)		(143,654)	(21,926)		(118,846)		(33,572)	(5,124)	
Adjusted net loss	(209,981)		(538,380)		(202,815)	(30,956)		(118,193)		(36,402)	(5,555)	

(1) See “—Non-GAAP Financial Measures.”

The following table presents our summary consolidated balance sheet data as of December 31, 2018, 2019, 2020 and March 31, 2021:

	As of December 31,				As of March 31,	
	2018	2019	2020		2021	
	RMB	RMB	RMB	US\$	RMB	US\$
	(in thousands)					
Cash and cash equivalents	665,560	410,783	918,076	140,126	657,218	100,311
Total current assets	1,059,530	1,094,908	1,874,638	286,126	1,871,923	285,711
Intangible assets, net	18,991	1,682,963	1,367,841	208,773	1,290,002	196,893
Goodwill	—	1,803,415	1,803,415	275,255	1,803,415	275,255
Total non-current assets	170,945	3,690,539	3,351,700	511,569	3,279,697	500,580
Total assets	1,230,475	4,785,447	5,226,338	797,695	5,151,620	786,291
Total current liabilities	590,702	755,093	1,183,539	180,643	1,079,737	164,800
Total non-current liabilities	3,466	389,280	374,584	57,173	344,656	52,605
Total liabilities	594,168	1,144,373	1,558,123	237,816	1,424,393	217,405
Mezzanine equity	2,492,056	7,080,078	8,879,894	1,355,337	9,542,589	1,456,484

The following table presents our summary consolidated statements of cash flows data for the years ended December 31, 2018, 2019 and 2020 and the three months ended March 31, 2020 and 2021:

	For the Year Ended December 31,				For the Three Months Ended		
	2018	2019	2020		2020	March 31,	
	RMB	RMB	RMB	US\$	RMB	RMB	US\$
	(in thousands)						
Net cash used in operating activities	(358,022)	(410,794)	(412,868)	(63,016)	(203,109)	(302,526)	(46,174)
Net cash (used in)/provided by investing activities	(109,267)	(304,349)	18,625	2,843	7,788	86,845	13,255
Net cash provided by/(used in) financing activities	904,022	455,751	929,962	141,940	86,977	(44,103)	(6,731)
Effect of foreign exchange rate changes on cash and cash equivalents	33,179	4,515	(28,426)	(4,339)	2,008	2,731	417
Net increase/(decrease) in cash, cash equivalents and restricted cash	469,912	(254,877)	507,293	77,428	(106,336)	(257,053)	(39,234)
Cash, cash equivalents and restricted cash at the beginning of the period	196,048	665,960	411,083	62,744	411,083	918,376	140,172
Cash, cash equivalents and restricted cash at the end of the period	665,960	411,083	918,376	140,172	304,747	661,323	100,938

**Non-GAAP Financial Measures**

We use adjusted loss from operations and adjusted net loss, non-GAAP financial measures, in evaluating our operating results and for financial and operational decision-making purposes. Adjusted loss from operations represents loss from operations excluding amortization of intangible assets resulting from business acquisitions. Adjusted net loss represents net loss excluding amortization of intangible assets resulting from business acquisitions, tax benefit from amortization of such intangible assets, and fair value change of warranty liabilities.

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 from operations and adjusted net loss help identify underlying trends in our business that could otherwise be distorted by the effect of certain expenses that are included in loss from operations and net loss. We also believe that the use of the non-GAAP financial measures facilitate investors' assessment of our operating performance. We believe that adjusted loss from operations and adjusted net loss 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 from operations and adjusted net loss 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 to the most directly comparable U.S. GAAP measures. Adjusted loss from operations and adjusted net loss 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 from operations and adjusted net loss 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:

	For the Year Ended December 31,				For the Three Months Ended		
	2018	2019	2020		2020	2021	
	RMB	RMB	RMB	US\$	RMB	RMB	US\$
	(in thousands)						
<b>Loss from operations</b>	<b>(256,461)</b>	<b>(731,806)</b>	<b>(458,777)</b>	<b>(70,023)</b>	<b>(198,946)</b>	<b>(111,410)</b>	<b>(17,004)</b>
<b>Add:</b>							
Amortization of intangible assets resulting from business acquisitions	23,663	196,628	315,123	48,097	80,100	77,838	11,880
<b>Adjusted loss from operations</b>	<b>(232,798)</b>	<b>(535,178)</b>	<b>(143,654)</b>	<b>(21,926)</b>	<b>(118,846)</b>	<b>(33,572)</b>	<b>(5,124)</b>
<b>Net loss</b>	<b>(207,941)</b>	<b>(704,888)</b>	<b>(470,618)</b>	<b>(71,831)</b>	<b>(186,265)</b>	<b>(94,781)</b>	<b>(14,465)</b>
<b>Add:</b>							
Amortization of intangible assets resulting from business acquisitions	23,663	196,628	315,123	48,097	80,100	77,838	11,880
<b>Less:</b>							
Tax effect of amortization of intangible assets resulting from business acquisitions	(1,922)	(30,120)	(47,320)	(7,222)	(12,028)	(19,459)	(2,970)
Fair value change in warranty liabilities	(23,781)	—	—	—	—	—	—
<b>Adjusted net loss</b>	<b>(209,981)</b>	<b>(538,380)</b>	<b>(202,815)</b>	<b>(30,956)</b>	<b>(118,193)</b>	<b>(36,402)</b>	<b>(5,555)</b>

**Key Operating Data**

We regularly review a number of key operating data to evaluate our business, measure our performance, identify trends, formulate financial projections and make strategic decisions. The following table presents certain of our key operating data for the periods indicated:

	For the Year Ended December 31,			For the Three Months Ended March 31,	
	2018	2019	2020	2020	2021
GMV (in billions of RMB)	5.7	12.2	19.6	3.0	6.2
GMV for product sales	3.3	3.9	4.6	0.6	1.4
GMV for online marketplaces	2.4	8.3	15.0	2.4	4.8
Number of consumer products transacted (in million)	6.9	15.9	23.6	3.8	6.4

Note: For definitions of our key operating metrics, see "Prospectus Summary—Conventions that Apply to this Prospectus."



## 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. Any of the following risks could have a material and adverse effect on our business, financial condition and results of operations. In any such case, the market price of our ADSs could decline, and you may lose all or part of your investment.*

### 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. A potential investor 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 "Business—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 covering extensive 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 2020 and the three months ended March 31, 2021, the GMV of the pre-owned consumer electronics we collected through our AHS Recycle from JD Group's platforms accounted for approximately 10.0% and 9.2% of our total GMV, respectively. 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 contain 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 the date of this prospectus, JD Group holds approximately 34.7% of our total issued and outstanding 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 relevant 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 are not profitable and have negative net cash flows from operating activities, which may continue in the future.***

We have not been profitable since our inception in 2011. We incurred net losses of RMB207.9 million in 2018, RMB704.9 million in 2019 and RMB470.6 million (US\$71.8 million) in 2020. We incurred net losses of RMB186.3 million and RMB94.8 million (US\$14.5 million) for the three months ended March 31, 2020 and 2021, respectively. In addition, we had negative net cash flows from operating activities of RMB358.0 million in 2018, RMB410.8 million in 2019, RMB412.9 million (US\$63.0 million) in 2020 and RMB302.5 million (US\$46.2 million) for the three months ended March 31, 2021. We may continue to make significant investments in technologies and further develop and expand our business and these investments may not result in an increase in revenue or positive net cash flows from our operations on a timely basis, or at all.

We may incur substantial losses and negative net cash flows 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, including COVID-19 caused by the novel coronavirus;
- 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. For example, COVID-19 pandemic has reduced the number of trips consumers make to brick-and-mortar stores, including offline AHS stores. COVID-19 pandemic has also resulted in a severe and negative impact on the Chinese and the global economy. Negative economic conditions related to this outbreak may limit the consumer confidence and the amount of disposable income available to consumers, which may impact our consumer demand. Whether the pandemic will lead to a prolonged downturn in the economy is still unknown. If this outbreak persists, commercial activities throughout the world could be curtailed with decreased consumer spending, business disruptions, interrupted supply chains and difficulties in travel. Our business has been adversely affected by the outbreak of COVID-19. The extent to which COVID-19 impacts our results will depend on future developments, which are highly uncertain and cannot be predicted. Even before the outbreak of COVID-19, the global macroeconomic environment was facing numerous challenges. The growth rate of the Chinese economy has been slowing down. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies which had been adopted by the central banks and financial authorities of some of the world's leading economies, including the United States and China, even before 2020. Unrest, terrorist threats and the potential for war in the Middle East and elsewhere may increase market volatility across the globe. There have also been concerns about the relationship between China and other countries, including but not limited to the surrounding Asian countries, which may potentially have economic impact. In particular, there is significant uncertainty about the future relationship between the United States and China with respect to 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.

***Our operations have been and may continue to be affected by the COVID-19 pandemic.***

Our business and financial performance have been adversely affected by the outbreaks of COVID-19. In order to protect the health and well-being of our employees and consumers, we and our AHS store partners started to temporarily close offline AHS stores in China in late January 2020 and reduced operating hours at offline AHS stores that remained open. We also closed our headquarters and offices and made remote working arrangements. The unplanned store closures, resulted in peak closures of a vast majority of offline AHS stores in China in early February 2020. Since that time, the vast majority of offline AHS stores and our headquarters and offices have been reopened in a disciplined manner. By the end of March 2020, all offline AHS stores in China had reopened and operated under normal business hours. Due to such store closures, our operating results in the first quarter of 2020 was negatively affected. The store closure also negatively affected the expansion of our AHS store network. In the first half of 2020, we experienced a decrease in the number of offline AHS stores in China. Our GMV for product sales for the first quarter of 2020 was adversely affected by the temporary closure of offline AHS stores, which negatively affected our collection of pre-owned consumer electronics through offline AHS stores. GMV for product sales decreased from RMB831.5 million in the first quarter of 2019 to RMB625.0 million in the first quarter of 2020. In addition, our inventory level was also negatively affected by such store closures. See “—If we fail to manage our inventory effectively, our results of operations, financial condition and liquidity may be materially and adversely affected” for more information. Besides, we also temporarily closed our regional operation centers in early 2020 due to COVID-19 outbreak. See “—We are subject to certain risks relating to third-party logistics services and our operation centers” for more information.

Although COVID-19 has been successfully contained in China, COVID-19 remains a global pandemic and different variants of coronavirus have also emerged in different locations around the world. As COVID-19 pandemic continues to rapidly evolve and there is great uncertainty as to the future progress of the disease, we cannot anticipate with any certainty the length or severity of the effects of COVID-19. Our business operations, results of operations and financial condition could be further adversely affected if a wide spread of COVID-19 happens again in the locations where we or our business partners have business 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.

***The price differences between our collection and resale of pre-owned consumer electronics in connection with our self-operated transactions 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 but not limited to 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. For example, certain of offline AHS stores were shut down in the first half of 2020 primarily due to the COVID-19 outbreak. See “—Our operations have been and may continue to be affected by COVID-19 pandemic.”

***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 relevant 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 2018, 2019, 2020 and the three months ended March 31, 2021, we closed approximately 203 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.

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 March 31, 2021, 310 of all AHS stores are jointly



operated by us and our AHS store partners. We provide trainings to the store operation personnel and offer other necessary supports to help with store management. 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 amount of orders, which may negatively affect our results of operations. 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.

***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, 61.2% and 60.9% of the pre-owned consumer products on our PJT Marketplace, and 93.0% and 88.4% of the pre-owned consumer products on our Paipai Marketplace, were sold by third-party merchants in 2020 and the three months ended March 31, 2021, respectively. 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 relevant 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, 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.***

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 privacy 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 PRC regulatory and enforcement regime with regard to data security and data protection is evolving. In particular, 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. Other than Civil Code, more specific provisions in relation to data privacy and cybersecurity 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 has published the draft PRC Data Security Law on July 3, 2020, and the draft PRC Personal Information Protection Law on October 21, 2020. Once enacted, these two laws, together with the current legislations, will form an increasingly comprehensive legal framework in the area of data security and data protection in the PRC. See "Regulation—Regulations Relating to Internet Security and Privacy" for more details. 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, or GDPR, 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 GDPR. 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 recently 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 March 31, 2021, approximately 81.5% and 52.7% 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. In the future, we may expand our business to cover more diversified pre-owned product categories, such as bags and various household goods, and provide new services, such as launching our premium paid membership program and offline boutique retail stores, to further attract consumers and third-party merchants 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 and lack of relevant customer data relating to 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.

***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 2020 and the three months ended March 31, 2021, 32.7% and 30.4% of the pre-owned consumer products sold on our PJT Marketplace, and 93.0% and 79.3% 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 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 relevant products. Potential liabilities we may be subject to under PRC 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 relevant PRC 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 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 "Business—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 prospectus, 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 and Fuiou Pay (富友支付). 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. For example, the shipment and delivery of pre-owned consumer electronics were negatively affected by COVID-19. 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 March 31, 2021, we had six 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. For example, during the COVID-19 pandemic in early 2020, we had to temporarily shut down our seven regional operation centers. These operation centers gradually resumed operations starting from February 10, 2020. As of April 1, 2020, all of our operation centers resumed normal operation. 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 Selection flagship 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 PRC 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 RMB75.2 million as of December 31, 2018, RMB65.6 million as of December 31, 2019, RMB177.0 million (US\$27.0 million) as of December 31, 2020 and RMB317.8 million (US\$48.5 million) as of March 31, 2021. 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, or GDPR, 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) of RMB19.0 million as of December 31, 2018, RMB3,486.4 million as of December 31, 2019, RMB3,171.3 million (US\$484.0 million) as of December 31, 2020 and RMB3,093.4 million (US\$472.1 million) as of March 31, 2021. 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.

We will determine whether goodwill and 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 could be 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 RMB237.6 million in 2018, RMB566.8 million in 2019, RMB740.5 million (US\$113.0 million) in 2020 and

RMB222.6 million (US\$34.0 million) in the three months ended March 31, 2021. These selling and marketing expenses include amortization of intangible assets, which primarily represents amortization of the business cooperation agreement, non-compete commitment, and brand names arising from the acquisition of Paipai Marketplace. Amortization of intangible assets amounted to RMB23.7 million in 2018, RMB193.2 million in 2019, RMB308.8 million (US\$47.1 million) in 2020 and RMB76.3 million (US\$11.6 million) in the three months ended March 31, 2021. 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 relevant PRC 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 a large number of self-operated offline AHS stores. As of March 31, 2021, there were a total of 81 self-operated offline AHS stores 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 self-operated offline AHS store will result in a fine up to RMB10,000. We are currently in the process of obtaining business license and completing relevant filings.

Our collaboration with AHS store partners to jointly operate offline AHS stores is subject to relevant PRC regulations governing franchise business. As advised by our PRC counsel, PRC laws and regulations require a franchiser to make franchise filing with relevant 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 stores of all franchisees across Mainland China. Failure to do so would subject such franchiser to relevant 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 would be imposed and an announcement shall be made accordingly. As of the date of this prospectus, we have made the initial franchise filing but have not updated such filing to reflect a substantial number of jointly-operated offline AHS stores, and we are still in the process of rectifying such non-compliance.

In addition, as of the date of this prospectus, we have not obtained certificates for fire control inspection for certain of our operation centers in Mainland China. As a result, each of these operation centers may be subject to a fine of up to RMB300,000 or even suspension of business for failure to complete fire control inspection procedures. We are taking rectification measures now, but we cannot assure you that such non-compliance can be rectified in a timely manner.

Furthermore, uncertainties exist with respect to the interpretation of relevant legal requirements regarding certain licenses and permits. In practice, relevant 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 relevant government authorities' interpretation on such licensing requirements will remain the same in the future. If we are required to obtain relevant 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.

***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 relevant lessors. Therefore, we cannot assure you that such lessors are entitled to lease the relevant real properties to us. It is also likely that the construction of such leased properties was illegal and such properties may be ordered by relevant 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 PRC 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 China have not been registered with the relevant 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 relevant PRC government authorities. The penalty ranges from RMB1,000 to RMB10,000 for each unregistered lease, at the discretion of the relevant 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.

***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. 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 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. 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.

***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 relevant anti-monopoly laws and regulations. The PRC anti-monopoly enforcement agencies have in recent years strengthened enforcement under the PRC Anti-monopoly Law. In March 2018, the SAMR was formed as a new governmental agency to take over, among other things, the anti-monopoly enforcement functions from the relevant departments under the MOFCOM, the NDRC and the SAIC, respectively. Since its inception, the SAMR has continued to strengthen anti-monopoly enforcement. On December 28, 2018, the SAMR 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 September 11, 2020, the SAMR issued Anti-monopoly Compliance Guideline for Operators, which requires, under the PRC Anti-monopoly Law, operators to establish anti-monopoly compliance management systems to prevent anti-monopoly compliance risks. On February 7, 2021, the Anti-monopoly Commission of the State Council officially promulgated the Anti-Monopoly Guidelines for Platform Economy. Pursuant to an official interpretation from the Anti-monopoly Commission of the State Council, the Anti-Monopoly Guidelines 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 Anti-Monopoly Guidelines 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 Anti-Monopoly Guidelines for Platform Economy also reinforces antitrust merger review for internet platform related transactions to safeguard market competition. As the Anti-Monopoly Guidelines for Platform Economy was newly promulgated, we are uncertain to estimate its specific impact on our business, financial condition, results of operations and prospects. There are also uncertainties with respect to the interpretation of relevant anti-monopoly laws and regulations. Certain transactions may not trigger reporting requirements prima facie but turn out to be subject to relevant reporting obligations. Enforcement agencies also have a wide discretion in their enforcement actions. Not only ongoing transactions, but also historical transactions are subject to their enforcement review. 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 relevant anti-monopoly laws and regulations in all respects. If any non-compliance is raised by relevant authorities and determined against us or our counterparties in relevant 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 break-ins 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 the date of this prospectus, we have granted options to purchase 28,464,273 ordinary shares, among which options to purchase a total of 19,728,141 ordinary shares are outstanding. We have also adopted the 2021 share incentive plan, or the 2021 Plan, in 2021 and the maximum aggregate number of ordinary shares that may be issued under the 2021 Plan is 6,021,619. As of the date of this prospectus, 2,964,091 restricted share units have been granted and outstanding under the 2021 Plan.

Upon completion of this offering, options granted under the 2016 Plan that are vested will become exercisable. Therefore, we expect to record an amount of cumulative share-based compensation expense upon the completion of this offering. Were this offering completed on December 31, 2020, we would have recognized share-based compensation expense of RMB91.8 million (US\$14.0 million) for those options which had been vested as of December 31, 2020. As of March 31, 2021, share-based compensation of RMB103.6 million (US\$15.8 million) would have been recognized immediately if this offering were completed on March 31, 2021. Restricted share units granted under the 2021 Plan and any additional awards that may be granted in the future will also have an impact on our results of operations in the future. 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 China's patent laws and the procedures and standards for granting patents in China are still evolving and are uncertain, and we cannot assure you that PRC 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.***

Prior to this offering, we have been a private company with limited accounting personnel and other resources with which to address our internal control over financial reporting. In connection with the audit of our consolidated financial statements as of and for the fiscal year ended December 31, 2018, 2019 and 2020, we and our independent registered public accounting firm identified one material weakness in our internal control over financial reporting. As defined in the standards established by the U.S. Public Company Accounting Oversight Board, or PCAOB, a "material weakness" is a deficiency,

or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

The material weakness identified is our company's lack of sufficient skilled staff with U.S. GAAP knowledge for the purpose of financial reporting, and lack of formal accounting policies, and procedures manual to ensure proper financial reporting to comply with U.S. GAAP and SEC requirement. The material weakness, if not remediated timely, may lead to material misstatements in our consolidated financial statements in the future. Neither we nor our independent registered public accounting firm undertook a comprehensive assessment of our internal control for purposes of identifying and reporting material weaknesses and other control deficiencies in our internal control over financial reporting. Had we performed a formal assessment of our internal control over financial reporting or had our independent registered public accounting firm performed an audit of our internal control over financial reporting, additional deficiencies may have been identified.

Following the identification of the material weakness, we have taken measures and plan to continue to take measures to remediate these deficiencies. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Internal Control Over Financial Reporting." However, the implementation of these measures may not fully address these deficiencies in our internal control over financial reporting, and we cannot conclude that they have been fully remediated. Our failure to correct these deficiencies or our failure to discover and address any other deficiencies could result in inaccuracies in our financial statements and impair our ability to comply with applicable financial reporting requirements and related regulatory filings on a timely basis. Moreover, ineffective internal control over financial reporting could significantly hinder our ability to prevent fraud.

Upon the completion of this offering, we will be subject to the Sarbanes-Oxley Act of 2002. Section 404 of the Sarbanes-Oxley Act, or Section 404, requires that we include a report from management on the effectiveness of our internal control over financial reporting in our annual report on Form 20-F beginning with our annual report in our second annual report on Form 20-F after becoming a public company. In addition, our independent registered public accounting firm must attest to and report on the effectiveness of our internal control over financial reporting after we become not qualified as an emerging growth company. Our management may conclude that our internal control over financial reporting is not effective. 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 relevant requirements differently from us. In addition, once we have become a public company, our reporting obligations may place a significant strain on our management, operational and financial resources and systems for the foreseeable future. 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 other 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 but not limited to 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 but not limited to 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, including recently-imposed tariffs affecting certain products manufactured in China. It is unknown whether and to what extent new tariffs (or other new laws or regulations) will be adopted, or the effect that any such actions would have on us or our industry and users. Although cross-border business may not be an area of our focus, if we plan to operate 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 if existing trade agreements are renegotiated or, in particular, if the U.S. government takes 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 but not limited to:

- 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, such as the outbreak of COVID-19, 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. For example, in early 2020, in response to intensifying efforts to contain the spread of COVID-19, the Chinese government took a number of actions, which included extending the Chinese New Year holiday, quarantining individuals infected with or suspected of having COVID-19, prohibiting residents from free travel, encouraging employees of enterprises to work remotely from home and cancelling public activities, among others. The COVID-19 has also resulted in temporary closure of many corporate offices, retail stores, manufacturing facilities and factories across China. We have taken a series of measures in response to the outbreak, including, among others, remote working arrangements for some of our employees and temporarily allowing the government to utilize our fulfillment infrastructure and logistics services for crisis relief. These measures could reduce the capacity and efficiency of our operations and negatively impact the procurement of products, which in turn could negatively affect our results of operations. The extent to which COVID-19 impacts our results of operations will depend on the future developments of the outbreak, including new information concerning the global severity of and actions taken to contain the outbreak, which are highly uncertain and unpredictable. In addition,



our results of operations could be adversely affected to the extent that the outbreak harms the Chinese economy in general. To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this annual report, such as those relating to our level of indebtedness, our need to generate sufficient cash flows to service our indebtedness and our ability to comply with the covenants contained in the agreements that govern our indebtedness.

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 Our Corporate Structure**

***If the PRC government finds that the agreements that establish the structure for operating certain of our businesses in China do not comply with PRC regulations relating to the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.***

Foreign ownership of certain parts of our businesses, including value-added telecommunications services, is subject to restrictions under current PRC laws and regulations. For example, foreign investors are not allowed to own in aggregate more than 50% of the equity interests in a value-added telecommunication service provider (excluding e-commerce, domestic multi-party communications, store-and-forward and call centers) and any major foreign investor must have a record of good performance and operating experience in providing value-added telecommunications services. We are a Cayman Islands company and our PRC subsidiaries are considered foreign-invested enterprises. To comply with relevant PRC laws and regulations, we conduct such business activities through one of our VIEs, Shanghai Wanwuxinsheng, which holds a VATS License for internet content-related services (excluding information search and inquiry service, information community service and real-time interactive information service and information protection and processing service), or through one of its wholly-owned subsidiary, Shanghai Yueyi, which will obtain a VATS License for online data processing and transaction processing business. Shanghai Wanwuxinsheng is 72.3425% owned by Mr. Kerry Xuefeng Chen, our co-founder, chairman of the board of directors and chief executive officer, and 27.6575% owned by Mr. Wenjun Sun, our co-founder and director. Mr. Kerry Xuefeng Chen and Mr. Wenjun Sun are PRC citizens. Our WFOE, Shanghai Aihui, has entered into a series of contractual arrangements with our VIEs (including Shanghai Wanwuxinsheng) and their respective shareholders, which enable us to:

- exercise effective control over our VIEs;
- receive substantially all of the economic benefits and bear the obligation to absorb substantially all of the losses of our VIEs; and
- have an exclusive option to purchase all or part of the equity interests in our VIEs when and to the extent permitted by PRC law.

As a result of these contractual arrangements, we have control over and are the primary beneficiary of our VIEs and hence consolidate their financial results and their subsidiaries into our consolidated financial statements under U.S. GAAP. For a detailed discussion of these contractual arrangements, see "Corporate History and Structure."

In the opinion of Han Kun Law Offices, our PRC counsel, (i) the ownership structures of our WFOE and our VIEs in China, both currently and immediately after giving effect to this offering, are not in violation of mandatory PRC laws and regulations currently in effect in all material respects; and (ii) the contractual arrangements between our WFOE, our VIEs and their respective shareholders governed by PRC law are not in violation of mandatory PRC laws or regulations currently in effect in all material respects, and valid and binding upon each party to such arrangements and enforceable against each party thereto in accordance with their terms and applicable PRC laws and regulations currently in effect. However, our PRC counsel has also advised us that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations and rules; accordingly, the PRC regulatory authorities may take a view that is contrary to the opinion of our PRC counsel. It is uncertain whether any new PRC laws or regulations relating to variable interest entity structures will be adopted or if adopted, what they would provide. If we or our VIEs are found to be in violation of any existing or future PRC laws or regulations, or fail to obtain or maintain any of the required permits or approvals, the relevant PRC regulatory authorities would have broad discretion to take action in dealing with such violations or failures, including:

- revoking the business licenses and/or operating licenses of such entities;
- discontinuing or placing restrictions or onerous conditions on our operations;
- imposing fines, confiscating the income from our WFOE or our VIEs, or imposing other requirements with which we or our VIEs may not be able to comply;
- requiring us to restructure our ownership structure or operations, including terminating the contractual arrangements with our VIEs and deregistering the equity pledges of our VIEs, which in turn would affect our ability to consolidate, derive economic interests from, or exert effective control over our VIEs; or
- restricting or prohibiting our use of the proceeds of this offering to finance our business and operations in China.

The imposition of any of these penalties would result in a material and adverse effect on our ability to conduct our business. In addition, it is unclear what impact the PRC government actions would have on us and on our ability to consolidate the financial results of our VIEs in our consolidated financial statements, if the PRC government authorities were to find our legal structure and contractual arrangements to be in violation of PRC laws and regulations. If the imposition of any of these government actions causes us to lose our right to direct the activities of our VIEs or our right to receive substantially all the economic benefits and residual returns from our VIEs and we are not able to restructure our ownership structure and operations in a satisfactory manner, we would no longer be able to consolidate the financial results of our VIEs in our consolidated financial statements. Either of these results, or any other significant penalties that might be imposed on us in this event, would have a material adverse effect on our financial condition and results of operations.

***Our current corporate structure and business operations may be affected by the newly enacted Foreign Investment Law.***

On March 15, 2019, the National People's Congress of the PRC promulgated the Foreign Investment Law, which took effect on January 1, 2020. Since it is relatively new, uncertainties exist in relation to its interpretation and implementation. The Foreign Investment Law does not explicitly classify whether variable interest entities that are controlled through contractual arrangements would be deemed as foreign invested enterprises if they are ultimately "controlled" by foreign investors. However, it has a catch-all provision under definition of "foreign investment" that includes investments made by foreign investors in China through other means as provided by laws, administrative regulations or the State Council. Therefore it still leaves leeway for future laws, administrative

regulations or provisions of the State Council to provide for contractual arrangements as a form of foreign investment, and it remains uncertain whether our contractual arrangements will be deemed to be in violation of the market access requirements for foreign investment in the PRC and if yes, how our contractual arrangements should be dealt with.

The Foreign Investment Law grants national treatment to foreign-invested entities, except for those foreign-invested entities that operate in industries specified as either “restricted” or “prohibited” from foreign investment in the Special Administrative Measures (Negative List) for Foreign Investment Access jointly promulgated by Ministry of Commerce, or MOFCOM, and the National Development and Reform Commission as amended from time to time. The Foreign Investment Law provides that foreign-invested entities are barred from operating in “prohibited” industries and will require market entry clearance and other approvals from relevant PRC government authorities if operating in “prohibited” industries. On December 26, 2019, the Supreme People’s Court issued the Interpretations on Certain Issues Regarding the Application of Foreign Investment Law, or the FIL Interpretations, which came into effect on January 1, 2020. In accordance with the FIL Interpretations, any claim to invalidate an investment agreement will be supported by courts if such agreement is found to be entered into for purposes of making investments in the “prohibited industries” under the negative list or for purposes of investing in “restricted industries” while failing to satisfy the conditions set out in the Negative List. If our control over our VIEs through contractual arrangements are deemed as foreign investment in the future, and any business of our VIEs is “restricted” or “prohibited” from foreign investment under the “negative list” effective at the time, we may be deemed to be in violation of the Foreign Investment Law, the contractual arrangements that allow us to have control over our VIEs may be deemed as invalid and illegal, and we may be required to unwind such contractual arrangements and/or restructure our business operations, any of which may have a material adverse effect on our business operation.

Furthermore, if future laws, administrative regulations or provisions mandate further actions to be taken by companies with respect to existing contractual arrangements, we may face substantial uncertainties as to whether we can complete such actions in a timely manner, or at all. Failure to take timely and appropriate measures to cope with any of these or similar regulatory compliance challenges could materially and adversely affect our current corporate structure and business operations.

***We rely on contractual arrangements with our VIEs and their respective shareholders for a large portion of our business operations, which may not be as effective as direct ownership in providing operational control.***

Our VIEs contributed 98.5%, 98.9%, 96.4% and 97.3% of our consolidated total revenues in 2018, 2019, 2020, and the three months ended March 31, 2021, respectively. We have relied and expect to continue to rely on contractual arrangements with our VIEs and their respective shareholders to conduct our business. For a description of these contractual arrangements, see “Corporate History and Structure.” These contractual arrangements may not be as effective as direct ownership in providing us with control over our VIEs. For example, our VIEs and their respective shareholders could breach their contractual arrangements with us by, among other things, failing to conduct their operations in an acceptable manner or taking other actions that are detrimental to our interests.

If we had direct ownership of our VIEs, we would be able to exercise our rights as a shareholder to effect changes in the board of directors of our VIEs, which in turn could effect changes, subject to any applicable fiduciary obligations, at the management level. However, under the current contractual arrangements, we rely on the performance by our VIEs and their respective shareholders of their obligations under the contracts to exercise control over our VIEs. The shareholders of our VIEs may not act in the best interests of our company or may not perform their obligations under these contracts. Such risks exist throughout the period in which we intend to operate our business through the

contractual arrangements with our VIEs. If any dispute relating to these contracts remains unresolved, we will have to enforce our rights under these contracts through the operations of PRC law and courts and therefore will be subject to uncertainties in the PRC legal system. See “—Any failure by our VIEs or their respective shareholders to perform their obligations under our contractual arrangements with them would have a material and adverse effect on our business.” Therefore, our contractual arrangements with our VIEs may not be as effective in ensuring our control over the relevant portion of our business operations as direct ownership would be.

***Any failure by our VIEs or their respective shareholders to perform their obligations under our contractual arrangements with them would have a material and adverse effect on our business.***

Although the shareholders of our VIEs hold equity interests on record in our VIEs, each such shareholder has irrevocably authorized WFOE or its designated person to exercise his rights as a shareholder of our VIEs pursuant to the terms of the relevant shareholders' voting rights proxy agreement. However, if our VIEs or their respective shareholders fail to perform their respective obligations under the contractual arrangements, we may have to incur substantial costs and expend additional resources to enforce such arrangements. We may also have to rely on possible remedies under PRC law, including seeking specific performance or injunctive relief, and claiming damages, which we cannot assure you will be sufficient or effective under PRC law. For example, if the shareholders of our VIEs were to refuse to transfer their equity interest in our VIEs to us or our designee when we exercise the purchase option pursuant to these contractual arrangements, or if they were otherwise to act in bad faith toward us, we may have to take legal actions to compel them to perform their contractual obligations.

All of the agreements under our contractual arrangements are governed by PRC law and provide for the resolution of disputes through arbitration in China. Accordingly, these contracts would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. The legal system in China is not as developed as in some other jurisdictions, such as the United States. As a result, uncertainties in the PRC legal system could limit our ability to enforce these contractual arrangements. See “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.” Meanwhile, there are very few precedents and little formal guidance as to how contractual arrangements in the context of a variable interest entity should be interpreted or enforced under PRC law, and as a result it may be difficult to predict how an arbitration panel would view such contractual arrangements. Additionally, under PRC law, rulings by arbitrators are final, parties cannot appeal the arbitration results in courts, and if the losing parties fail to carry out the arbitration awards within a prescribed time limit, the prevailing parties may only enforce the arbitration awards in PRC courts through arbitration award recognition proceedings, which would require additional expenses and delay.

Shanghai Wanwuxinsheng, one of our VIEs, holds our VATS License for internet content-related services (excluding information search and inquiry service, information community service and real-time interactive information service and information protection and processing service), and one of its wholly-owned subsidiary, Shanghai Yueyi, will obtain a VATS License for online data processing and transaction processing business (operating e-commerce, excluding internet finance and e-hailing services). In the event we are unable to enforce our contractual arrangements, we may not be able to exert effective control over our VIEs, and our ability to conduct these businesses may be negatively affected.

***The shareholders of our VIEs may have potential conflicts of interest with us, which may materially and adversely affect our business and financial condition.***

One of our two VIEs, Shanghai Wanwuxinsheng, is 72.3425% owned by Mr. Kerry Xuefeng Chen, our co-founder, chairman and chief executive officer, and 27.6575% owned by Mr. Wenjun Sun,

our co-founder and director. The other VIE, Shenzhen Lvchuang Network Technology Co., Ltd., is wholly-owned by Mr. Haichen Shen, our employee. The shareholders of our VIEs have entered into a series of contractual arrangements with our WFOE and our VIEs, pursuant to which we have control over and are the primary beneficiary of our VIEs. The shareholders of our VIEs may have potential conflicts of interest with us. They may breach, or cause our VIEs to breach, or refuse to renew, the existing contractual arrangements we have with them and our VIEs, which would have a material and adverse effect on our ability to effectively control our VIEs and receive substantially all the economic benefits from them. For example, the shareholders may be able to cause our agreements with our VIEs to be performed in a manner adverse to us by, among other things, failing to remit payments due under the contractual arrangements to us on a timely basis. We cannot assure you that when conflicts of interest arise, any or all of these shareholders will act in the best interests of our company or such conflicts will be resolved in our favor.

Currently, we do not have any arrangements to address potential conflicts of interest between these shareholders and our company, except that we could exercise our purchase option under the option purchase agreements with these shareholders to request them to transfer all of their equity interests in the VIEs to a PRC entity or individual designated by us, to the extent permitted by PRC law. For individuals who are also our directors and officers, we rely on them to abide by the laws of the Cayman Islands, which provide that directors and officers owe a fiduciary duty to the company that requires them to act in good faith and in what they believe to be the best interests of the company and not to use their position for personal gains. The shareholders of our VIEs have executed shareholders' voting rights proxy agreements to appoint our WFOE or a person designated by our WFOE to vote on their behalf and exercise voting rights as shareholders of our VIEs. If we cannot resolve any conflict of interest or dispute between us and the shareholders of our VIEs, we would have to rely on legal proceedings, which could result in disruption of our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings.

The shareholders of our VIEs may be involved in personal disputes with third parties or other incidents that may have an adverse effect on their respective equity interests in the relevant VIEs and the validity or enforceability of our contractual arrangements with the relevant entity and its shareholders. For example, in the event that any of the shareholders of our VIEs divorces his or her spouse, the spouse may claim that the equity interest of the relevant VIE held by such shareholder is part of their community property and should be divided between such shareholder and his or her spouse. If such claim is supported by the court, the relevant equity interest may be obtained by the shareholder's spouse or another third party who is not subject to obligations under our contractual arrangements, which could result in a loss of the effective control over the relevant VIE by us. Similarly, if any of the equity interests of our VIEs is inherited by a third party with whom the current contractual arrangements are not binding, we could lose our control over the relevant VIE or have to maintain such control by incurring unpredictable costs, which could cause significant disruption to our business and operations and harm our financial condition and results of operations.

Although under our current contractual arrangements, (i) each of the spouses of Mr. Kerry Xuefeng Chen, Mr. Wenjun Sun and Mr. Haichen Shen has respectively executed a spousal consent letter, under which each spouse agrees that she will not assert any rights to the equity interests held by the shareholders of our VIEs, and will take every action to ensure the performance of the contractual arrangements, and (ii) the VIEs and their shareholders shall not assign any of their respective rights or obligations to any third party without the prior written consent of our WFOE, we cannot assure you that these undertakings and arrangements will be complied with or effectively enforced. In the case any of them is breached or becomes unenforceable and leads to legal proceedings, it could disrupt our business, distract our management's attention and subject us to substantial uncertainties as to the outcome of any such legal proceedings.

***Contractual arrangements in relation to our VIEs may be subject to scrutiny by the PRC tax authorities and they may determine that we or our VIEs owe additional taxes, which could negatively affected our financial condition and the value of your investment.***

Under applicable PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities. We could face material and adverse tax consequences if the PRC tax authorities determine that the variable interest entity contractual arrangements were not entered into on an arm's-length basis in such a way as to result in an impermissible reduction in taxes under applicable PRC laws, rules and regulations, and adjust the income of our VIEs in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction of expense deductions recorded by our VIEs for PRC tax purposes, which could in turn increase their tax liabilities. In addition, the PRC tax authorities may impose punitive interest and other penalties on our VIEs for the adjusted but unpaid taxes according to the applicable regulations. Our financial position could be materially and adversely affected if our VIEs' tax liabilities increase or if they are required to pay punitive interest and other penalties.

***We may lose the ability to use and enjoy assets held by our VIEs that are material to the operation of certain portion of our business if the VIEs go bankrupt or become subject to a dissolution or liquidation proceeding.***

As part of our contractual arrangements with our VIEs, our VIEs and their subsidiaries hold certain assets that are material to the operation of certain portion of our business, including intellectual property and premise and VATS licenses. If our VIEs go bankrupt and all or part of their assets become subject to liens or rights of third-party creditors, we may be unable to continue some or all of our business activities, which could materially and adversely affect our business, financial condition and results of operations. Under the contractual arrangements, our VIEs may not, in any manner, sell, transfer, mortgage or dispose of their assets or legal or beneficial interests in the business without our prior consent. If our VIEs undergo a voluntary or involuntary liquidation proceeding, independent third-party creditors may claim rights to some or all of these assets, thereby hindering our ability to operate our business, which could materially and adversely affect our business, financial condition and results of operations.

***If the chops of our PRC subsidiaries and our VIEs are not kept safely, are stolen or are used by unauthorized persons or for unauthorized purposes, the corporate governance of these entities could be severely and adversely compromised.***

In China, a company chop or seal serves as the legal representation of the company towards third parties even when unaccompanied by a signature. Each legally registered company in China is required to maintain a company chop, which must be registered with the local Public Security Bureau. In addition to this mandatory company chop, companies may have several other chops which can be used for specific purposes. The chops of our PRC subsidiaries and VIEs are generally held securely by personnel designated or approved by us in accordance with our internal control procedures. To the extent those chops are not kept safely, are stolen or are used by unauthorized persons or for unauthorized purposes, the corporate governance of these entities could be severely and adversely compromised and those corporate entities may be bound to abide by the terms of any documents so chopped, even if they were chopped by an individual who lacked the requisite power and authority to do so. In addition, if the chops are misused by unauthorized persons, we could experience disruption to our normal business operations. We may have to take corporate or legal action, which could involve significant time and resources to resolve while distracting management from our operations.

## 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.***

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. The growth rate of the Chinese economy has gradually slowed since 2010, and the impact of COVID-19 on the global and Chinese economy in 2020 is severe. 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 PRC subsidiaries and our VIEs. Our operations in China are governed by PRC laws and regulations. Our PRC subsidiaries are subject to laws and regulations applicable to foreign investment in China. The PRC 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 PRC laws and regulations related to foreign investment in 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 PRC 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.

Furthermore, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all and may have retroactive effect. As a result, we may not be aware of our violation of any of these policies and rules until sometime after the violation. Such unpredictability towards our contractual, property and procedural rights could adversely affect our business and impede our ability to continue our operations.

***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 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, substantially all of our directors and officers reside within China and substantially all of them are PRC nationals. 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 the PRC 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.

The recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. PRC courts 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 PRC 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 PRC laws or national sovereignty, security or public interest. As a result, it is uncertain whether and on what basis a PRC 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 China. For



example, in China, there are significant legal and other obstacles to providing information needed for shareholder investigations or litigation initiated outside China. Although the authorities in 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 China may further increase difficulties faced by investors in protecting your interests. See also “—Risks Related to the ADSs and This Offering—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, or the SDR, and decided that with effect from October 1, 2016, Renminbi is determined to be a freely usable currency and will be included in the SDR 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 this offering 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 entered into 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 PRC exchange control regulations that restrict our ability to convert Renminbi into foreign currency.

***Certain PRC 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, 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, or MOFCOM, 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. We do not expect that this offering will trigger MOFCOM pre-notification under each of the above-mentioned circumstances or any review by other PRC government authorities, except as disclosed below in "Risks Related to Doing Business in China—The approval of the China Securities Regulatory Commission may be required in connection with this offering, and, if required, we cannot predict whether we will be able to obtain such approval." Moreover, *the Anti-Monopoly Law* promulgated by the Standing Committee of National People's Congress which became effective in 2008 requires that transactions which are deemed concentrations and involve parties with specified turnover thresholds must be cleared by State Administration for Market Regulation, or the SAMR, the successive authority of MOFCOM, before they can be completed. In addition, *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 *Measures for the Security Review of Foreign Investment* that became effective in January 2021 require acquisitions by foreign investors of PRC 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 MOFCOM 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.

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

A number of PRC laws and regulations have established procedures and requirements that could make merger and acquisition activities in 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 MOFCOM and/or the NDRC be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. In addition, the *Anti-Monopoly Law* requires that relevant 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 MOFCOM, 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 relevant parties in 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 relevant regulations to complete such transactions could be time consuming, and any required approval processes, including approval from MOFCOM, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

***PRC regulations relating to offshore investment activities by PRC residents may limit our PRC subsidiaries’ ability to change their registered capital or distribute profits to us or otherwise expose us or our PRC resident beneficial owners to liability and penalties under PRC law.***

In July 2014, the State Administration of Foreign Exchange, or 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 PRC residents (including PRC individuals and PRC corporate entities as well as foreign individuals that are deemed as PRC 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 PRC 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 PRC 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 relevant shareholders or beneficial owners who are PRC 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 (“Round-trip Invested Entity”), may subject us to fines and legal sanctions, such as restrictions on our cross-border investment activities, on the ability of our PRC 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 PRC 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 PRC residents holding direct or indirect interest in our company, and we cannot provide any assurance that these PRC 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 PRC 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 round-trip invested entity 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 PRC subsidiaries, could subject us to fines or legal sanctions, restrict our overseas or cross-border investment activities, limit our PRC 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 PRC regulations regarding the registration requirements for employee stock incentive plans may subject the PRC plan participants 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, PRC citizens and non-PRC 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 PRC 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 PRC citizens or who reside in China for a continuous period of not less than one year and who have been granted options will be subject to these regulations when our company becomes an overseas-listed company upon the completion of this offering. 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 PRC subsidiary and limit our PRC 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 PRC law. See "Regulation—PRC—Regulations Related to Employee Stock Incentive Plan."

In addition, the State Administration of Taxation, or SAT, has issued certain circulars concerning employee share options and restricted shares. Under these circulars, our employees working in China who exercise share options or are granted restricted shares will be subject to PRC individual income tax. Our PRC subsidiaries have obligations to file documents related to employee share options or restricted shares with relevant 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 relevant laws and regulations, we may face sanctions imposed by the tax authorities or other PRC government authorities. See "Regulation—Regulations Relating to Foreign Exchange and Dividend Distribution—Regulations Relating to Stock Incentive Plans."

***Increases in labor costs and enforcement of stricter labor laws and regulations in China may adversely affect our business and our profitability.***

China's overall economy and the average wage in China have increased in recent years and are expected to continue to grow. The average wage level for our employees has also increased in recent years. We expect that our labor costs, including wages and employee benefits, will continue to increase. Unless we are able to pass on these increased labor costs to those who pay for our services, our profitability and results of operations may be materially and adversely affected.

In addition, 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.

In October 2010, the Standing Committee of the National People's Congress promulgated the PRC Social Insurance Law, effective on July 1, 2011 and amended on December 29, 2018. On April 3, 1999, the State Council promulgated the Regulations on the Administration of Housing Funds, which was amended on March 24, 2002 and March 24, 2019. Companies registered and operating in China are required under the Social Insurance Law and the Regulations on the Administration of Housing Funds 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 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 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 relevant 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 PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC 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 PRC subsidiaries 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 PRC subsidiaries 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 PRC laws and regulations, our PRC subsidiaries, each of which is a wholly foreign-owned enterprise may pay dividends only out of its 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.

Our PRC 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 PRC 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 PRC 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 PRC companies to non-PRC-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-PRC-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 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 PRC subsidiaries to fund any cash and financing requirements we may have. Under existing PRC 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 PRC subsidiaries in 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 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 PRC subsidiaries and VIEs to pay off their respective debt in a currency other than Renminbi owed to entities outside China, or to make other capital expenditure payments outside 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.

***PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from using the proceeds of this offering to make loans or additional capital contributions to our PRC subsidiaries and our VIEs in China, 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 PRC subsidiaries and our VIEs. We may make loans to our PRC subsidiaries and VIEs subject to the approval from governmental authorities and limitation of amount, or we may make additional capital contributions to our PRC subsidiaries.

Any loans to our PRC subsidiaries, which are treated as foreign-invested enterprises under PRC law, are subject to PRC regulations and foreign exchange loan registrations. For example, loans by us

to our PRC 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 PRC subsidiaries must be recorded and registered with the National Development and Reform Committee, or the NDRC. In addition, a foreign invested enterprise shall use its capital pursuant to the principle of authenticity and self-use 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 relevant laws and regulations; (ii) directly or indirectly used for investment in securities or investments other than banks' principal-secured products unless otherwise provided by relevant 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 self-use (except for the foreign-invested real estate enterprises).

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, effective from June 2015, 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 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 China in actual practice. 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, effective on June 9, 2016, 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, including the net proceeds from this offering, to our PRC subsidiaries, which may adversely affect our liquidity and our ability to fund and expand our business in China.

In light of the various requirements imposed by PRC regulations on loans to and direct investment in PRC 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 PRC subsidiaries or VIEs or future capital contributions by us to our PRC subsidiaries. As a result, uncertainties exist as to our ability to provide prompt financial support to our PRC subsidiaries or VIEs when needed. If we fail to complete such registrations or obtain such approvals, our ability to use the proceeds we expect to receive from this offering and to capitalize or otherwise fund our PRC 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 PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders or ADS holders.***

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of the PRC 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 SAT, 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 SAT Circular 82, which provides certain specific criteria for determining whether the “de facto management body” of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in the circular may reflect SAT’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 SAT Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its “de facto management body” in China and will be subject to PRC 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 management is in 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 China; (iii) the enterprise’s primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in China; and (iv) at least 50% of voting board members or senior executives habitually reside in China.

We believe that we are not a PRC resident enterprise for PRC 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 PRC resident enterprise for enterprise income tax purposes, we could be subject to PRC 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 PRC tax on gains realized on the sale or other disposition of ADSs or ordinary shares, if such income is treated as sourced from within China. Furthermore, if we are deemed a PRC resident enterprise, dividends payable to our non-PRC 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 PRC tax at a rate of 10% in the case of non-PRC enterprises or a rate of 20% in the case of non-PRC individuals unless a reduced rate is available under an applicable tax treaty. It is unclear whether non-PRC 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 PRC 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 PRC resident enterprises by their non-PRC holding companies.***

In February 2015, the SAT issued *the Public Notice Regarding Certain Enterprise Income Tax Matters on Indirect Transfer of Properties by Non-Resident Enterprises*, or SAT Public Notice 7. SAT 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, SAT 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. SAT 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 PRC entity which directly owns the taxable assets may report to the relevant 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 PRC tax. As a result, gains derived from such indirect transfer may be subject to PRC 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 PRC resident enterprise. Both the transferor and the transferee may be subject to penalties under PRC tax laws if the transferee fails to withhold the taxes and the transferor fails to pay the taxes. However, according to relevant safe harbor rule under SAT Public Notice 7, the PRC 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 SAT issued *the Public Notice on Issues Relating to Withholding at Source of Income Tax of Non-resident Enterprises*, or the SAT Public Notice 37, which came into effect on December 1, 2017. According to SAT Public Notice 37, where the non-resident enterprise fails to declare its tax payable pursuant to Article 39 of the EIT 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-PRC 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 PRC 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 SAT Public Notice 7 and SAT 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 China Securities Regulatory Commission may be required in connection with this offering, and, if required, we cannot predict whether we will be able to obtain such approval.***

The M&A Rules, adopted by six PRC regulatory agencies, requires an overseas special purpose vehicles that are controlled by PRC companies or individuals formed for the purpose of seeking a public listing on an overseas stock exchange through acquisitions of PRC domestic companies of the aforementioned PRC companies or individuals using shares of such special purpose vehicles or held by its shareholders as a consideration to obtain the approval of the China Securities Regulatory Commission, or the CSRC, prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange. However, the application of the M&A Rules remains unclear. If CSRC approval is required, it is uncertain whether it would be possible for us to obtain the approval, and any failure to obtain or delay in obtaining CSRC approval for this offering would subject us to sanctions imposed by the CSRC and other PRC regulatory agencies.

Our PRC counsel has advised us based on their understanding of the current PRC laws, rules and regulations that the CSRC's approval may not be required for the listing and trading of our ADSs on the New York Stock Exchange in the context of this offering, given that: (i) the CSRC currently has not issued any definitive rule or interpretation concerning whether offerings like ours in this prospectus are subject to this regulation, and (ii) we did not establish our PRC subsidiaries through merger with or acquisition of PRC domestic companies using equities as consideration as defined in the M&A Rules; and (iii) no provision in the M&A Rules classifies the contractual arrangements with variable interest entities as a type of acquisition that fall within the M&A Rules.

However, our PRC counsel has further advised us that there remains some uncertainty as to how the M&A Rules will be interpreted or implemented in the context of an overseas offering and its opinions summarized above are subject to any new laws, rules and regulations or detailed implementations and interpretations in any form relating to the M&A Rules. We cannot assure you that relevant PRC government agencies, including the CSRC, would reach the same conclusion as we do. If it is determined that CSRC approval is required for this offering, we may face sanctions by the CSRC or other PRC regulatory agencies for failure to seek CSRC approval for this offering. These sanctions may include fines and penalties on our operations in China, limitations on our operating privileges in China, delays in or restrictions on the repatriation of the proceeds from this offering into the PRC, restrictions on or prohibition of the payments or remittance of dividends by our subsidiaries in China, or other actions that could have a material and adverse effect on our business, financial condition, results of operations, reputation and prospects, as well as the trading price of our ADSs. The CSRC or other PRC regulatory agencies may also take actions requiring us, or making it advisable for us, to halt this offering before the settlement and delivery of the ADSs that we are offering. Consequently, if you engage in market trading or other activities in anticipation of and prior to the settlement and delivery of the ADSs we are offering, you would be doing so at the risk that the settlement and delivery may not occur. In addition, if the CSRC or other regulatory agencies later promulgate new rules or explanations requiring that we obtain their approvals for this offering, we may be unable to obtain a waiver of such approval requirements, if and when procedures are established to obtain such a waiver.

***Our ADSs may be delisted under the Holding Foreign Companies Accountable Act if the PCAOB is unable to inspect auditors who are located in China. The delisting of our ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment. Additionally, the inability of the PCAOB to conduct inspections deprives our investors with the benefits of such inspections.***

The Holding Foreign Companies Accountable Act, or the HFCA Act, was enacted on December 18, 2020. The HFCA Act states if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspection by the PCAOB for three consecutive years beginning in 2021, the SEC shall prohibit our shares or ADSs from being traded on a national securities exchange or in the over the counter trading market in the U.S.

Our auditor, the independent registered public accounting firm that issues the audit report included elsewhere in this prospectus, 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. Since our auditor is located in China, a jurisdiction where the PCAOB has been unable to conduct inspections without the approval of the Chinese authorities, our auditor is currently not inspected by the PCAOB.

On March 24, 2021, the SEC adopted interim final rules relating to the implementation of certain disclosure and documentation requirements of the HFCA Act. We will be required to comply with these rules if the SEC identifies us as having a "non-inspection" year under a process to be subsequently

established by the SEC. The SEC is assessing how to implement other requirements of the HFCA Act, including the listing and trading prohibition requirements described above.

The SEC may propose additional rules or guidance that could impact us if our auditor is not subject to PCAOB inspection. For example, on August 6, 2020, the President's Working Group on Financial Markets, or the PWG, issued the Report on Protecting United States Investors from Significant Risks from Chinese Companies to the then President of the United States. This report recommended the SEC implement five recommendations to address companies from jurisdictions that do not provide the PCAOB with sufficient access to fulfill its statutory mandate. Some of the concepts of these recommendations were implemented with the enactment of the HFCA Act. However, some of the recommendations were more stringent than the HFCA Act. For example, if a company was not subject to PCAOB inspection, the report recommended that the transition period before a company would be delisted would end on January 1, 2022.

The SEC has announced that the SEC staff is preparing a consolidated proposal for the rules regarding the implementation of the HFCA Act and to address the recommendations in the PWG report. It is unclear when the SEC will complete its rulemaking and when such rules will become effective and what, if any, of the PWG recommendations will be adopted. The implications of this possible regulation in addition the requirements of the HFCA Act are uncertain. Such uncertainty could cause the market price of our ADSs to be materially and adversely affected, and our securities could be delisted or prohibited from being traded "over-the-counter" earlier than would be required by the HFCA Act. If our securities are unable to be listed on another securities exchange by then, such a delisting would substantially impair your ability to sell or purchase our ADSs when you wish to do so, and the risk and uncertainty associated with a potential delisting would have a negative impact on the price of our ADSs.

The PCAOB's inability to conduct inspections in China prevents it from fully evaluating the audits and quality control procedures of our independent registered public accounting firm. As a result, we and investors in our Class A ordinary shares are deprived of the benefits of such PCAOB inspections. The inability of the PCAOB to conduct inspections of auditors in China makes 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, which could cause investors and potential investors in our stock to lose confidence in our audit procedures and reported financial information and the quality of our financial statements.

In May 2013, the PCAOB announced that it had entered into a Memorandum of Understanding on Enforcement Cooperation with the CSRC and the PRC Ministry of Finance, which establishes a cooperative framework between the parties for the production and exchange of audit documents relevant to investigations undertaken by the PCAOB in the PRC or by the CSRC or the PRC Ministry of Finance in the United States. The PCAOB continues to be in discussions with the CSRC and the PRC Ministry of Finance to permit joint inspections in the PRC of audit firms that are registered with the PCAOB and audit Chinese companies that trade on U.S. exchanges.

***Proceedings instituted by the SEC against PRC affiliates of the "big four" accounting firms, including our independent registered public accounting firm, could result in financial statements being determined to not be in compliance with the requirements of the Exchange Act.***

Starting in 2011 "big four" PRC-based accounting firms, including our independent registered public accounting firm, were affected by a conflict between U.S. and Chinese law. Specifically, for certain U.S.-listed companies operating and audited in Mainland China, the SEC and the PCAOB sought to obtain from the Chinese firms access to their audit work papers and related documents. The

firms were, however, advised and directed that under Chinese law, they could not respond directly to the U.S. regulators on those requests, and that requests by foreign regulators for access to such papers in China had to be channeled through the China Securities Regulatory Commission, or the CSRC.

In late 2012, this impasse led the SEC to commence administrative proceedings under Rule 102(e) of its Rules of Practice and also under the Sarbanes-Oxley Act of 2002 against the Chinese accounting firms, including our independent registered public accounting firm. A first instance trial of the proceedings in July 2013 in the SEC's internal administrative court resulted in an adverse judgment against the firms. The administrative law judge proposed penalties on the firms including a temporary suspension of their right to practice before the SEC, although that proposed penalty did not take effect pending review by the Commissioners of the SEC. On February 6, 2015, before a review by the Commissioner had taken place, the firms reached a settlement with the SEC. Under the settlement, the SEC accepted that future requests by the SEC for the production of documents will normally be made to the CSRC. The firms were to receive matching Section 106 requests, and were required to abide by a detailed set of procedures with respect to such requests, which in substance require them to facilitate production via the CSRC. If they failed to meet specified criteria, the SEC retained authority to impose a variety of additional remedial measures on the firms depending on the nature of the failure. Under the terms of the settlement, the underlying proceeding against the four China-based accounting firms was deemed dismissed with prejudice four years after entry of the settlement. The four-year mark occurred on February 6, 2019. While we cannot predict if the SEC will further challenge the four China-based accounting firms' compliance with U.S. law in connection with U.S. regulatory requests for audit work papers or if the results of such a challenge would result in the SEC imposing penalties such as suspensions. If additional remedial measures are imposed on the "big four" PRC-based accounting firms, including our independent registered public accounting firm, we could be unable to timely file future financial statements in compliance with the requirements of the Exchange Act.

In the event the "big four" PRC-based accounting firms become subject to additional legal challenges by the SEC or the PCAOB, depending upon the final outcome, listed companies in the United States with major PRC operations may find it difficult or impossible to retain auditors in respect of their operations in China, which could result in financial statements being determined to not be in compliance with the requirements of the Exchange Act, including possible delisting. Moreover, any negative news about any such future proceedings against these audit firms may cause investor uncertainty regarding China-based, U.S.-listed companies and the market price of our ADSs may be adversely affected.

If our independent registered public accounting firm was denied, even temporarily, the ability to practice before the SEC and we were unable to timely find another registered public accounting firm to audit and issue an opinion on our financial statements, our financial statements could be determined not to be in compliance with the requirements of the Exchange Act. Such a determination could ultimately lead to the delisting of the ADSs from the U.S. national securities exchanges or deregistration from the SEC, or both, which would substantially reduce or effectively terminate the trading of the ADSs in the United States.

#### **Risks Related to the ADSs and This Offering**

***There has been no public market for our Class A ordinary shares or ADSs prior to this offering, and you may not be able to resell our ADSs at or above the price you paid, or at all.***

Prior to this initial public offering, there has been no public market for our Class A ordinary shares or ADSs. We will apply to list our ADSs on the New York Stock Exchange. Our Class A ordinary shares will not be listed on any exchange or quoted for trading on any over-the-counter trading system. If an

active trading market for our ADSs does not develop after this offering, the market price and liquidity of our ADSs will be materially and adversely affected.

Negotiations with the underwriters will determine the initial public offering price for our ADSs which may bear no relationship to their market price after the initial public offering. We cannot assure you that an active trading market for our ADSs will develop or that the market price of our ADSs will not decline below the initial public offering price.

***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 post-offering 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.

Upon completion of this offering, Mr. Kerry Xuefeng Chen, our co-founder, chairman and chief executive officer, will beneficially own all of our issued Class C ordinary shares. JD.com Development Limited will beneficially own 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. Following the completion of this offering, Mr. Chen will beneficially own % of the aggregate voting power of our company, assuming that the underwriters do not exercise their over-allotment option, through C&XF Group Limited, a company wholly owned by Mr. Chen, whereas JD.com Development Limited will beneficially own % of the aggregate voting power of our company. After this offering, Mr. Chen and JD.com Development Limited will continue to 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.***

Our executive officers, directors, and their affiliated entities together beneficially own approximately 11.4% of our issued and outstanding ordinary shares on an as-converted basis prior to this offering. Upon the completion of this offering, our executive officers, directors, and their affiliated entities together will beneficially own approximately % of our total issued and outstanding ordinary shares, assuming the underwriters do not exercise their over-allotment option, or % of our total issued and outstanding ordinary shares if the underwriters exercise their over-allotment option in full, without taking into account the ADSs that the existing shareholders or their affiliates may purchase in this offering. 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.

***Because our initial public offering price is substantially higher than our net tangible book value per share, you will experience immediate and substantial dilution.***

If you purchase ADSs in this offering, you will pay more for your ADSs than the amount paid by our existing shareholders for their ordinary shares on a per ADS basis. As a result, you will experience immediate and substantial dilution of US\$ per ADS, representing the difference between the initial public offering price of US\$ per ADS and our adjusted net tangible book value per ADS as of March 31, 2021, after giving effect to our sale of the ADSs offered in this offering. In addition, you may experience further dilution to the extent that our ordinary shares are issued upon the exercise of share options. See "Dilution" for a more complete description of how the value of your investment in the ADSs will be diluted upon completion of this offering.

***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 relevant 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 relevant 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.

***Because we do not expect to pay dividends in the foreseeable future after this offering, 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 after this offering 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 after this offering 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 after this offering, or the perception that these sales could occur, could cause the market price of our ADSs to decline. Upon completion of this offering, we will have                    ordinary shares issued and outstanding, including Class A ordinary shares represented by ADSs, assuming the underwriters do not exercise their over-allotment option. All ADSs sold in this offering will be freely transferable without restriction or additional registration under the United States Securities Act of 1933, as amended, or the Securities Act. The remaining ordinary shares issued and outstanding after this offering will be available for sale, upon the expiration of the 180-day lock-up period beginning from the date of this prospectus, subject to volume and other restrictions as applicable under Rules 144 and 701 under the Securities Act. Any or all of these shares may be released prior to the expiration of the lock-up period at the discretion of the representatives of the underwriters of this offering. To the extent shares are released before the expiration of the lock-up period and sold into the market, the market price of our ADSs could decline.

After completion of this offering, certain holders of our Class A ordinary shares may cause us to register under the Securities Act the sale of their shares, subject to the 180-day lock-up period in connection with this offering. Registration of these shares under the Securities Act would result in ADSs representing these shares becoming freely tradable without restriction under the Securities Act immediately upon the effectiveness of the registration. Sales of these registered shares in the form of ADSs in the public market could cause the price of our ADSs to decline.

**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 depository in accordance with the provisions of the deposit agreement. Under the deposit agreement, you may vote only by giving voting instructions to the depository. Upon receipt of your voting instructions, the depository 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 depository will try to vote the underlying Class A ordinary shares in accordance with these instructions. If we do not instruct the depository to ask for your instructions, the depository 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 post-offering memorandum and articles of association that will become effective immediately prior to completion of this offering, 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 depository 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 depository to vote the underlying Class A ordinary shares represented by your ADSs. In addition, the depository 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 depository will give us a discretionary proxy to vote the Class A ordinary shares underlying your ADSs at shareholders' meetings unless:

- we have instructed the depository that we do not wish a discretionary proxy to be given;
- we have informed the depository 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 post-offering memorandum and articles of association and our deposit agreement with the depository 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 depository bank, and potentially others.***

Our post-offering 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 depository 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 post-offering memorandum and articles of association or our deposit agreement with the depository 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 post-offering 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 depository 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 post-offering 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 depository 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 depository. 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 depository 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 depository, 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 "—Forum selection provisions in our post-offering memorandum and articles of association and our deposit agreement with the depository 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 depository 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 depository 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, Cayman Islands companies may not have standing to initiate a shareholder derivative action in a federal court 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 post-offering articles of association that will become effective immediately prior to completion of this offering 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. For a discussion of significant differences between the provisions of the Companies Act and the laws applicable to companies incorporated in the United States and their shareholders, see "Description of Share Capital—Differences in Corporate Law."

***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 prospectus 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 PRC may render you unable to enforce a judgment against our assets or the assets of our directors and officers. In addition, 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 China of judgments of a court in any of these non-PRC 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 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 China. For example, in China, there are significant legal and other obstacles to providing information needed for regulatory investigations or litigation initiated outside China. Although the authorities in 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, or Article 177, 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 China may further increase difficulties faced by you in protecting your interests. See also “—Risks Related to the ADSs and This Offering—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.

***We have not determined a specific use for a portion of the net proceeds from this offering and we may use these proceeds in ways with which you may not agree.***

We have not determined a specific use for a portion of the net proceeds of this offering, and our management will have considerable discretion in deciding how to apply these proceeds. You will not have the opportunity to assess whether the proceeds are being used appropriately before you make your investment decision. You must rely on the judgment of our management regarding the application of the net proceeds of this offering. We cannot assure you that the net proceeds will be used in a manner that would improve our results of operations or increase our ADS price, nor that these net proceeds will be placed only in investments that generate income or appreciate in value.

***The post-offering memorandum and articles of association that will become effective immediately prior to the completion of this offering will contain 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.***

We will adopt a further amended and restated memorandum and articles of association that will become effective immediately prior to the completion of this offering, which we refer to as our post-offering memorandum and articles of association. Our post-offering 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 proposed 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. If we choose to follow home country practices in the future, 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.

***There can be no assurance that we will not be classified as a passive foreign investment company for U.S. federal income tax purposes, which could result in 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,” or “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. Although the law in this regard is not entirely clear, we treat our VIEs and their subsidiaries as being owned by us for U.S. federal income tax purposes because we control their management decisions and are entitled to substantially all of the economic benefits associated with them. As a result, we consolidate their results of operations in our consolidated U.S. GAAP financial statements. If it were determined, however, that we are not the owner of our VIEs and their subsidiaries for U.S. federal income tax purposes, we may be treated as a PFIC for the current taxable year and any future taxable year. Assuming that we are the owner of our VIEs and their subsidiaries for U.S. federal income tax purposes, and, based upon our current and projected income and assets, including the expected cash proceeds from this offering, and projections as to the value of our assets, taking into account the projected market value of our ADSs following this offering, we do not presently expect to be a PFIC for the current taxable year or the foreseeable future.

While we do not expect to be or become a PFIC, no assurance can be given in this regard because the determination of whether we are or will become a PFIC for any taxable year is a fact-intensive inquiry made on an annual basis that depends, in part, upon the composition and classification of our income and assets. Fluctuations in the market price of our ADSs may cause us to be or become a PFIC for the current or subsequent taxable years because the value of our assets for the purpose of the asset test, including the value of our goodwill and other unbooked intangibles, may be determined by reference to the market price of our ADSs from time to time (which may be volatile). The composition of our income and assets may also be affected by how, and how quickly, we use our liquid assets including cash raised in this offering.



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, unless the U.S. Holder makes a "mark-to-market" election, will apply in future years even if we cease to be a PFIC. See the discussion under "Taxation—United States Federal Income Tax Considerations—Passive Foreign Investment Company Rules" concerning the U.S. federal income tax considerations of an investment in our ADSs or Class A ordinary shares if we are or become classified as a PFIC and the possibility of making such election.

***We are an emerging growth company within the meaning of the Securities Act and may take advantage of certain reduced reporting requirements.***

As a company with less than US\$1.07 billion in revenues for our last fiscal year, we qualify as an "emerging growth company" pursuant to the JOBS Act. Therefore, we may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2002, or Section 404, in the assessment of the emerging growth company's internal control over financial reporting and permission to delay adopting new or revised accounting standards until such time as those standards apply to private companies. As a result, if we elect not to comply with such reporting and other requirements, in particular the auditor attestation requirements, our investors may not have access to certain information they may deem important.

The JOBS Act also provides that an emerging growth company does not need to comply with any new or revised financial accounting standards until such date that a private company is otherwise required to comply with such new or revised accounting standards. We do not plan to "opt out" of such exemptions afforded to an emerging growth company. As a result of this election, our financial statements may not be comparable to companies that comply with public company effective dates.

***We will incur increased costs and become subject to additional rules and regulations as a result of being a public company, particularly after we cease to qualify as an "emerging growth company."***

Upon completion of this offering, we will become a public company and expect to incur significant legal, accounting and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act of 2002, as well as rules subsequently implemented by the Securities and Exchange Commission, or the SEC, the New York Stock Exchange, impose various requirements on the corporate governance practices of public companies. We expect these rules and regulations to increase our legal and financial compliance costs and to make some corporate activities more time-consuming and costly.

As a result of becoming a public company, we will need to increase the number of independent directors and adopt policies regarding internal controls and disclosure controls and procedures. We also expect that operating as a public company will make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. In addition, we will incur additional costs associated with our public company reporting requirements. It may also be more difficult for us to find qualified persons to serve on our board of directors or as executive officers. We are currently evaluating and monitoring developments with respect to these rules and regulations, and we cannot predict or estimate with any degree of certainty the number of additional costs we may incur or the timing of such costs.

In the past, shareholders of a public company often brought securities class action suits against the company following periods of instability in the market price of that company's securities. If we were

to be involved in a class action suit, it would possibly divert a significant amount of our management's attention and other resources from our business and operations, which could harm our results of operations and require us to incur significant expenses to defend the suit. Any such class action suit, whether or not successful, could harm our reputation and restrict our ability to raise capital in the future. In addition, if a claim is successfully made against us, we may be required to pay significant damages, which could have a material and adverse effect on our financial condition and results of operations.

In addition, as an emerging growth company, we will still incur expenses in relation to management assessment according to requirements of Section 404(a) of the Sarbanes-Oxley Act of 2002. After we are no longer an "emerging growth company," we expect to incur additional significant expenses and devote substantial management effort toward ensuring compliance with the requirements of Section 404(b) of the Sarbanes-Oxley Act of 2002 and the other rules and regulations of the SEC.

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that reflect our current expectations and views of future events. The forward-looking statements are contained principally in the sections entitled "Prospectus Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business." Known and unknown risks, uncertainties and other factors, including those listed under "Risk Factors," 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 some of these forward-looking statements by words or phrases such as "may," "will," "expect," "anticipate," "aim," "estimate," "intend," "plan," "believe," "is/are likely to," "potential," "continue" or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include statements relating to:

- 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;
- our proposed use of proceeds;
- relevant government policies and regulations relating to our business; and
- general economic and business conditions globally and in China.

These forward-looking statements involve various risks and uncertainties. Although we believe that our expectations expressed in these forward-looking statements are reasonable, our expectations may later be found to be incorrect. Our actual results could be materially different from our expectations. Important risks and factors that could cause our actual results to be materially different from our expectations are generally set forth in "Prospectus Summary—Our Challenges," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business," "Regulation" and other sections in this prospectus. You should read thoroughly this prospectus and the documents that we refer to with the understanding that our actual future results may be materially different from and worse than what we expect. We qualify all of our forward-looking statements by these cautionary statements.

This prospectus contains certain data and information that we obtained from various government and private publications. Statistical data in these publications also include projections based on a number of assumptions. The pre-owned consumer electronics market may not grow at the rate projected by market data, or at all. Failure of this market to grow at the projected rate may have a material and adverse effect on our business and the market price of the ADSs. In addition, the rapidly evolving nature of this industry results in significant uncertainties for any projections or estimates relating to the growth prospects or future condition of our market. Furthermore, if any one or more of the assumptions underlying the market data are later found to be incorrect, actual results may differ from the projections based on these assumptions. You should not place undue reliance on these forward-looking statements.

The forward-looking statements made in this prospectus relate only to events or information as of the date on which the statements are made in this prospectus. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this prospectus and the documents that we refer to in this prospectus and have filed as exhibits to the registration statement, of which this prospectus is a part, completely and with the understanding that our actual future results may be materially different from what we expect.

## USE OF PROCEEDS

We estimate that we will receive net proceeds from this offering of approximately US\$ , or approximately US\$ if the underwriters exercise their over-allotment option in full, after deducting underwriting discounts and commissions and the estimated offering expenses payable by us. These estimates are based upon an assumed initial public offering price of US\$ per ADS, which is the midpoint of the price range shown on the front page of this prospectus. A US\$1.00 increase (decrease) in the assumed initial public offering price of US\$ per ADS would increase (decrease) the net proceeds to us from this offering by US\$ , assuming the number of ADSs offered by us, as set forth on the front cover of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated expenses payable by us.

The primary purposes of this offering are to create a public market for our shares for the benefit of all shareholders, retain talented employees by providing them with equity incentives and obtain additional capital. We plan to use the net proceeds of this offering to expand our business operations as follows:

- approximately 20% to further improve our technology capabilities;
- approximately 30% to diversify service offerings on our platform;
- approximately 30% to further expand our AHS store network and develop new sales channels for Paipai Marketplace; and
- approximately 20% for general corporate purposes, which may include investing in sales and marketing activities, and funding working capital needs and potential strategic investments and acquisitions. As of the date of this prospectus, we have not identified any specific targets for any acquisition of assets or businesses.

The foregoing represents our current intentions based upon our present plans and business conditions to use and allocate the net proceeds of this offering. Our management, however, will have significant flexibility and discretion to apply the net proceeds of this offering. If an unforeseen event occurs or business conditions change, we may use the proceeds of this offering differently than as described in this prospectus. See "Risk Factors—Risks Related to the ADSs and This Offering—We have not determined a specific use for a portion of the net proceeds from this offering and we may use these proceeds in ways with which you may not agree."

Pending any use described above, we plan to invest the net proceeds in short-term, interest-bearing, debt instruments or demand deposits.

In using the proceeds of this offering, we are permitted under PRC laws and regulations as an offshore holding company to provide funding to our PRC subsidiaries only through loans or capital contributions and to our VIEs only through loans, subject to satisfaction of applicable government registration and approval requirements. We cannot assure you that we will be able to obtain these government registrations or approvals on a timely basis, or at all. See "Risk Factors—Risks Related to Doing Business in China—PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from using the proceeds of this offering to make loans or additional capital contributions to our PRC subsidiaries and our VIEs in China, which could materially and adversely affect our liquidity and our ability to fund and expand our business."

## 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 after this offering. 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. PRC regulations may restrict the ability of our PRC subsidiaries to pay dividends to us. See "Regulation—Regulations Relating to 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 depository, as the registered holder of such Class A ordinary shares, and the depository 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 "Description of American Depositary Shares." Cash dividends on our ordinary shares, if any, will be paid in U.S. dollars.

**CAPITALIZATION**

The following table sets forth our capitalization as of March 31, 2021:

- on an actual basis;
- on a pro forma basis to reflect (i) the issuance of Series F and other series of preferred shares in April and May 2021 (see “Description of Share Capital—History of Securities Issuances”), (ii) the redesignation of all of the ordinary shares held by C&XF Group Limited into Class C ordinary shares on a one-for-one basis immediately prior to the completion of this offering, (iii) the redesignation of all of the ordinary shares and preferred shares held by JD.com Development Limited into Class B ordinary shares on a one-for-one basis immediately prior to the completion of this offering, (iv) the redesignation of all of the remaining ordinary shares into Class A ordinary shares on a one-for-one basis immediately prior to the completion of this offering, and (v) the automatic conversion of all of our remaining issued and outstanding preferred shares into Class A ordinary shares on a one-for-one basis immediately prior to the completion of this offering; and
- on a pro forma as adjusted basis to reflect (i) the issuance of Series F and other series of preferred shares in April and May 2021 (see “Description of Share Capital—History of Securities Issuances”), (ii) the redesignation of all of the ordinary shares held by C&XF Group Limited into Class C ordinary shares on a one-for-one basis immediately prior to the completion of this offering, (iii) the redesignation of all of the ordinary shares and preferred shares held by JD.com Development Limited into Class B ordinary shares on a one-for-one basis immediately prior to the completion of this offering, (iv) the redesignation of all of the remaining ordinary shares into Class A ordinary shares on a one-for-one basis immediately prior to the completion of this offering, (v) the automatic conversion of all of our remaining issued and outstanding preferred shares into Class A ordinary shares on a one-for-one basis immediately prior to the completion of this offering, and (vi) the sale of Class A ordinary shares in the form of ADSs by us in this offering at an assumed initial public offering price of US\$ per ADS, which is the midpoint of the estimated range of the initial public offering price shown on the front cover of this prospectus, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us, assuming the underwriters do not exercise the over-allotment option.

You should read this table together with our consolidated financial statements and the related notes included elsewhere in this prospectus and the information under “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

	As of March 31, 2021					
	Actual		Pro Forma		Pro Forma As Adjusted <sup>(1)</sup>	
	RMB	US\$	(in thousands)		RMB	US\$
<b>Mezzanine Equity:</b>						
Series A preferred shares (US\$0.001 par value, 9,497,040 shares authorized, issued and outstanding as of March 31, 2021)	467,173	71,305	—	—		
Series B preferred shares (US\$0.001 par value, 7,586,836 shares authorized, issued and outstanding as of March 31, 2021)	378,840	57,822	—	—		
Series C preferred shares (US\$0.001 par value, 44,226,287 shares authorized, 39,151,682 issued and outstanding as of March 31, 2021)	2,054,873	313,635	—	—		

	As of March 31, 2021					
	Actual		Pro Forma		Pro Forma As Adjusted <sup>(1)</sup>	
	RMB	US\$	(in thousands)		RMB	US\$
Series D preferred shares (US\$0.001 par value, 10,068,160 shares authorized, issued and outstanding as of March 31, 2021)	1,190,676	181,733	—	—		
Series E preferred shares (US\$0.001 par value, 36,122,625 shares authorized, 34,628,761 issued and outstanding as of March 31, 2021)	5,451,027	831,989	—	—		
Series F preferred shares (US\$0.001 par value, nil shares authorized, issued and outstanding as of March 31, 2021)	—	—	—	—		
<b>Total mezzanine equity</b>	<b>9,542,589</b>	<b>1,456,484</b>	<b>—</b>	<b>—</b>		
<b>Shareholders' equity/(deficit):</b>						
Ordinary shares (US\$0.001 par value, 192,499,052 shares authorized, 18,782,620 shares issued and outstanding as of March 31, 2021)	11	2	—	—		
Class A ordinary shares (US\$0.001 par value; none issued or outstanding on an actual basis, 77,589,553 issued and outstanding on a pro forma basis, and issued and outstanding on a pro forma as adjusted basis)	—	—	508	78		
Class B ordinary shares (US\$0.001 par value; none issued or outstanding on an actual basis, 47,240,103 issued and outstanding on a pro forma basis and issued and outstanding on a pro forma as adjusted basis)	—	—	310	47		
Class C ordinary shares (US\$0.001 par value; none issued or outstanding on an actual basis; 11,287,336 issued and outstanding on a pro forma basis, and issued and outstanding on a pro forma as adjusted basis)	—	—	74	11		
Additional paid-in capital <sup>(2)</sup>	—	—	11,057,797	1,687,749		
Accumulated deficit	(5,817,181)	(887,875)	(5,817,181)	(887,875)		
Accumulated other comprehensive income	1,808	276	1,808	276		
<b>Total shareholders' equity/(deficit)<sup>(2)</sup></b>	<b>(5,815,362)</b>	<b>(887,598)</b>	<b>5,243,316</b>	<b>800,286</b>		
<b>Total capitalization<sup>(2)/(3)</sup></b>	<b>3,727,227</b>	<b>568,886</b>	<b>5,243,316</b>	<b>800,286</b>		

- (1) The pro forma as adjusted information discussed above is illustrative only. Our additional paid-in capital, accumulated deficit, accumulated other comprehensive income, total shareholder's equity/(deficit) and total capitalization following the completion of this offering are subject to adjustment based on the actual initial public offering price and other terms of this offering determined at pricing.
- (2) A US\$1.00 increase (decrease) in the assumed initial public offering price of US\$ per ADS, which is the midpoint of the estimated range of the initial public offering price shown on the cover page of this prospectus, would increase (decrease) each of additional paid-in capital, total shareholders' equity/(deficit), and total capitalization by US\$ million.
- (3) Total capitalization represents total mezzanine and shareholders' equity/(deficit).
- (4) The table above does not reflect the warrant we issued to China Equities HK Limited on May 10, 2021, which entitles the holder to subscribe for 153,570 ordinary shares of our company at an exercise price of US\$2.65 per share, subject to certain price adjustments as set forth in the warrant.



**DILUTION**

If you invest in the ADSs, your interest will be diluted to the extent of the difference between the initial public offering price per ADS and our net tangible book value per ADS after this offering. Dilution results from the fact that the initial public offering price per ordinary share is substantially in excess of the book value per ordinary share attributable to the existing shareholders for our presently outstanding ordinary shares.

Our net tangible book value as of March 31, 2021 was approximately US\$96.7 million, representing US\$5.2 per ordinary share as of that date and US\$ per ADS, or US\$ per ordinary share and US\$ per ADS on a pro forma basis. Net tangible book value represents the amount of our total consolidated tangible assets, less the amount of our total consolidated liabilities. Pro forma net tangible book value per ordinary share is calculated after giving effect to the automatic conversion of all of our issued and outstanding convertible preference shares. Dilution is determined by subtracting pro forma net tangible book value per ordinary share, after giving effect to the additional proceeds we will receive from this offering, from the assumed initial public offering price of US\$ per ordinary share, which is the midpoint of the estimated initial public offering price range set forth on the front cover of this prospectus adjusted to reflect the ADS-to-ordinary share ratio, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. Because the Class A ordinary shares, Class B ordinary shares and Class C ordinary shares have the same dividend and other rights, except for voting and conversion rights, the dilution is presented based on all issued and outstanding ordinary shares, including Class A ordinary shares, Class B ordinary shares and Class C ordinary shares.

Without taking into account any other changes in pro forma net tangible book value after March 31, 2021, other than to give effect to our sale of the ADSs offered in this offering at the assumed initial public offering price of US\$ per ADS, which is the midpoint of the estimated initial public offering price range, after deduction of the underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of March 31, 2021 would have been US\$ , or US\$ per ordinary share and US\$ per ADS. This represents an immediate increase in net tangible book value of US\$ per ordinary share and US\$ per ADS to the existing shareholders and an immediate dilution in net tangible book value of US\$ per ordinary share and US\$ per ADS to investors purchasing ADSs in this offering. The following table illustrates such dilution:

	Per Ordinary Share	Per ADS
Assumed initial public offering price	US\$	US\$
Net tangible book value as of March 31, 2021	US\$	US\$
Pro forma net tangible book value after giving effect to the conversion of our preferred shares	US\$	US\$
Pro forma as adjusted net tangible book value after giving effect to the conversion of our preferred shares and this offering	US\$	US\$
Amount of dilution in net tangible book value to new investors in this offering	US\$	US\$

A US\$1.00 increase (decrease) in the assumed initial public offering price of US\$ per ADS would increase (decrease) our pro forma as adjusted net tangible book value after giving effect to this offering by US\$ , the pro forma as adjusted net tangible book value per ordinary share and per ADS after giving effect to this offering by US\$ per ordinary share and US\$ per ADS and the dilution in pro forma as adjusted net tangible book value per ordinary share and per ADS to new investors in this offering by US\$ per ordinary share and US\$ per ADS, assuming no change to the

number of ADSs offered by us as set forth on the front cover of this prospectus, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

The following table summarizes, on a pro forma as adjusted basis as of March 31, 2021, the differences between existing shareholders and the new investors with respect to the number of ordinary shares (in the form of ADSs or shares) purchased from us, the total consideration paid and the average price per ordinary share and per ADS paid before deducting the underwriting discounts and commissions and estimated offering expenses payable by us. The total number of ordinary shares does not include Class A ordinary shares underlying the ADSs issuable upon the exercise of the over-allotment option granted to the underwriters.

	Ordinary Shares Purchased		Total Consideration		Average Price Per Ordinary Share	Average Price Per ADS
	Number	Percent	Amount	Percent		
Existing shareholders			US\$	%	US\$	US\$
New investors			US\$	%	US\$	US\$
Total			US\$	100.0%		

The pro forma as adjusted information discussed above is illustrative only. Our net tangible book value following the completion of this offering is subject to adjustment based on the actual initial public offering price of the ADSs and other terms of this offering determined at pricing.

The discussion and tables above assume no exercise of any share options outstanding and no exercise of the warrant to purchase 153,570 ordinary shares by China Equities HK Limited as of the date of this prospectus. As of the date of this prospectus, there are 19,728,141 ordinary shares issuable upon exercise of outstanding share options with exercise prices ranging from US\$0.03 per share to US\$2.8 per share, and there are 2,192,823 ordinary shares available for future issuance upon the exercise of future grants under our 2016 Plan. As of the date of this prospectus, there are 2,964,091 ordinary shares to be issued for vested restricted share units, and there are 3,211,098 ordinary shares available for future issuance upon the exercise/vesting of future grants under our 2021 Plan. To the extent that any of these options are exercised, there will be further dilution to new investors.

## ENFORCEABILITY OF CIVIL LIABILITIES

### Cayman Islands

We are incorporated under the laws of the Cayman Islands as an exempted company with limited liability. We are incorporated in the Cayman Islands to take advantage of certain benefits associated with being a Cayman Islands exempted company, such as:

- political and economic stability;
- an effective judicial system;
- a favorable tax system;
- the absence of exchange control or currency restrictions; and
- the availability of professional and support services.

However, certain disadvantages accompany incorporation in the Cayman Islands. These disadvantages include but are not limited to:

- the Cayman Islands has a less developed body of securities laws as compared to the United States and these securities laws provide significantly less protection to investors as compared to the United States; and
- Cayman Islands companies may not have standing to sue before the federal courts of the United States.

Our constitutional documents do not contain provisions requiring that disputes, including those arising under the securities laws of the United States, between us, our officers, directors and shareholders, be arbitrated.

A majority of our assets and operations are located in China. All of our directors and officers are nationals or residents of jurisdictions other than the United States and most of their assets are located outside the United States. As a result, it may be difficult for a shareholder to effect service of process within the United States upon these individuals, or to bring an action against us or these individuals in the United States, or to enforce against us or them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States.

We have appointed Cogency Global Inc., located at 122 East 42nd Street, 18th Floor, New York, NY 10168, as our agent upon whom process may be served in any action brought against us under the securities laws of the United States.

Maples and Calder (Hong Kong) LLP, our Cayman Islands counsel, has advised us that there is uncertainty as to whether the courts of the Cayman Islands would (i) recognize or enforce judgments of U.S. courts obtained against us or our directors or officers that are predicated upon the civil liability provisions of the federal securities laws of the United States or the securities laws of any state in the United States, or (ii) entertain original actions brought in the Cayman Islands against us or our directors or officers that are predicated upon the federal securities laws of the United States or the securities laws of any state in the United States.

Maples and Calder (Hong Kong) LLP has informed us that although there is no statutory enforcement in the Cayman Islands of judgments obtained in the federal or state courts of the United States (and the Cayman Islands are not a party to any treaties for the reciprocal enforcement or recognition of such judgments), the courts of the Cayman Islands will, at common law, recognize and

enforce a foreign money judgment of a foreign court of competent jurisdiction without any re-examination of the merits of the underlying dispute based on the principle that the judgment of the competent foreign court imposes upon the judgment debtor a liability to pay a liquidated sum for which such judgment has been given, provided such judgment (i) is final and conclusive, (ii) is not in respect of taxes, a fine or a penalty, and (iii) was not obtained in a manner and is not of a kind the enforcement of which is contrary to natural justice or the public policy of the Cayman Islands. However, the Cayman Islands courts are unlikely to enforce a judgment obtained from the U.S. courts under civil liability provisions of the U.S. federal securities law if such judgment is determined by the courts of the Cayman Islands to give rise to obligations to make payments that are penal or punitive in nature. A Cayman Islands court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere.

## **PRC**

Han Kun Law Offices, our PRC counsel, has advised us that there is uncertainty as to whether the courts of 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. PRC courts 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 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 the PRC will not enforce a foreign judgment against us or our directors and officers if they decide that the judgment violates the basic principles of PRC law or national sovereignty, security, or public interest. As a result, it is uncertain whether and on what basis a PRC court 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 PRC law against a company in China for disputes if they can establish sufficient nexus to the PRC for a PRC court to have jurisdiction, and meet other procedural requirements, including, among others, the plaintiff must have a direct interest in the case, and there must be a concrete claim, a factual basis and a cause for the suit. It will be, however, difficult for U.S. shareholders to originate actions against us in the PRC in accordance with PRC laws because we are incorporated under the laws of the Cayman Islands and it will be difficult for U.S. shareholders, by virtue only of holding the ADSs or Class A ordinary shares, to establish a connection to the PRC for a PRC court to have jurisdiction as required under the PRC Civil Procedures Law.

## CORPORATE HISTORY AND STRUCTURE

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 self-operated 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 AiHuiShou International Co. Ltd., our current holding company, in Cayman Islands in November 2011. 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.

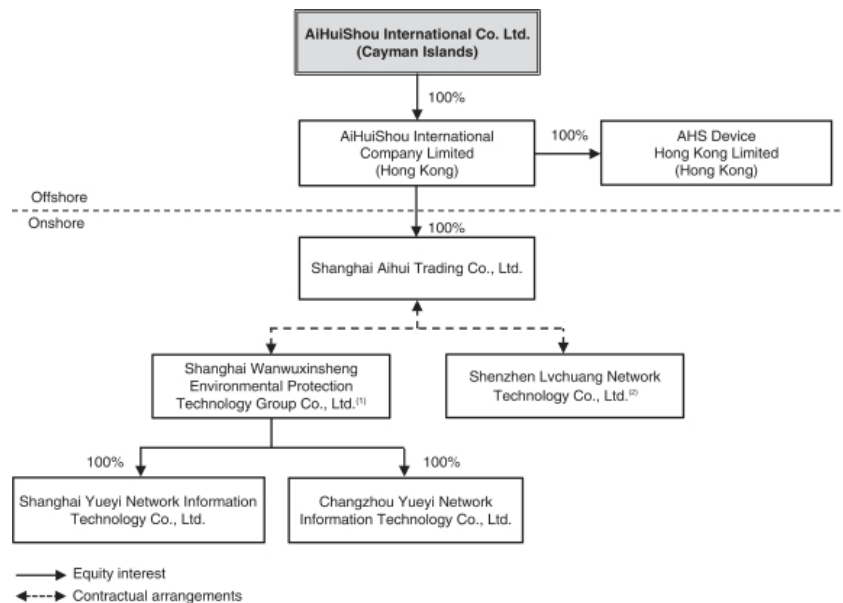
After we established our offshore holding structure in August 2012, we obtained control over Shanghai Wanwuxinsheng Environmental Protection Technology Group Co., Ltd., or Shanghai Wanwuxinsheng, a company jointly established by Mr. Kerry Xuefeng Chen and Mr. Wenjun Sun in China in May 2010 under the 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. The contractual arrangements were supplemented, amended or restated several times and the latest set of contractual arrangements consist of (i) the exclusive technology consulting and management service agreement and a supplement agreement allowing us to receive all economic benefits of Shanghai Wanwuxinsheng, (ii) the business operation agreement allowing us to control the business operations and management of Shanghai Wanwuxinsheng, (iii) the third amended and restated option purchase agreements granting us an option to acquire all equity interests of Shanghai Wanwuxinsheng, (iv) the third amended and restated share pledge agreement pledging us all equity interests of Shanghai Wanwuxinsheng to guarantee the performance of obligations by Shanghai Wanwuxinsheng and its shareholders under the contractual arrangements, (v) the voting proxy agreement granting us all rights as the shareholders of Shanghai Wanwuxinsheng, (vi) the amended and restated powers of attorney executed by each of the shareholders of Shanghai Wanwuxinsheng irrevocably delegating us the full power to act as shareholders of Shanghai Wanwuxinsheng, and (vii) the spousal consent letters executed by each of the spouses of Mr. Kerry Xuefeng Chen and Mr. Wenjun Sun. Shanghai Wanwuxinsheng is the primary entity through which we carry out our research and development activities and innovation and provide back office supports to our business operations.

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.

The following diagram illustrates our corporate structure as of the date of this prospectus consisting of our principal subsidiaries, our variable interest entities and principal subsidiaries of our variable interest entities.



- (1) Shanghai Wanwuxinsheng Environmental Protection Technology Group Co., Ltd. is 72.3425% owned by Mr. Kerry Xuefeng Chen, our co-founder, chairman and chief executive officer, and 27.6575% owned by Mr. Wenjun Sun, our co-founder. Both Mr. Chen and Mr. Sun are beneficial owners of our company.
- (2) Shenzhen Lvchuang Network Technology Co., Ltd. is wholly owned by Mr. Haichen Shen, our employee. Shenzhen Lvchuang Network Technology Co., Ltd. currently does not engage in any business operations.

**Contractual arrangements**

PRC laws and regulations impose ownership and other restrictions on foreign investors' investment in certain businesses and industries, such as internet-based businesses such as distribution of online information, value-added telecommunications services. We are a Cayman Islands company and our PRC subsidiary is considered a foreign-invested enterprise. To comply with PRC laws and regulations, we conduct certain of our business through Shanghai Wanwuxinsheng, which holds the license for conducting certain value-added telecommunications services in China. We entered into a series of contractual arrangements with Shanghai Wanwuxinsheng and its shareholders through Shanghai Aihui, our wholly owned subsidiary in China. The contractual arrangements allow us to (i) exercise effective control over Shanghai Wanwuxinsheng and its subsidiaries, (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 PRC laws and

regulations. We also entered into a similar set of contractual arrangements with Shenzhen Lvchuang Network Technology Co. Ltd., or Shenzhen Lvchuang, through Shanghai Aihui. As a result of these contractual arrangements, we have become the primary beneficiary of Shanghai Wanwuxinsheng and Shenzhen Lvhuang, and we treat Shanghai Wanwuxinsheng and Shenzhen Lvhuang as our variable interest entities under U.S. GAAP. We have consolidated the financial results of Shenzhen Lvchuang, Shanghai Wanwuxinsheng and its subsidiaries in our consolidated financial statements in accordance with U.S. GAAP.

#### **Contractual arrangements with Shanghai Wanwuxinsheng**

The following is a summary of the currently effective contractual arrangements by and among Shanghai Aihui, our wholly owned subsidiary in China, Shanghai Wanwuxinsheng, our variable interest entity, and the shareholders of Shanghai Wanwuxinsheng.

##### *Agreements that provide us with effective control over Shanghai Wanwuxinsheng*

*Voting Proxy Agreement.* Pursuant to the voting proxy agreement dated August 31, 2012, among Shanghai Aihui, Shanghai Wanwuxinsheng and the shareholders of Shanghai Wanwuxinsheng, each of the shareholders of Shanghai Wanwuxinsheng will execute a power of attorney to irrevocably authorize Shanghai Aihui, or any person designated by Shanghai Aihui, to act as its attorney-in-fact to exercise all of his rights as a shareholder of Shanghai Wanwuxinsheng, including, but not limited to, the right to (i) propose, convene and attend shareholders' meetings, (ii) exercise shareholders' voting rights, including, but not limited to, making decision on the sale or transfer part or all of the equity interests of such shareholder, (iii) designate or elect the legal representative, directors, general manager and other senior management, and (v) sign resolutions and other documents related to the exercise of the above rights. Unless otherwise terminated by Shanghai Aihui, the voting proxy agreement will remain effective so long as Shanghai Wanwuxinsheng exists. Shanghai Wanwuxinsheng and the shareholders of Shanghai Wanwuxinsheng have no right to terminate this agreement under any circumstances.

*Amended and Restated Powers of Attorney.* Pursuant to the amended and restated powers of attorney executed by each of the shareholders of Shanghai Wanwuxinsheng on March 12, 2021, each of the shareholders of Shanghai Wanwuxinsheng irrevocably authorize Shanghai Aihui to act on his behalf as the only exclusive agent and attorney to exercise all rights as the shareholders of Shanghai Wanwuxinsheng, including but not limited to, (i) making decisions as shareholders of Shanghai Wanwuxinsheng, (ii) exercising all rights under relevant PRC laws and the articles of association of Shanghai Wanwuxinsheng as the shareholders of Shanghai Wanwuxinsheng, (iii) handling the sale, transfer, pledge or disposal of the shareholder's equity interests in Shanghai Wanwuxinsheng (in all or in part), including but not limited to signing all necessary equity transfer documents, other documents for disposing of the shareholder's equity interests in Shanghai Wanwuxinsheng and handling all necessary procedures on behalf of the shareholder, (iv) in the name and on behalf of the shareholder, signing any resolutions and meeting minutes as a shareholder of Shanghai Wanwuxinsheng, (v) on behalf of the shareholder, nominating, electing, designating, appointing and removing the legal representative, directors, supervisors, general manager, chief financial officer and other senior management personnel of Shanghai Wanwuxinsheng, (vi) approving the amendment of the articles of association of Shanghai Wanwuxinsheng, and (vii) other matters agreed in the voting proxy agreement, if any. Without the written consent of Shanghai Aihui, the shareholders of Shanghai Wanwuxinsheng have no right to increase or decrease, transfer, pledge, re-pledge, or otherwise dispose of or change the shareholders' equity interests in Shanghai Wanwuxinsheng.

*Spousal Consent Letters.* Pursuant to the spousal consent letters executed by the spouses of the shareholders of Shanghai Wanwuxinsheng on March 12, 2021, the signing spouses undertake they

will not assert any rights with respect to the equity interests held by the shareholders of Shanghai Wanwuxinsheng, and that they will sign any necessary documents and take any necessary actions to ensure the proper performance and implementation of the voting proxy agreement, powers of attorney, the third amended and restated share pledge agreement, and the third amended and restated option purchase agreements, all of which may be amended or restated from time to time. The signing spouses also undertake that in the event that they obtain any equity interest in Shanghai Wanwuxinsheng from their respective spouse for any reason, they agree to be bound by and sign any legal documents substantially similar to the contractual arrangements described above, as may be amended from time to time.

*Third Amended and Restated Share Pledge Agreement.* Shanghai Aihui and the shareholders of Shanghai Wanwuxinsheng entered into the third amended and restated share pledge agreement on December 7, 2020. Pursuant to this agreement, shareholders of Shanghai Wanwuxinsheng have agreed to pledge all of their respective equity interests in Shanghai Wanwuxinsheng to Shanghai Aihui to guarantee the performance of obligations by Shanghai Wanwuxinsheng and its shareholders under the exclusive technology consulting and management service agreement, the business operation agreement, the voting proxy agreement, the amended and restated powers of attorney and the third amended and restated option purchase agreements. In the event of a breach by Shanghai Wanwuxinsheng or its shareholders of their contractual obligations under those agreements, Shanghai Aihui, as pledgee, will have the right to dispose of the pledged equity interests in Shanghai Wanwuxinsheng and get compensated from the proceeds of such disposal. The shareholders of Shanghai Wanwuxinsheng also undertake that, during the term of the third amended and restated share pledge agreement, unless otherwise approved by Shanghai Aihui in writing, they will not transfer or otherwise dispose of the pledged equity interests, create or allow any other encumbrance on the pledged equity interests or change or allow the change of the pledged equity interests that may decrease the value of the pledged equity interests. The third amended and restated share pledge agreement will remain effective until the exclusive technology consulting and management service agreement, the business operation agreement, the voting proxy agreement, the amended and restated powers of attorney and the third amended and restated option purchase agreements are terminated and Shanghai Wanwuxinsheng and the shareholders of Shanghai Wanwuxinsheng discharge all their contractual obligations under these agreements. All such equity pledges have been registered with the local branch of the SAMR in accordance with PRC laws to perfect their respective equity pledges.

*Agreement that allows us to receive economic benefits of Shanghai Wanwuxinsheng*

*Exclusive Technology Consulting and Management Service Agreement.* Shanghai Aihui and Shanghai Wanwuxinsheng entered into (i) an exclusive technology consulting and management service agreement on August 31, 2012, or Exclusive Service Agreement, and (ii) the fifth supplemental agreement to the exclusive technology consulting and management service agreement on March 12, 2021, or the Fifth Supplemental Agreement, which supplements the exclusive technology consulting and management service agreement dated August 31, 2012 and replaces all previous supplemental agreements. Pursuant to the Exclusive Service Agreement and the Fifth Supplemental Agreement, Shanghai Aihui has the exclusive right to provide Shanghai Wanwuxinsheng with technical consulting and management services including, among other things, software development and maintenance, internet technical support, database and network security services and other technical consulting and services. Without Shanghai Aihui's prior written consent, Shanghai Wanwuxinsheng is not allowed to accept any technical consulting and management services from any third party during the term of the Exclusive Service Agreement. Shanghai Aihui has the exclusive ownership and rights to all the intellectual property rights created as a result of the performance of the Exclusive Service Agreement. Shanghai Wanwuxinsheng agrees to pay Shanghai Aihui an amount determined based on the services provided, the development and operating conditions of Shanghai Wanwuxinsheng, and shall equal to all pre-tax income of Shanghai Wanwuxinsheng. The Exclusive Service Agreement will remain



effective for ten years and is renewable. Shanghai Aihui can terminate the Exclusive Service Agreement at any time by giving a 30-day prior written termination notice to Shanghai Wanwuxinsheng, while Shanghai Wanwuxinsheng shall not terminate the Exclusive Service Agreement within the effective period such agreement.

*Business Operation Agreement.* Shanghai Aihui, Shanghai Wanwuxinsheng and the shareholders of Shanghai Wanwuxinsheng entered into a business operation agreement on August 31, 2012. Pursuant to the agreement, the shareholders of Shanghai Wanwuxinsheng covenant that, unless approved by Shanghai Aihui in writing in advance, Shanghai Wanwuxinsheng will not conduct any transactions that may materially or adversely affect its assets, business, personnel, obligations, rights or company operations, including, without limitation, carrying out any activities beyond the normal business scope of Shanghai Wanwuxinsheng; borrowing any loan from any third party or assuming any debt; changing or dismissing any director or officer, selling to or acquiring from any third party any assets or rights, including, without limitation, intellectual property rights; providing any form of collaterals on top of its assets or intellectual property or creating any encumbrance on the assets of Shanghai Wanwuxinsheng; modifying the articles of association or business scope of Shanghai Wanwuxinsheng; changing normal business procedures or amending any important internal policies and procedures; assigning the rights and obligations under this agreement to any third party. Shanghai Wanwuxinsheng and the shareholders of Shanghai Wanwuxinsheng also undertake to strictly follow the guidance of Shanghai Aihui in recruitment and dismissal of employees, daily operations and financial management system of Shanghai Wanwuxinsheng. Shanghai Wanwuxinsheng and the shareholders of Shanghai Wanwuxinsheng further undertake to appoint directors, general manager, finance director and other senior management designated by Shanghai Aihui and ensure the chairman designated by Shanghai Aihui be appointed chairman of Shanghai Wanwuxinsheng. The shareholders of Shanghai Wanwuxinsheng also agree that any dividends or other interests or benefits received by them as the shareholders of Shanghai Wanwuxinsheng will be transferred to Shanghai Aihui unconditionally. The business operation agreement will remain effective for an initial ten years unless terminated by Shanghai Aihui in advance. Before the expiration of this agreement, upon request by Shanghai Aihui, this agreement shall be renewed or replaced by a new business operation agreement.

*Agreement that provides us with an exclusive option to purchase the equity interest in Shanghai Wanwuxinsheng*

*Third Amended and Restated Option Purchase Agreements.* Shanghai Aihui entered into the third amended and restated option purchase agreement with each of the two shareholders of Shanghai Wanwuxinsheng on December 7, 2020. Pursuant to the agreements, each of the shareholders of Shanghai Wanwuxinsheng irrevocably grant Shanghai Aihui an exclusive option to purchase, or have its designated person to purchase, at its discretion, all or part of the equity interests currently held and may in the future be held by such shareholders in Shanghai Wanwuxinsheng. Shanghai Aihui or its designated person may exercise such options at the lowest price permitted under applicable PRC laws if there is any statutory requirement about the consideration under PRC laws. Each of the shareholders of Shanghai Wanwuxinsheng agree that there is no limit to the number of times that Shanghai Aihui can exercise the rights above and Shanghai Aihui can exercise such right at any time. Each of the shareholders of Shanghai Wanwuxinsheng undertakes that, before all of the equity interests of Shanghai Wanwuxinsheng are acquired by Shanghai Aihui through exercising the option, unless otherwise agreed by Shanghai Aihui in writing, Shanghai Wanwuxinsheng will not engage in certain actions, such as (i) selling, transferring, pledging, or otherwise disposing of or creating any encumbrance on the assets, business or income of Shanghai Wanwuxinsheng, (ii) entering into any transaction that will substantially affect the assets, obligations, operations, equity and other rights of Shanghai Wanwuxinsheng, (iii) distributing dividends to shareholders in any form, (iv) inheriting, providing guarantee or incurring any debt (except those in the ordinary course of business (other than incurred by loan) or disclosed to and consented by Shanghai Aihui), (v) entering into any material

contract with a value of more than RMB100,000 (except those in the ordinary course of business), and (vi) merge with or acquire any other entities or make any investments in other entities. The option purchase agreements will remain effective until all of the equity interests of Shanghai Wanwuxinsheng held by the shareholders of Shanghai Wanwuxinsheng are acquired by Shanghai Aihui in a manner permitted under applicable PRC laws.

#### **Contractual arrangements with Shenzhen Lvchuang**

We entered into a set of contractual arrangements with Shenzhen Lvchuang through Shanghai Aihui. The contractual arrangements consist of (i) the exclusive business cooperation agreement between Shanghai Aihui and Shenzhen Lvchuang dated June 19, 2019, (ii) the share pledge agreement among Shanghai Aihui, Shenzhen Lvchuang and the shareholder of Shenzhen Lvchuang dated June 19, 2019, (iii) the exclusive option purchase agreement among Shanghai Aihui, Shenzhen Lvchuang and the shareholder of Shenzhen Lvchuang dated June 19, 2019, (iv) the power of attorney executed by the shareholder of Shenzhen Lvchuang on June 19, 2019, and (v) the spousal consent letter executed by the spouse of the shareholder of Shenzhen Lvchuang on June 19, 2019. The content of our contractual arrangements with Shenzhen Lvchuang is substantially similar to that of our contractual arrangements with Shanghai Wanwuxinsheng.

In the opinion of Han Kun Law Offices, our PRC counsel:

- the ownership structures of our WFOE and VIEs, currently and immediately after giving effect to this offering, are in compliance with PRC laws and regulations currently in effect; and
- the contractual arrangements among our WFOE, our VIEs and the shareholders of our VIEs, currently and immediately after giving effect to this offering, are valid, binding and enforceable under PRC laws and regulations, and do not and will not result in any violation of applicable PRC laws and regulations currently in effect.

However, our PRC legal counsel has also advised us that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations, rules and policies. The PRC regulatory authorities may take a view that is contrary to the opinion of our PRC counsel. It is also uncertain whether any new PRC laws or regulations relating to variable interest entity structures will be adopted or if adopted, what they would provide. If we or our variable interest entity is found to be in violation of any existing or future PRC laws or regulations, or fail to obtain or maintain any of the required permits or approvals, the relevant PRC regulatory authorities would have broad discretion to take action in dealing with such violations or failures. See “Risk Factors—Risks Relating to Our Corporate Structure—If the PRC government finds that the agreements that establish the structure for operating certain of our businesses in China do not comply with PRC regulations relating to the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations”, “Risk Factors—Risks Relating to Our Corporate Structure—Our current corporate structure and business operations may be affected by the newly enacted Foreign Investment Law” and “Risk Factors—Risks Relating 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.”

**SELECTED CONSOLIDATED FINANCIAL DATA**

The following selected consolidated statements of operations and comprehensive loss data for the years ended December 31, 2018, 2019 and 2020, selected consolidated balance sheets data as of December 31, 2018, 2019 and 2020, and selected consolidated statements of cash flows data for the years ended December 31, 2018, 2019 and 2020 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The following selected consolidated statements of operations and comprehensive loss data for the three months ended March 31, 2020 and 2021, selected consolidated balance sheet data as of March 31, 2021, and selected consolidated statements of cash flows data for the three months ended March 31, 2020 and 2021 have been derived from our unaudited interim condensed consolidated financial statements included elsewhere in this prospectus and have been prepared on the same basis as our audited consolidated financial statements and include all adjustments, consisting only of normal and recurring adjustments, that we consider necessary for a fair statement of our financial position and results of operations for the periods presented. 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 "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus.

The following table presents our selected consolidated statements of operations and comprehensive loss data for the years ended December 31, 2018, 2019 and 2020 and the three months ended March 31, 2020 and 2021:

	For the Year Ended December 31,						For the Three Months Ended March 31,					
	2018		2019		2020		2020		2021			
	RMB	%	RMB	%	RMB	US\$	%	RMB	%	RMB	US\$	%
(in thousands, except for percentages, share numbers and per share data)												
<b>Net revenues</b>												
Net product revenues	3,249,923	99.6	3,730,206	94.9	4,244,023	647,764	87.4	606,103	87.6	1,310,547	200,029	86.5
Net service revenues	11,597	0.4	201,652	5.1	614,176	93,742	12.6	86,109	12.4	203,884	31,119	13.5
<b>Total net revenues</b>	<b>3,261,520</b>	<b>100.0</b>	<b>3,931,858</b>	<b>100.0</b>	<b>4,858,199</b>	<b>741,506</b>	<b>100.0</b>	<b>692,212</b>	<b>100.0</b>	<b>1,514,431</b>	<b>231,148</b>	<b>100.0</b>
<b>Operating expenses</b>												
Merchandise costs	(2,801,433)	(85.9)	(3,176,401)	(80.8)	(3,610,434)	(551,060)	(74.3)	(500,800)	(72.3)	(1,095,696)	(167,236)	(72.4)
Fulfillment expenses	(353,969)	(10.8)	(658,149)	(16.7)	(666,317)	(101,700)	(13.7)	(157,954)	(22.8)	(223,019)	(34,039)	(14.7)
Selling and marketing expenses	(237,562)	(7.3)	(566,792)	(14.4)	(740,542)	(113,029)	(15.2)	(144,150)	(20.8)	(222,580)	(33,972)	(14.7)
General and administrative expenses	(80,959)	(2.5)	(140,874)	(3.6)	(177,542)	(27,098)	(3.7)	(53,900)	(7.8)	(29,408)	(4,489)	(1.9)
Technology and content expenses	(65,759)	(2.0)	(142,858)	(3.7)	(151,536)	(23,129)	(3.1)	(40,165)	(5.8)	(55,499)	(8,471)	(3.7)
<b>Total operating expense</b>	<b>(3,539,682)</b>	<b>(108.5)</b>	<b>(4,685,074)</b>	<b>(119.2)</b>	<b>(5,346,371)</b>	<b>(816,016)</b>	<b>(110.0)</b>	<b>(896,969)</b>	<b>(129.6)</b>	<b>(1,626,202)</b>	<b>(248,207)</b>	<b>(107.4)</b>
Other operating income	21,701	0.6	21,410	0.6	29,395	4,487	0.6	5,811	0.8	361	55	0.0
<b>Loss from operations</b>	<b>(256,461)</b>	<b>(7.9)</b>	<b>(731,806)</b>	<b>(18.6)</b>	<b>(458,777)</b>	<b>(70,023)</b>	<b>(9.4)</b>	<b>(198,946)</b>	<b>(28.7)</b>	<b>(111,410)</b>	<b>(17,004)</b>	<b>(7.4)</b>
Interest expense	(6,536)	(0.2)	(12,397)	(0.3)	(21,090)	(3,219)	(0.5)	(3,535)	(0.5)	(6,552)	(1,000)	(0.4)
Interest income	8,273	0.3	7,813	0.2	9,321	1,423	0.2	1,910	0.3	3,420	522	0.2
Fair value change in warrant liabilities	23,781	0.7	—	—	—	—	—	—	—	—	—	—

	For the Year Ended December 31,						For the Three Months Ended March 31,					
	2018		2019		2020		2020		2021			
	RMB	%	RMB	%	RMB	US\$	%	RMB	%	RMB	US\$	%
	(in thousands, except for percentages, share numbers and per share data)											
Other income (loss), net	21,579	0.7	3,581	0.1	(39,866)	(6,085)	(0.8)	6,559	0.9	914	140	0.1
Loss before taxes	(209,364)	(6.4)	(732,809)	(18.6)	(510,412)	(77,904)	(10.5)	(194,012)	(28.0)	(113,628)	(17,342)	(7.5)
Income tax benefits	1,922	0.0	30,120	0.8	47,320	7,222	1.0	12,028	1.7	19,459	2,970	1.3
Share of loss in equity method investments	(499)	0.0	(2,199)	(0.1)	(7,526)	(1,149)	(0.2)	(4,281)	(0.6)	(612)	(93)	(0.0)
<b>Net loss</b>	<b>(207,941)</b>	<b>(6.4)</b>	<b>(704,888)</b>	<b>(17.9)</b>	<b>(470,618)</b>	<b>(71,831)</b>	<b>(9.7)</b>	<b>(186,265)</b>	<b>26.9</b>	<b>(94,781)</b>	<b>(14,465)</b>	<b>(6.3)</b>
<b>Net loss per share attributable to ordinary shareholders:</b>												
Basic	(55.98)		(84.27)		(94.51)	(14.43)		(27.28)		(32.13)	(4.90)	
Diluted	(55.98)		(84.27)		(94.51)	(14.43)		(27.28)		(32.13)	(4.90)	
<b>Weighted average number of shares used in calculating net loss per ordinary share</b>												
Basic	19,405,981		18,782,620		18,782,620	18,782,620		18,782,620		18,782,620	18,782,620	
Diluted	19,405,981		18,782,620		18,782,620	18,782,620		18,782,620		18,782,620	18,782,620	
<b>Non-GAAP financial measures(1)</b>												
Adjusted loss from operations	(232,798)		(535,178)		(143,654)	(21,926)		(118,846)		(33,572)	(5,124)	
Adjusted net loss	(209,981)		(538,380)		(202,815)	(30,956)		(118,193)		(36,402)	(5,555)	

(1) See "Summary Consolidated Financial and Operating Data—Non-GAAP Financial Measures."

The following table presents our selected consolidated balance sheet data as of December 31, 2018, 2019, 2020 and March 31, 2021:

	As of December 31,				As of March 31,	
	2018	2019	2020		2021	
	RMB	RMB	RMB	US\$	RMB	US\$
	(in thousands)					
Cash and cash equivalents	665,560	410,783	918,076	140,126	657,218	100,311
Total current assets	1,059,530	1,094,908	1,874,638	286,126	1,871,923	285,711
Intangible assets, net	18,991	1,682,963	1,367,841	208,773	1,290,002	196,893
Goodwill	—	1,803,415	1,803,415	275,255	1,803,415	275,255
Total non-current assets	170,945	3,690,539	3,351,700	511,569	3,279,697	500,580
Total assets	1,230,475	4,785,447	5,226,338	797,695	5,151,620	786,291
Total current liabilities	590,702	755,093	1,183,539	180,643	1,079,737	164,800
Total non-current liabilities	3,466	389,280	374,584	57,173	344,656	52,605
Total liabilities	594,168	1,144,373	1,558,123	237,816	1,424,393	217,405
Mezzanine equity	2,492,056	7,080,078	8,879,894	1,355,337	9,542,589	1,456,484

The following table presents our selected consolidated statements of cash flows data for the years ended December 31, 2018, 2019 and 2020 and the three months ended March 31, 2020 and 2021:

	For the Year Ended December 31,				For the Three Months Ended March 31,		
	2018	2019	2020		2020	2021	
	RMB	RMB	RMB	US\$	RMB	RMB	US\$
	(in thousands)						
Net cash used in operating activities	(358,022)	(410,794)	(412,868)	(63,016)	(203,109)	(302,526)	(46,174)
Net cash (used in)/provided by investing activities	(109,267)	(304,349)	18,625	2,843	7,788	86,845	13,255
Net cash provided by/(used in) financing activities	904,022	455,751	929,962	141,940	86,977	(44,103)	(6,731)
Effect of foreign exchange rate changes on cash and cash equivalents	33,179	4,515	(28,426)	(4,339)	2,008	2,731	417
Net increase/(decrease) in cash, cash equivalents and restricted cash	469,912	(254,877)	507,293	77,428	(106,336)	(257,053)	(39,234)
Cash, cash equivalents and restricted cash at the beginning of the period	196,048	665,960	411,083	62,744	411,083	918,376	140,172
Cash, cash equivalents and restricted cash at the end of the period	665,960	411,083	918,376	140,172	304,747	661,323	100,938

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements and related notes included elsewhere in this prospectus. Our actual results may differ materially from those we currently anticipate as a result of many factors, including those we describe under "Risk Factors" and elsewhere in this prospectus. See "Special Note Regarding Forward-Looking Statements."*

### Overview

We are the largest pre-owned consumer electronics transactions and services platform in China in terms of GMV for electronics and number of devices transacted by merchants and consumers, with a market share of 6.6% and 8.7% in terms of GMV for electronics and number of devices transacted, respectively, in 2020, according to the CIC Report. Our GMV for electronics and number of devices transacted on our platform for the year ended December 31, 2020 were both greater than the next five largest platforms combined, according to the CIC Report. Total GMV transacted on our platform was RMB19.6 billion and the number of consumer products transacted on our platform was over 23 million for the year ended December 31, 2020, representing year-over-year growth from the year ended December 31, 2019 of 60.7% and 48.4%, respectively. Total GMV transacted on our platform was RMB6.2 billion and the number of consumer products transacted on our platform was over 6.4 million for the three months ended March 31, 2021, representing period-over-period growth from the three months ended March 31, 2020 of 106.7% and 68.4%, respectively.

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 platform. We also charge commission fees to third-party merchants for participating in our online marketplace. Our net revenue increased by 20.6% from RMB3,261.5 million in 2018 to RMB3,931.9 million in 2019, and further by 23.6% to RMB4,858.2 million (US\$741.5 million) in 2020. Our net revenue increased by 118.8% from RMB692.2 million in the three months ended March 31, 2020 to RMB1,514.4 million (US\$231.1 million) in the same period of 2021. Our loss from operations was RMB256.5 million, RMB731.8 million, RMB458.8 million (US\$70.0 million) and RMB111.4 million (US\$17.0 million) in 2018, 2019, 2020 and the three months ended March 31, 2021, respectively. Our adjusted loss from operations, a non-GAAP financial measure, was RMB232.8 million, RMB535.2 million, RMB143.7 million (US\$21.9 million) and RMB33.6 million (US\$5.1 million) in 2018, 2019, 2020 and the three months ended March 31, 2021, respectively. We recorded net loss of RMB207.9 million, RMB704.9 million, RMB470.6 million (US\$71.8 million) and RMB94.8 million (US\$14.5 million) in 2018, 2019, 2020 and the three months ended March 31, 2021, respectively. Our adjusted net loss, a non-GAAP financial measure, was RMB210.0 million, RMB538.4 million, RMB202.8 million (US\$31.0 million) and RMB36.4 million (US\$5.6 million) in 2018, 2019, 2020 and the three months ended March 31, 2021, respectively. See "Summary Consolidated Financial and Operating Data—Non-GAAP Financial Measures."

## 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 most important drivers for our GMV, which directly affects our revenue. In particular, we are the largest pre-owned consumer electronics transactions and services platform in China in terms of GMV for electronics and the number of devices transacted by merchants and consumers, with a market share of 6.6% and 8.7% in terms of GMV for electronics and the number of devices transacted, respectively, in 2020, according to the CIC Report. We believe we capture unparalleled supply and demand for pre-owned consumer electronics.

Our unique supply and demand flywheel helps attract 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 are also a go-to destination to purchase pre-owned devices for consumers and merchants. We fulfil significant demand from small merchants and consumers nationwide through PJT Marketplace and Paipai Marketplace, respectively.

We believe we are able to continue increasing the number of consumer products transacted through the strong value propositions provided by us. We have made pre-owned transactions and services more user-friendly, efficient, transparent, secure, and environmentally friendly.

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

Our ability to control the supply of pre-owned consumer electronic devices is our key competitive advantage in the industry. 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 2020 and for the three months ended March 31, 2021, we had 23.6 million and 6.4 million consumer products transacted, respectively. 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 continuously 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. We believe we are well positioned to capitalize on the secular tailwind of consumers' increasing willingness to trade in pre-owned devices and greater transaction activities from merchants.

***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 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 highly efficient auction and bidding model has significantly improved bidding efficiency and provides merchants with faster turnaround. Our processing time of inspection, grading and pricing for each device before shipping takes approximately three days, while that of competitors takes up to ten days or longer, according to the CIC Report.

***Our ability to monetize self-operated and third-party transactions on our online marketplaces***

The monetization level from both our self-operated and third-party transactions on our PJT Marketplace and Paipai Marketplace directly affects our revenue. We generate net product revenue from self-operated transactions, and net service revenue from third-party transactions on 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. 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. Moreover, we expect net service revenues to account for an increasing percentage of total net revenues because we expect a higher increase in terms of GMV for online marketplaces.

Additionally, we expect a higher percentage of pre-owned devices will be transacted on our online marketplaces using our operation centers, or through our consignment model, from which we can charge higher commission than the POP model where the transacted devices do not go through our operation centers.

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

Technology is at the core of our company and drives every aspect of our operations. Our proprietary technologies are key to achieving low turnaround time, efficient operation and quality customer service. Our revolutionary 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 March 31, 2021, we operated 7 centralized operation centers, including a fully automated center in Changzhou and 23 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.

Technology permeates every aspect of our operations. 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 and GMV 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 Year Ended December 31,			For the Three Months Ended March 31,	
	2018	2019	2020	2020	2021
Number of consumer products transacted (in million)	6.9	15.9	23.6	3.8	6.4

**GMV.** We define GMV as the total dollar value of goods distributed to merchants and consumers through transactions on our PJT Marketplace, Paipai Marketplace and other channels we operate 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 our sales of phones and other consumer electronics goods through our PJT Marketplace, Paipai Marketplace and other channels we operate. GMV for online marketplaces measures the GMV from third-party merchants and/or consumers participating in our PJT Marketplace and Paipai Marketplace. GMV is a measure of the total economic value generated by our business, and an indicator of our scale.

	For the Year Ended December 31,			For the Three Months Ended March 31,	
	2018	2019	2020	2020	2021
Total GMV (in billions of RMB)	5.7	12.2	19.6	3.0	6.2
GMV for product sales	3.3	3.9	4.6	0.6	1.4
GMV for online marketplaces	2.4	8.3	15.0	2.4	4.8

Certain components of the product sales GMV arise from ancillary operations that we consider as non-core to our business and from which we will strategically shift away in the future. These non-core operations include promotional sales through PJT marketplace and other channels we operate, which are unrelated to our core operations. GMV generated from these non-core operations was RMB697.7 million, RMB545.6 million and RMB153.6 million in 2018, 2019 and 2020, respectively, and was RMB56.8 million and RMB12.9 million for the three months ended March 31, 2020 and March 31, 2021, respectively.

**Impact of COVID-19**

The outbreak of COVID-19 has severely impacted China and the rest of the world. Our business and financial performance have also been adversely affected as a result. In an effort to contain the spread of COVID-19, many countries, including China, have taken precautionary measures, such as imposing travel restrictions, quarantining individuals infected with or suspected of having COVID-19, encouraging employees of enterprises to work remotely, and cancelling public activities, among others.

In order to protect the health and well-being of our employees and consumers, we and our AHS store partners started to temporarily close offline AHS stores in China in late January 2020 and reduced operating hours at offline AHS stores that remained open. We also closed our headquarters and offices and made remote working arrangements. The unplanned store closures resulted in peak closures of a vast majority of offline AHS stores in China in early February 2020. Since that time, the vast majority of offline AHS stores and our headquarters and offices have been reopened in a disciplined manner. By the end of March 31, 2020, all offline AHS stores in China had reopened and operated under normal business hours. Due to such store closures, our operating results in the first quarter of 2020 was negatively affected. The store closure also negatively affected the expansion of our AHS store network. In the first half of 2020, we experienced a decrease in the number of offline AHS stores in China. Our GMV for product sales for the first quarter of 2020 was adversely affected by the temporary closure of offline AHS stores, which negatively affected our collection of pre-owned consumer electronics through offline AHS stores. GMV for product sales decreased from RMB831.5 million in the first quarter of 2019 to RMB625.0 million in the first quarter of 2020. In addition, our inventory level was also negatively affected by such store closures. See “—If we fail to manage our inventory effectively, our results of operations, financial condition and liquidity may be materially and adversely affected” for more information. Besides, we also temporarily closed our regional operation centers in early 2020 due to COVID-19 outbreak. See “—We are subject to certain risks relating to third-party logistics services and our operation centers” for more information.

Although COVID-19 has been successfully contained in China, COVID-19 remains a global pandemic and different variants of coronavirus have also emerged in different locations around the world. As the COVID-19 pandemic continues to rapidly evolve and there is great uncertainty as to the future progress of the disease, we cannot anticipate with any certainty the length or severity of the effects of COVID-19. Our business operations, results of operations and financial condition could be further adversely affected if a wide spread of COVID-19 happens again in the locations where we or our business partners have business operations.

**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 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 Year Ended December 31,						For the Three Months Ended March 31,					
	2018		2019		2020		2020		2021			
	RMB	%	RMB	%	RMB	US\$	%	RMB	%	RMB	US\$	%
(in thousands, except for percentages)												
<b>Net revenues:</b>												
Net product revenues	3,249,923	99.6	3,730,206	94.9	4,244,023	647,764	87.4	606,103	87.6	1,310,547	200,029	86.5
Net service revenues	11,597	0.4	201,652	5.1	614,176	93,742	12.6	86,109	12.4	203,884	31,119	13.5
<b>Total net revenues</b>	<b>3,261,520</b>	<b>100.0</b>	<b>3,931,858</b>	<b>100.0</b>	<b>4,858,199</b>	<b>741,506</b>	<b>100.0</b>	<b>692,212</b>	<b>100.0</b>	<b>1,514,431</b>	<b>231,147</b>	<b>100.0</b>

*Net product revenues.* We generate revenue from our sale of phones and other consumer electronics goods through our PJT Marketplace, Paipai Marketplace and offline AHS Stores. 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. Revenue generated from non-core operations was RMB671.9 million, RMB524.4 million and RMB149.1 million in 2018, 2019 and 2020, respectively, and was RMB55.1 million and RMB12.5 million for the three months ended March 31, 2020 and March 31, 2021 respectively.

*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 4% to 5% 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. We expect net service revenues to account for an increasing percentage of total net revenues as we expect a higher increase in terms of GMV for online marketplaces.

**Operating Expenses**

Our operating expenses consist of merchandise costs, fulfillment expenses, selling and marketing expenses, general and administrative expenses and technology and content expenses. 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 Year Ended December 31,						For the Three Months Ended March 31,					
	2018		2019		2020		2020		2021			
	RMB	%	RMB	%	RMB	US\$	%	RMB	%	RMB	US\$	%
(in thousands, except for percentages)												
<b>Operating costs and expenses:</b>												
Merchandise costs	2,801,433	85.9	3,176,401	80.8	3,610,434	551,060	74.3	500,800	72.3	1,095,696	167,236	72.4
Fulfillment expenses	353,969	10.8	658,149	16.7	666,317	101,700	13.7	157,954	22.8	223,019	34,039	14.7
Selling and marketing expenses	237,562	7.3	566,792	14.4	740,542	113,029	15.2	144,150	20.8	222,580	33,972	14.7
General and administrative expenses	80,959	2.5	140,874	3.6	177,542	27,098	3.7	53,900	7.8	29,408	4,489	1.9
Technology and content expenses	65,759	2.0	142,858	3.7	151,536	23,129	3.1	40,165	5.8	55,499	8,471	3.7
<b>Total operating costs and expenses</b>	<b>3,539,682</b>	<b>108.5</b>	<b>4,685,074</b>	<b>119.2</b>	<b>5,346,371</b>	<b>816,016</b>	<b>110.0</b>	<b>896,969</b>	<b>129.6</b>	<b>1,626,202</b>	<b>248,207</b>	<b>107.4</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. Merchandise costs from non-core operations were RMB659.9 million, RMB509.6 million and RMB130.5 million in 2018, 2019 and 2020, respectively, and were RMB49.0 million and RMB9.4 million for the three months ended March 31, 2020 and March 31, 2021 respectively.

*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 purchased in 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. We recorded such amortization expenses of RMB23.7 million, RMB193.2 million, RMB308.8 million and RMB76.3 million for 2018, 2019, 2020 and the three months ended March 31, 2021, respectively.

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 RMB19.3 million, RMB61.4 million and RMB12.5 million for 2019, 2020 and the three months ended March 31, 2021, respectively. 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. It amounted to RMB14.4 million, RMB78.4 million, RMB143.4 million and RMB42.6 million for 2018, 2019, 2020 and the three months ended March 31, 2021, respectively.

*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, as we hire additional personnel and incur additional expenses related to the anticipated growth of our business and our operation as a public company after the completion of this offering.

*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 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 improve our technological capabilities.

## **Taxation**

### ***Cayman Islands***

Under the current laws of the Cayman Islands, we 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, 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 two 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, or the EIT Law, the standard enterprise income tax rate for domestic enterprises and foreign invested enterprises is 25%. All of our PRC subsidiaries, consolidated VIEs and VIEs' 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 2018 and was entitled to a preferential EIT rate of 15% from 2018 to 2020.

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of the PRC with "de facto management body" within the PRC 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 the PRC 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 new EIT Law, we would be subject to enterprise income tax on our worldwide income at a rate of 25%. See "Risk Factors—Risks Related to Doing Business in China—If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders or ADS holders."

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. We did not record any dividend withholding tax, as it has no retained earnings for the years ended December 31, 2018, 2019 and 2020 and for the three months ended March 31, 2021. See "Risk Factors—Risks Related to Our Corporate Structure—Contractual arrangements in relation to our VIEs may be subject to scrutiny by the PRC tax authorities and they may determine that we or our VIEs owe additional taxes, which could negatively affect our financial condition and the value of your investment."

## Results of Operations

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

	For the Year Ended December 31,						For the Three Months Ended March 31,					
	2018		2019		2020		2020		2021			
	RMB	%	RMB	%	RMB	US\$	%	RMB	%	RMB	US\$	%
	(in thousands, except for percentages)											
<b>Net revenues</b>												
Net product revenues	3,249,923	99.6	3,730,206	94.9	4,244,023	647,764	87.4	606,103	87.6	1,310,547	200,029	86.5
Net service revenues	11,597	0.4	201,652	5.1	614,176	93,742	12.6	86,109	12.4	203,884	31,119	13.5
<b>Total net revenues</b>	<b>3,261,520</b>	<b>100.0</b>	<b>3,931,858</b>	<b>100.0</b>	<b>4,858,199</b>	<b>741,506</b>	<b>100.0</b>	<b>692,212</b>	<b>100.0</b>	<b>1,514,431</b>	<b>231,148</b>	<b>100.0</b>
<b>Operating expenses</b>												
Merchandise costs	(2,801,433)	(85.9)	(3,176,401)	(80.8)	(3,610,434)	(551,060)	(74.3)	(500,800)	(72.3)	(1,095,696)	(167,236)	(72.4)
Fulfillment expenses	(353,969)	(10.8)	(658,149)	(16.7)	(666,317)	(101,700)	(13.7)	(157,954)	(22.8)	(223,019)	(34,039)	(14.7)
Selling and marketing expenses	(237,562)	(7.3)	(566,792)	(14.4)	(740,542)	(113,029)	(15.2)	(144,150)	(20.8)	(222,580)	(33,972)	(14.7)
General and administrative expenses	(80,959)	(2.5)	(140,874)	(3.6)	(177,542)	(27,098)	(3.7)	(53,900)	(7.8)	(29,408)	(4,489)	(1.9)
Technology and content expenses	(65,759)	(2.0)	(142,858)	(3.7)	(151,536)	(23,129)	(3.1)	(40,165)	(5.8)	(55,499)	(8,471)	(3.7)
<b>Total operating expense</b>	<b>(3,539,682)</b>	<b>(108.5)</b>	<b>(4,685,074)</b>	<b>(119.2)</b>	<b>(5,346,371)</b>	<b>(816,016)</b>	<b>(110.0)</b>	<b>(896,969)</b>	<b>(129.6)</b>	<b>(1,626,202)</b>	<b>(248,207)</b>	<b>(107.4)</b>
Other operating income	21,701	0.6	21,410	0.6	29,395	4,487	0.6	5,811	0.8	361	55	0.0
<b>Loss from operations</b>	<b>(256,461)</b>	<b>(7.9)</b>	<b>(731,806)</b>	<b>(18.6)</b>	<b>(458,777)</b>	<b>(70,023)</b>	<b>(9.4)</b>	<b>(198,946)</b>	<b>(28.7)</b>	<b>(111,410)</b>	<b>(17,004)</b>	<b>(7.4)</b>
Interest expense	(6,536)	(0.2)	(12,397)	(0.3)	(21,090)	(3,219)	(0.5)	(3,535)	(0.5)	(6,552)	(1,000)	(0.4)
Interest income	8,273	0.3	7,813	0.2	9,321	1,423	0.2	1,910	0.3	3,420	522	0.2
Fair value change in warrant liabilities	23,781	0.7	—	—	—	—	—	—	—	—	—	—
Other income (loss), net	21,579	0.7	3,581	0.1	(39,866)	(6,085)	(0.8)	6,559	0.9	914	140	0.1
<b>Loss before taxes</b>	<b>(209,364)</b>	<b>(6.4)</b>	<b>(732,809)</b>	<b>(18.6)</b>	<b>(510,412)</b>	<b>(77,904)</b>	<b>(10.5)</b>	<b>(194,012)</b>	<b>(28.0)</b>	<b>(113,628)</b>	<b>(17,342)</b>	<b>(7.5)</b>
Income tax benefits	1,922	0.0	30,120	0.8	47,320	7,222	1.0	12,028	1.7	19,459	2,970	1.3

	For the Year Ended December 31,						For the Three Months Ended March 31,					
	2018		2019		2020		2020		2021		2021	
	RMB	%	RMB	%	RMB	US\$	%	RMB	%	RMB	US\$	%
	(in thousands, except for percentages)											
Share of loss in equity method investments	(499)	0.0	(2,199)	(0.1)	(7,526)	(1,149)	(0.2)	(4,281)	(0.6)	(612)	(93)	(0.0)
Net loss	(207,941)	(6.4)	(704,888)	(17.9)	(470,618)	(71,831)	(9.7)	(186,265)	(26.9)	(94,781)	(14,465)	(6.3)
<b>Non-GAAP financial measures(1)</b>												
Adjusted loss from operations	(232,798)		(535,178)		(143,654)	(21,926)		(118,846)		(33,572)	(5,124)	
Adjusted net loss	(209,981)		(538,380)		(202,815)	(30,956)		(118,193)		(36,402)	(5,555)	

(1) See "Summary Consolidated Financial and Operating Data—Non-GAAP Financial Measures."

**Three months ended March 31, 2021 compared to three months ended March 31, 2020**

**Net revenues**

Our net revenues, which consisted of net product revenues and net service revenues, increased by 118.8% from RMB692.2 million in the three months ended March 31, 2020 to RMB1,514.4 million (US\$231.1 million) in the three months ended March 31, 2021. This increase was primarily due to a RMB704.4 million increase in our net product revenues and a RMB117.8 million increase in our net service revenues. Our GMV has grown rapidly by 106.7% from RMB3.0 billion in the three months ended March 31, 2020 to RMB6.2 billion (US\$0.9 billion) in the three months ended March 31, 2021. The number of consumer products transacted increased by 68.4% from 3.8 million in the three months ended March 31, 2020 to 6.4 million in the three months ended March 31, 2021.

- Net product revenues. Our net product revenues increased by 116.2% from RMB606.1 million in the three months ended March 31, 2020 to RMB1,310.5 million (US\$200.0 million) in the three months ended March 31, 2021. This increase was attributable to an increase in the sales of pre-owned consumer electronics through PJT Marketplace as our business on PJT Marketplace recovered from the COVID-19 pandemic in the first quarter of 2021, and an increase in our sales on Paipai Marketplace and our offline trade-in channels. Our GMV for product sales has grown rapidly by 133.3% from RMB0.6 billion in the three months ended March 31, 2020 to RMB1.4 billion (US\$0.2 billion) in the three months ended March 31, 2021.
- Net service revenues. Our net service revenues increased by 136.8% from RMB86.1 million in the three months ended March 31, 2020 to RMB203.9 million (US\$31.2 million) in the three months ended March 31, 2021. This increase was attributable to an increase in transaction volume on PJT Marketplace and Paipai Marketplace and a change in our commission fee strategy. Our GMV for online marketplaces has grown rapidly by 100.0% from RMB2.4 billion in the three months ended March 31, 2020 to RMB4.8 billion (US\$0.7 billion) in the three months ended March 31, 2021.

**Merchandise costs**

Our merchandise costs increased by 118.8% from RMB500.8 million in the three months ended March 31, 2020 to RMB1,095.7 million (US\$167.2 million) in the three months ended March 31, 2021, primarily attributable to the growth of our product sales, indicated by the growth of GMV for products sales from RMB0.6 billion in the three months ended March 31, 2020 to RMB1.4 billion (US\$0.2 billion) in the three months ended March 31, 2021.

**Fulfillment expenses**

Our fulfillment expenses increased by 41.2% from RMB158.0 million in the three months ended March 31, 2020 to RMB223.0 million (US\$34.0 million) in the three months ended March 31, 2021, which was mainly due to an increase in personnel related expenses from RMB91.8 million in the three

months ended March 31, 2020 to RMB126.3 million (US\$19.3 million) in the three months ended March 31, 2021 as (i) the temporary exemption from social insurance contribution we benefited from in 2020 due to the COVID-19 outbreak was no longer in place in 2021, and (ii) we paid an incentive bonus to employees in the three months ended March 31, 2021. The increase in fulfillment expenses was also driven by an increase in logistics expenses from RMB14.7 million in the three months ended March 31, 2020 to RMB36.3 million (US\$5.5 million) in the three months ended March 31, 2021, which were in line with the increase in sales of pre-owned consumer electronics.

***Selling and marketing expenses***

Our selling and marketing expenses increased by 54.4% from RMB144.2 million in the three months ended March 31, 2020 to RMB222.6 million (US\$34.0 million) in the three months ended March 31, 2021, primarily due to (i) an increase in promotion expenses from RMB10.0 million in the three months ended March 31, 2020 to RMB49.3 million (US\$7.5 million) in the three months ended March 31, 2021; (ii) an increase in sales commissions paid to JD Group in connection with traffic acquisition and sourcing of pre-owned devices from RMB14.1 million in the three months ended March 31, 2020 to RMB34.6 million (US\$5.3 million) in the three months ended March 31, 2021; and (iii) an increase in personnel related expenses from RMB22.3 million in the three months ended March 31, 2020 to RMB38.4 million (US\$5.9 million) in the three months ended March 31, 2021 as we paid an incentive bonus to employees in the three months ended March 31, 2021.

***General and administrative expenses***

Our general and administrative expenses decreased by 45.4% from RMB53.9 million in the three months ended March 31, 2020 to RMB29.4 million (US\$4.5 million) in the three months ended March 31, 2021, which was mainly due to a one-off compensation of RMB27.1 million we paid to certain management and employees resigned in the three months ended March 31, 2020, which was calculated based on their years of service and past contribution to us. We did not incur such compensation expenses in the three months ended March 31, 2021.

***Technology and content expenses***

Our technology and content expenses increased by 38.2% from RMB40.2 million in the three months ended March 31, 2020 to RMB55.5 million (US\$8.5 million) in the three months ended March 31, 2021, which was mainly due to an increase in personnel related expenses from RMB34.4 million in the three months ended March 31, 2020 to RMB50.2 million (US\$7.7 million) in the three months ended March 31, 2021 as we paid an incentive bonus to employees in the three months ended March 31, 2021 and expanded our research and development team.

***Other operating income***

Our other operating income decreased from RMB5.8 million in the three months ended March 31, 2020 to RMB0.4 million (US\$55 thousand) in the three months ended March 31, 2021, which was mainly attributable to a decrease in government subsidies.

***Loss from operations***

As a result of the foregoing, we incurred RMB111.4 million (US\$17.0 million) of loss from operations in the three months ended March 31, 2021, as compared to RMB198.9 million in the three months ended March 31, 2020.



**Interest expense**

We had interest expense of RMB3.5 million and RMB6.6 million (US\$1.0 million) in the three months ended March 31, 2020 and 2021, respectively. The increase was primarily attributable to an increase in short-term borrowings.

**Interest income**

We had interest income of RMB1.9 million and RMB3.4 million (US\$0.5 million) in the three months ended March 31, 2020 and 2021, respectively. The increase was primarily attributable to our purchase of high-yield investment products in the three months ended March 31, 2021.

**Other income, net**

Our other income, net was RMB6.6 million and RMB0.9 million (US\$0.1 million) in the three months ended March 31, 2020 and 2021, respectively. The decrease was primarily attributable to a decrease in foreign exchange gains.

**Income tax benefits**

We had income tax benefits of RMB12.0 million and RMB19.5 million (US\$3.0 million) in the three months ended March 31, 2020 and 2021, respectively. The increase was primarily attributable to an increase in the enterprise income tax rate for one of our subsidiaries.

**Share of loss in equity method investments**

We had share of loss in equity method investments of RMB4.3 million and RMB0.6 million (US\$93 thousand) in the three months ended March 31, 2020 and 2021, respectively. The difference was primarily attributable to a decrease in losses of equity method investments.

**Net loss**

As a result of the foregoing, our net loss was RMB94.8 million (US\$14.5 million) in the three months ended March 31, 2021, as compared to RMB186.3 million in the three months ended March 31, 2020.

**Year Ended December 31, 2020 Compared to Year Ended December 31, 2019**

**Net revenues**

Our net revenues, which consisted of net product revenues and net service revenues, increased by 23.6% from RMB3,931.9 million in 2019 to RMB4,858.2 million (US\$741.5 million) in 2020. This increase was primarily due to a RMB513.8 million increase in our net product revenues and RMB412.5 million increase in our net service revenues. Our GMV has grown rapidly by 60.7% from RMB12.2 billion in 2019 to RMB19.6 billion (US\$3.0 billion) in 2020. The number of consumer products transacted increased by 48.4% from 15.9 million in 2019 to 23.6 million in 2020.

- Net product revenues. Our net product revenues increased by 13.8% from RMB3,730.2 million in 2019 to RMB4,244.0 million (US\$647.8 million) in 2020. This increase was attributable to an increase in the sale of pre-owned consumer electronics through Paipai Marketplace (especially Paipai Selection), PJT Marketplace and our offline trade-in channels and the increase of our overseas pre-owned consumer electronics transactions. Our GMV for product sales has grown rapidly by 17.9% from RMB3.9 billion in 2019 to RMB4.6 billion (US\$0.7 billion) in 2020.

- Net service revenues. Our net service revenues increased by 204.5% from RMB201.7 million in 2019 to RMB614.2 million (US\$93.7 million) in 2020. This increase was attributable to an increase in transaction volume on PJT Marketplace and a change in our commission fee setting strategy. In addition, we acquired Paipai Marketplace from JD Group in June 2019. Therefore, we only received service revenues for transactions on our Paipai Marketplace from June to December in 2019. Our GMV for online marketplaces has grown rapidly by 80.7% from RMB8.3 billion in 2019 to RMB15.0 billion (US\$2.3 billion) in 2020.

**Merchandise costs**

Our merchandise costs increased by 13.7% from RMB3,176.4 million in 2019 to RMB3,610.4 million (US\$551.1 million) in 2020, primarily attributable to the growth of our product sales, indicated by the growth of GMV for products sales from RMB 3.9 billion in 2019 to RMB4.6 billion (US\$0.7 billion) in 2020.

**Fulfillment expenses**

Our fulfillment expenses increased by 1.2% from RMB658.1 million in 2019 to RMB666.3 million (US\$101.7 million) in 2020, which was mainly due to a decrease in personnel related expenses from RMB356.0 million in 2019 to RMB252.9 million (US\$38.6 million) in 2020 as we optimized staffing efficiency and benefited from a temporary social insurance contribution exemption due to COVID-19. This was partially offset by an increase in outsourced service expenses from RMB39.9 million in 2019 to RMB100.2 million (US\$15.3 million) in 2020 and an increase in logistics expenses from RMB76.4 million in 2019 to RMB107.0 million (US\$16.3 million) in 2020, which were in line with the increase in sales of pre-owned consumer electronics.

**Selling and marketing expenses**

Our selling and marketing expenses increased by 30.6% from RMB566.8 million in 2019 to RMB740.5 million (US\$113.0 million) in 2020, primarily due to amortization expenses related to the acquisition of Paipai. We acquired Paipai from JD Group in June 2019. As a result, we incurred RMB308.8 million (US\$47.1 million) of amortization expenses in 2020 as compared to RMB193.2 million in 2019 related to the intangible assets purchased in the acquisition of Paipai Marketplace that were allocated to selling and marketing expenses, which substantially increased our selling and marketing expenses in 2020. We also experienced an increase in sales commission paid to JD Group in connection with traffic acquisition and sourcing of pre-owned devices from RMB54.7 million in 2019 to RMB110.1 million (US\$16.8 million) in 2020.

**General and administrative expenses**

Our general and administrative expenses increased by 26.0% from RMB140.9 million in 2019 to RMB177.5 million (US\$27.1 million) in 2020, which was mainly due to an increase in the impairment loss recognized for the older generation trade-in kiosks that could no longer meet our operation needs by RMB6.4 million (US\$1.0 million), and a one-off compensation of RMB40.1 million (US\$6.1 million) we paid to certain management resigned in 2020, which was calculated based on their years of service and past contribution to us.

**Technology and content expenses**

Our technology and content expenses increased by 6.1% from RMB142.9 million in 2019 to RMB151.5 million (US\$23.1 million) in 2020, which was mainly attributable to an increase in staff compensation and the amortization expenses of the technology and platform acquired as part of Paipai.

**Other operating income**

Our other operating income increased from RMB21.4 million in 2019 to RMB29.4 million (US\$4.5 million) in 2020, which was mainly attributable to an increase in government subsidies.

**Loss from operations**

As a result of the foregoing, we incurred RMB458.8 million (US\$70.0 million) of loss from operations in 2020, as compared to RMB731.8 million in 2019.

**Interest expense**

We had interest expense of RMB12.4 million and RMB21.1 million (US\$3.2 million) in 2019 and 2020, respectively. The increase was primarily attributable to an increase in short-term borrowings to support our business expansion.

**Interest income**

We had interest income of RMB7.8 million and RMB9.3 million (US\$1.4 million) in 2019 and 2020, respectively. The increase was primarily attributable to an increase of our cash balance.

**Other income (loss), net**

Our other income, net was RMB3.6 million in 2019. Our other loss, net was RMB39.9 million (US\$6.1 million) in 2020. The loss we suffered in 2020 was primarily attributable to foreign exchange losses arising from the depreciation of Renminbi against U.S. dollar.

**Income tax benefits**

We had income tax benefits of RMB30.1 million and RMB47.3 million (US\$7.2 million) in 2019 and 2020, respectively. The difference was primarily attributable to amortization of deferred tax liability associated with the intangible assets recognized in the acquisition of Paipai.

**Share of loss in equity method investments**

We had share of loss in equity method investments of RMB2.2 million and RMB7.5 million (US\$1.1 million) in 2019 and 2020, respectively. The difference was primarily attributable to losses of equity method investments.

**Net loss**

As a result of the foregoing, our net loss was RMB470.6 million (US\$71.8 million) in 2020, as compared to RMB704.9 million in 2019.

**Year Ended December 31, 2019 Compared to Year Ended December 31, 2018**

**Net revenues**

Our net revenues, which consisted of net product revenues and net service revenues, increased by 20.6% from RMB3,261.5 million in 2018 to RMB3,931.9 million in 2019. Our GMV has grown by 114.0% from RMB5.7 billion in 2018 to RMB12.2 billion in 2019. The number of consumer products transacted increased from 6.9 million in 2018 to 15.9 million in 2019.

- Net product revenues. Our net product revenues increased by 14.8% from RMB3,249.9 million in 2018 to RMB3,730.2 million in 2019. This increase was attributable to the increase in our transaction volume. As our business developed, we opened more AHS stores and further strengthened our collaboration with JD Group by expanding into new channels of sales of consumer electronics through our new trade-in services, thereby generating more product sales. Our GMV for product sales has grown rapidly by 18.2% from RMB3.3 billion in 2018 to RMB3.9 billion in 2019.
- Net service revenues. Our service revenues increased substantially from RMB11.6 million in 2018 to RMB201.7 million in 2019, primarily attributable to the acquisition of Paipai Marketplace in 2019 and the increased commissions we received through PJT Marketplace. Prior to 2019, as part of the strategy to expand our user base and promote our platform, we did not charge any commission for third party merchants' transactions completed through PJT Marketplace. Our GMV for online marketplaces has grown rapidly by 245.8% from RMB2.4 billion in 2018 to RMB8.3 billion in 2019.

**Merchandise costs**

Our merchandise costs increased by 13.4% from RMB2,801.4 million in 2018 to RMB3,176.4 million in 2019, primarily attributable to the increase in purchase price of products from RMB2,651.6 million in 2018 to RMB3,052.6 million in 2019, which was driven by the growth of product sales.

**Fulfillment expenses**

Our fulfillment expenses increased by 85.9% from RMB354.0 million in 2018 to RMB658.1 million in 2019, which was mainly due to increases in expenses to support our growth and drive long-term operational efficiencies, including expenses incurred to hire more personnel, increase the number of AHS stores and expand our operations overseas. Our personnel related expenses increased from RMB158.1 million in 2018 to RMB356.0 million in 2019. The number of our self-operated AHS stores increased from 298 as of December 31, 2018 to 538 as of December 31, 2019, respectively.

**Selling and marketing expenses**

Our selling and marketing expenses increased by 138.6% from RMB237.6 million in 2018 to RMB566.8 million in 2019, which was mainly due to of an increase in the marketing and selling related amortization expenses from RMB23.7 million in 2018 to RMB193.2 million in 2019. We acquired Paipai from JD Group in June 2019. As a result, we incurred amortization expense of brand names arising from the acquisition of Paipai business from June 2019 to December 2019. The increase in selling and marketing expenses also arose from the sales commission we paid to JD Group under our business cooperation agreement with JD Group. We paid JD Group a sales commission related to traffic acquisition and sourcing of pre-owned devices and recorded such payments in selling and marketing expenses. The sales commission was RMB54.7 million in 2019. In addition, our personnel related costs increased from RMB70.7 million in 2018 to RMB125.9 million in 2019 as a result of the expansion of our selling and marketing teams.

**General and administrative expenses**

Our general and administrative expenses increased by 74.0% from RMB81.0 million in 2018 to RMB140.9 million in 2019, mainly due to the expansion of our administrative team, which resulted in significant increases in personnel costs, office rental and depreciation expenses, and to a lesser degree, allowance for doubtful accounts. Our salary and personnel related expenses increased by RMB33.4 million from 2018 to 2019. In addition, our rental and depreciation expenses increased by RMB9.6 million from 2018 to 2019.

**Technology and content expenses**

Our technology and content expenses increased by 117.2% from RMB65.8 million in 2018 to RMB142.9 million in 2019. The increase was mainly attributable to an increase in personnel expenses required to support the growth of our business as we launched new innovations and improved functionality on our platform. The payroll and related expenses for technology and content employees increased from RMB58.0 million in 2018 to RMB132.7 million in 2019.

**Other operating income**

Our other operating income was RMB21.4 million in 2019, as compared to RMB21.7 million in 2018, mainly attributable to change in government subsidies.

**Loss from operations**

As a result of the foregoing, we incurred RMB731.8 million of loss from operations in 2019, as compared to RMB256.5 million in 2018.

**Interest expense**

We had interest expense of RMB6.5 million and RMB12.4 million in 2018 and 2019, respectively. The increase was primarily attributable to an increase in short-term loans we borrowed to support our business expansion and daily operations.

**Interest income**

We had interest income of RMB8.3 million and RMB7.8 million in 2018 and 2019, respectively. The decrease was primarily attributable to a decline in our bank deposits.

**Other income (loss), net**

We had other income of RMB21.6 million in 2018 and RMB3.6 million in 2019. The difference was mainly attributable to foreign exchange losses.

**Income tax benefits**

We had income tax benefits of RMB1.9 million and RMB30.1 million in 2018 and 2019, respectively. The difference was primarily attributable to amortization of deferred tax liability associated with the intangible assets recognized in the acquisition of Paipai.

**Share of loss in equity method investments**

Our share of loss in equity method investments increased from RMB0.5 million in 2018 to RMB2.2 million in 2019, which was mainly due to the losses picked up in equity method investments.

**Fair value change in warrant liabilities**

We recorded a fair value change in warrant liabilities of RMB23.8 million in 2018 due to the issuance of convertible redeemable preferred shares.

**Net loss**

As a result of the foregoing, our net loss was RMB704.9 million in 2019, as compared to RMB207.9 million in 2018.

**Selected Quarterly Results of Operations**

The following table sets forth our unaudited consolidated quarterly results of operations for the periods indicated. You should read the following table in conjunction with our consolidated financial statements and the related notes included elsewhere in this prospectus. We have prepared this unaudited condensed consolidated quarterly financial data on the same basis as we have prepared our audited consolidated financial statements. The unaudited condensed consolidated quarterly financial data includes all adjustments, consisting only of normal and recurring adjustments, that our management considered necessary for a fair statement of our financial position and operating results for the quarters presented.

	For the Three Months Ended							
	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	March 31, 2021
	(RMB in thousands)							
<b>Net Revenues</b>								
Net product revenues	910,059	922,540	1,082,604	606,103	1,047,248	1,148,354	1,442,318	1,310,547
Net service revenues	19,798	66,490	108,092	86,109	148,564	177,733	201,770	203,884
<b>Total net revenues</b>	<b>929,857</b>	<b>989,030</b>	<b>1,190,696</b>	<b>692,212</b>	<b>1,195,812</b>	<b>1,326,087</b>	<b>1,644,088</b>	<b>1,514,431</b>
<b>Operating expenses</b>								
Merchandise costs	(775,329)	(788,063)	(925,177)	(500,800)	(889,469)	(983,703)	(1,236,462)	(1,095,696)
Fulfillment expenses	(157,775)	(179,495)	(185,877)	(157,954)	(149,391)	(169,062)	(189,910)	(223,019)
Selling expenses	(112,490)	(198,397)	(180,893)	(144,150)	(197,305)	(187,126)	(211,961)	(222,580)
General and administrative expenses	(32,285)	(55,777)	(28,624)	(53,900)	(44,758)	(42,120)	(36,764)	(29,408)
Technology and content expenses	(29,691)	(38,550)	(46,483)	(40,165)	(33,524)	(38,096)	(39,751)	(55,499)
<b>Total operating expenses</b>	<b>(1,107,570)</b>	<b>(1,260,282)</b>	<b>(1,367,054)</b>	<b>(896,969)</b>	<b>(1,314,447)</b>	<b>(1,420,107)</b>	<b>(1,714,848)</b>	<b>(1,626,202)</b>
Other operating income	15,026	810	4,884	5,811	2,661	9,272	11,651	361
<b>Loss from operations</b>	<b>(162,687)</b>	<b>(270,442)</b>	<b>(171,474)</b>	<b>(198,946)</b>	<b>(115,974)</b>	<b>(84,748)</b>	<b>(59,109)</b>	<b>(111,410)</b>
Interest expense	(2,747)	(3,767)	(3,509)	(3,535)	(7,604)	(4,738)	(5,213)	(6,552)
Interest income	1,974	1,791	1,670	1,910	5,360	971	1,080	3,420
Other income (loss), net	(1,880)	7,240	4,427	6,559	846	(16,125)	(31,146)	914
<b>Loss before taxes</b>	<b>(165,340)</b>	<b>(265,178)</b>	<b>(168,886)</b>	<b>(194,012)</b>	<b>(117,372)</b>	<b>(104,640)</b>	<b>(94,388)</b>	<b>(113,628)</b>
Income tax benefits	4,611	12,381	12,403	12,028	11,915	11,689	11,688	19,459
Share of loss in equity method investments	(2,749)	(1,277)	(651)	(4,281)	(1,801)	(1,268)	(176)	(612)
<b>Net loss</b>	<b>(163,478)</b>	<b>(254,074)</b>	<b>(157,134)</b>	<b>(186,265)</b>	<b>(107,258)</b>	<b>(94,219)</b>	<b>(82,876)</b>	<b>(94,781)</b>

Revenue generated from non-core operations was RMB140.3 million, RMB109.2 million, RMB114.0 million, RMB55.1 million, RMB46.4 million, RMB28.4 million, RMB19.3 million and RMB12.5 million in the three months ended June 30, 2019, September 30, 2019, December 31, 2019, March 31, 2020, June 30, 2020, September 30, 2020, December 31, 2020 and March 31, 2021, respectively.

Our results of operations are subject to seasonal fluctuations in market conditions primarily as a result of new product launches by consumer electronics brands and promotional campaigns by e-commerce platforms in China. For example, the timing and success of new product launches by major consumer electronics manufacturers tend to have an impact on our customer traffic and purchase orders. In addition, we generally experience higher customer traffic and purchase orders during e-commerce platforms' special promotional campaigns around June 18 and November 11 each year. Overall, the historical seasonality of our business has been relatively mild, but the seasonal trends that we have experienced in the past may not be indicative of our future operating results. See

also “Risk Factors—Risks Related to Our Business and Industry—Our results of operations may be subject to seasonal fluctuations.”

## **Liquidity and Capital Resources**

### ***Cash flows and working capital***

To date, we have financed our operating and investing activities mainly through historical equity and debt financing activities. As of March 31, 2021, we had RMB657.2 million (US\$100.3 million) in cash and cash equivalents, of which 43.6% were held in Renminbi, 38.9% were held in U.S. dollar, and the remainder was primarily held in Hong Kong dollars.

In April and May 2021, we issued a total of 9,777,383 Series F preferred shares to certain investors for an aggregate consideration of US dollar equivalent of RMB1.2 billion.

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 prospectus, 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.

Although we consolidate the results of our VIEs, we only have access to the assets or earnings of our VIEs through our contractual arrangements with our VIEs and its shareholders (as applicable). See “Corporate History and Structure.” For restrictions and limitations on liquidity and capital resources as a result of our corporate structure, see “—Holding Company Structure.”

We expect that a substantial majority of our future revenues will be denominated in RMB. Under existing PRC 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 PRC subsidiaries are allowed to pay dividends in foreign currencies to us without prior SAFE approval by following certain procedural requirements. However, current PRC regulations permit our PRC subsidiaries to pay dividends to us only out of their accumulated profits, if any, determined in accordance with Chinese accounting standards and regulations. Our PRC 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 PRC 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 PRC laws and regulations to provide funding to our PRC subsidiaries and our VIEs in China only through loans or capital contributions, subject to relevant 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 this offering to make loans or capital contributions to our PRC subsidiaries and our VIEs. We expect to invest substantially all of the proceeds from this offering into our PRC operations for general corporate purposes within the business scopes of our PRC subsidiaries and our VIE. See “Risk Factors—Risks Relating to Doing Business in China—PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from using the proceeds of this offering to make loans or additional capital contributions to our PRC subsidiaries and our VIEs in China, which could materially and adversely affect our liquidity and our ability to fund and expand our business.”

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

	For the Year Ended December 31,				For the Three Months Ended March 31,		
	2018	2019	2020		2020	2021	
	RMB	RMB	RMB	US\$	RMB	RMB	US\$
	(in thousands)						
Net cash used in operating activities	(358,022)	(410,794)	(412,868)	(63,016)	(203,109)	(302,526)	(46,174)
Net cash (used in)/provided by investing activities	(109,267)	(304,349)	18,625	2,843	7,788	86,845	13,255
Net cash provided by financing activities	904,022	455,751	929,962	141,940	86,977	(44,103)	(6,731)
Effect of foreign exchange rate changes on cash and cash equivalents	33,179	4,515	(28,426)	(4,339)	2,008	2,731	417
Net increase/(decrease) in cash, cash equivalents and restricted cash	469,912	(254,877)	507,293	77,428	(106,336)	(257,053)	(39,234)
Cash, cash equivalents and restricted cash at the beginning of the year	196,048	665,960	411,083	62,744	411,083	918,376	140,172
Cash, cash equivalents and restricted cash at the end of the year	665,960	411,083	918,376	140,172	304,747	661,323	100,938

**Operating activities**

Net cash used in operating activities in the three months ended March 31, 2021 was RMB302.5 million (US\$46.2 million). The difference between our net cash used in operating activities and our net loss of RMB94.8 million (US\$14.5 million) in the three months ended March 31, 2021 was primarily the result of changes in working capital items, including the increase in prepayments and other receivables of RMB251.1 million (US\$38.3 million) and the increase in inventories of RMB140.8 million (US\$21.5 million), partially offset by the decrease in funds receivable from third party payment service providers of RMB45.4 million (US\$6.9 million) and non-cash items, mainly depreciation and amortization of RMB86.9 million (US\$13.3 million). Prepayments and other receivables mainly relates to customer deposits, which grew in line with the expansion of our platform. Inventories increased in support of the growth in our transaction volume, indicated by the growth of our GMV for product sales from RMB0.6 billion in the three months ended March 31, 2020 to RMB1.4 billion (US\$0.2 billion) in the three months ended March 31, 2021.

Net cash used in operating activities in 2020 was RMB412.9 million (US\$63.0 million). The difference between our net cash used in operating activities and our net loss of RMB470.6 million (US\$71.8 million) in 2020 was primarily the result of adding back non-cash items, mainly depreciation and amortization of RMB360.8 million (US\$55.1 million), as well as changes in working capital items, including the increase in inventories of RMB111.4 million (US\$17.0 million), offset by increase in prepayments and other receivables of RMB123.5 million (US\$18.8 million). Inventories increased in support of the growth in our transaction volume, indicated by the growth of our GMV for product sales from RMB3.9 billion in 2019 to RMB4.6 billion (US\$0.7 billion) in 2020. Prepayments and other receivables mainly relates to customer deposits, which grew in line with the expansion of our platform.



Net cash used in operating activities in 2019 was RMB410.8 million. The difference between our net cash used in operating activities and our net loss of RMB704.9 million in 2019 was primarily the result of adding back non-cash items, mainly depreciation and amortization of RMB234.7 million, as well as an increase in amount due from related parties of RMB84.4 million, which mainly relates to an increase in collection for JD Group and an increase in prepaid expenses for Yuekun.

Net cash used in operating activities in 2018 was RMB358.0 million. The difference between our net cash used in operating activities and net loss of RMB207.9 million in 2018 was primarily an increase in prepayments and other receivables of RMB65.8 million, funds receivable from third party payment service provider of RMB46.4 million, decrease in accrued expenses and other current liabilities of RMB40.3 million, as well as increase in payroll and welfare of RMB40.6 million. Prepayments and other receivables mainly relates to customer deposits, which grew in line with the expansion of our platform. Funds receivable from third party payment service provider mainly relates to funds deposited in third-party payment institutions due to business needs.

#### ***Investing activities***

Cash provided by investing activities in the three months ended March 31, 2021 was RMB86.8 million (US\$13.3 million), consisting primarily of proceeds from short-term investments of RMB343.7 million (US\$52.5 million) and repayment for extended loan to related parties of RMB72.2 million (US\$11.0 million), partially offset by purchases of short-term investments of RMB246.1 million (US\$37.6 million) and loan to related parties of RMB69.4 million (US\$10.6 million).

Cash provided by investing activities in 2020 was RMB18.6 million (US\$2.8 million), consisting primarily of repayment for loan to related parties of RMB178.7 million (US\$27.3 million) and proceeds from short-term investments of RMB125.6 million (US\$19.2 million) and, partially offset by loan to related parties of RMB140.7 million (US\$21.5 million) and purchases of short-term investments of RMB99.8 million (US\$15.2 million).

Cash used in investing activities in 2019 was RMB304.3 million, consisting primarily of purchases of short-term investments of RMB120.9 million, purchase of property and equipment of RMB103.3 million and loan to related parties of RMB164.0 million.

Cash used in investing activities in 2018 was RMB109.3 million, consisting primarily of purchase of property and equipment of RMB64.3 million and payment for investments in equity investees of RMB46.4 million.

#### ***Financing activities***

Cash used in financing activities in the three months ended March 31, 2021 was RMB44.1 million (US\$6.7 million), consisting primarily of repayments of short-term borrowings of RMB152.5 million (US\$23.3 million), partially offset by proceeds from short-term borrowings of RMB124.0 million (US\$18.9 million).

Cash provided by financing activities in 2020 was RMB930.0 million (US\$141.9 million), consisting primarily of proceeds from short-term borrowings of RMB764.1 million (US\$116.6 million), proceeds from the issuance of convertible redeemable preferred shares of RMB512.7 million (US\$78.3 million) and proceeds from the issuance of bonds and convertible bonds of RMB185.0 million (US\$28.2 million), partially offset by repayments of short-term borrowings of RMB595.1 million (US\$90.8 million).

Cash provided by financing activities in 2019 was RMB455.8 million, consisting primarily of proceeds from the issuance of convertible redeemable preferred shares of RMB469.6 million and

proceeds from short-term borrowings of RMB376.4 million, partially offset by repayment for short-term borrowings of RMB348.4 million.

Cash provided by financing activities in 2018 was RMB904.0 million, consisting primarily of proceeds from the issuance of convertible redeemable preferred shares of RMB980.0 million and proceeds from short-term borrowings of RMB240.0 million, partially offset by repayment for short-term borrowings of RMB172.4 million and repayment of convertible bonds to a related party of RMB98.7 million.

### Capital Expenditures

Our capital expenditures consist primarily of purchase of property and equipment. Our capital expenditures were RMB64.3 million, RMB103.3 million and RMB37.8 million (US\$5.8 million) in 2018, 2019 and 2020, respectively. We also incurred capital expenditures of RMB4.8 million (US\$728.5 thousand) in the three months ended March 31, 2021. We intend to fund our future capital expenditures with our existing cash balance and proceeds from this offering. We will continue to make well-planned capital expenditures to meet the expected growth of our business.

### Contractual Obligations

The following table sets forth our contractual obligations as of December 31, 2020:

	For the Year Ended December 31,				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
	(RMB in thousands)				
Operating lease obligations <sup>(1)</sup>	17,407	9,808	7,599	—	—
Short-term borrowings	369,657	369,657	—	—	—
Long-term borrowings	32,624	—	32,624	—	—
Convertible bonds	160,000	160,000	—	—	—

Notes:

(1) Operating lease obligations consist of the obligations under the lease agreements covering our stores and offices facilities.

Except for those disclosed above, we did not have any significant capital or other commitments, long-term obligations, or guarantees as of December 31, 2020.

### Off-Balance Sheet Commitments and Arrangements

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any unconsolidated third parties. 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. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. Moreover, we do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or product development services with us.

### Internal Control Over Financial Reporting

Prior to this offering, we have been a private company with limited accounting personnel and other resources with which we address our internal control over financial reporting. In connection with

the audit of our consolidated financial statements as of and for the fiscal year ended December 31, 2018, 2019 and 2020, we and our independent registered public accounting firm identified one material weakness in our internal control over financial reporting. As defined in the standards established by the U.S. Public Company Accounting Oversight Board, or PCAOB, a “material weakness” is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

The material weakness identified is our company’s lack of sufficient skilled staff with U.S. GAAP knowledge for the purpose of financial reporting, and lack of formal accounting policies, and procedures manual to ensure proper financial reporting to comply with U.S. GAAP and SEC requirements. The material weakness, if not remediated timely, may lead to material misstatements in our consolidated financial statements in the future. Neither we nor our independent registered public accounting firm undertook a comprehensive assessment of our internal control for purposes of identifying and reporting material weaknesses and other control deficiencies in our internal control over financial reporting. Had we performed a formal assessment of our internal control over financial reporting or had our independent registered public accounting firm performed an audit of our internal control over financial reporting, additional deficiencies may have been identified.

Following the identification of the material weakness and other significant control deficiencies, we have taken measures and plan to continue to take measures to remediate these deficiencies. We have hired a chief financial officer with extensive U.S. capital markets experience and an internal control senior director who is responsible to establish relevant standards and procedures for reporting under U.S. GAAP and SEC reporting requirements. We plan to hire more accounting personnel with appropriate experience in U.S. GAAP, financial reporting and internal control, and provide annual training for accounting personnel regarding U.S. GAAP and SEC financial reporting requirements. However, the implementation of these measures may not fully address these deficiencies in our internal control over financial reporting, and we cannot conclude that they have been fully remediated. Our failure to correct these deficiencies or our failure to discover and address any other deficiencies could result in inaccuracies in our financial statements and impair our ability to comply with applicable financial reporting requirements and related regulatory filings on a timely basis. Moreover, ineffective internal control over financial reporting could significantly hinder our ability to prevent fraud.

As a company with less than US\$1.07 billion in revenues for the fiscal year ended December 31, 2020, we qualify as an “emerging growth company” pursuant to the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2002 in the assessment of the emerging growth company’s internal control over financial reporting. See “Risk Factors—Risks Related to Our Business and Industry—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.”

#### **Holding Company Structure**

Our Company, AiHuiShou International Co. Ltd., is a holding company with no material operations of its own. We conduct our operations primarily through our WFOE and VIEs. As a result, AiHuiShou International Co. Ltd.’s ability to pay dividends depends upon dividends paid by our WFOE.

If our WFOE or any newly formed PRC 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

WFOE are permitted to pay dividends to us only out of its retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Under PRC law, each of our WFOE and our VIEs 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 WFOE may allocate a portion of its after-tax profits determined in accordance with applicable PRC accounting standards to enterprise expansion funds and staff bonus and welfare funds at its discretion, and our VIEs may allocate a portion of their after-tax profits determined in accordance with applicable PRC accounting standards to a discretionary surplus fund at its 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 China is subject to examination by the banks designated by SAFE. As of March 31, 2021, as our WFOE, all other PRC subsidiaries, our VIEs and the subsidiaries of our VIEs are all in an accumulated loss position, no statutory reserve was appropriated. Our WFOE has not paid dividends and will not be able to pay dividends until it generates accumulated profits and meets the requirements for statutory reserve funds.

#### **Inflation**

To date, inflation in China has not materially impacted our results of operations. According to the National Bureau of Statistics of China, the year-over-year percent changes in the consumer price index for 2018, 2019 and 2020 were increases of 1.9%, 4.5% and 0.2%, respectively. Although we have not been materially affected by inflation in the past, we may be affected if China experiences higher rates of inflation in the future.

#### **Quantitative and Qualitative Disclosures about Market Risk**

##### ***Foreign exchange risk***

We held 43.6% of our cash and cash equivalents in Renminbi, 38.9% in U.S. dollar, and the remainder primarily in Hong Kong dollars. Our overseas operations generate revenues primarily in U.S. dollars 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. We have entered into dual-currency deposits to help hedge our exposure to such risk and we monitor our currency risk exposure by periodically reviewing foreign currency 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. 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 fair value interest rate risk that relates primarily to our fixed rate bank and other borrowings. We monitor fair value interest rate risk exposure by closely monitoring fair value 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.

**Critical Accounting Policies**

An accounting policy is considered critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time such estimate is made, and if different accounting estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact the consolidated financial statements.

We prepare our financial statements in conformity with U.S. GAAP, which requires us to make judgments, estimates and assumptions. 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. Some of our accounting policies require a higher degree of judgment than others in their application and require us to make significant accounting estimates.

The following descriptions of critical accounting policies, judgments and estimates should be read in conjunction with our consolidated financial statements and accompanying notes and other disclosures included in this prospectus. When reviewing our financial statements, you should consider (i) our selection of critical accounting policies, (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.

**Revenue recognition**

Our revenues are generated primarily from product revenue and service revenue through the platform we offer to our customers. We also generate revenues from product sales through AHS stores we operate.

We 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 we expect 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, we follow five steps for our 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.

**Net Product Revenue**

The majority of our revenue is derived from online product sales. We recognize revenue from the sale of phones and other consumer electronics goods through the two online marketplaces we operate: PJT Marketplace and Paipai Marketplace. We utilize external delivery service providers to deliver goods to our customers. We present revenue generated from our sales of products on a gross basis as we have control of the goods and have the ability to direct the use of goods to obtain substantially all the benefits, and recognize revenue at the point of time when the goods have been delivered to the customers. The customers pay for the goods in advance. We offer our customers right of return for a period of three to seven days upon the receipts. Product revenues are reduced by estimated sales return, which has been immaterial in the historical periods.

For product sales through AHS stores, we recognize 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 product and the sale of new product are separately settled in cash on a gross basis and accounted for as two separate transactions. From July 2020, we began to net settle the trade-in transactions, and the fair value of trade-in product is recognized as non-cash consideration for the sale of the new product.

**Net Service Revenue**

In addition to product sales, PJT Marketplace and Paipai Marketplace also serve as online marketplace to provide third-party merchants platform services enabling them to transact with customers, for which we charge commission fees to our merchants and/or customers. Under the platform service arrangement, we act as an agent and do not take control of the products provided by the merchants at any point in the time during the transactions and do not have latitude over pricing of the merchandise.

For PJT Marketplace, we charge 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 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.

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.

We provide a one-year warranty for pre-owned consumer electronics sold on Paipai Marketplace, which is not considered as a separate performance obligation. The costs associated with the warranty was immaterial during the years presented.

**Reconciliation of contract balances**

A receivable is recorded when we have 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 we have transferred products to the customer before payment is received or is due, and our right to consideration is conditional on future

performance or other factors in the contract. There was no contract asset as of December 31, 2018, 2019, 2020 and March 31, 2021. Accounts receivable was recorded within prepayments and other receivables, net and not material for all periods presented.

A contract liability exists when we have received consideration but have not transferred the related goods or services to the customer. Our contract liabilities mainly consist of payments received from customers before they received the products, and were included in accrued expenses and other current liabilities in the consolidated balance sheets. The contract liabilities were recognized in revenue in the next month.

There was no costs of obtaining a contract for the years ended December 31, 2018, 2019, 2020 and March 31, 2021.

#### **Business combination**

In order to further grow our business and access to the mass retail consumers, we acquired Paipai, a B2C online retail platform for pre-owned products, from JD.com, Inc. ("JD") on June 3, 2019. The tangible assets acquired primarily include property and equipment related to the operations of Paipai platform such as computers. The intangible assets acquired primarily include resources provided by JD under a business cooperation agreement entered into together with the acquisition of Paipai, brand names, non-compete commitment, technology and platform, deferred tax liabilities and goodwill. In addition to the tangible and intangible assets, we received a net cash of US\$20.1 million from JD. As a consideration, we issued 27,500,098 Series E preferred Shares to JD.com Development Limited. We accounted for this acquisition as business combination.

We entered into an exclusive business cooperation agreement with JD in 2017 for a period of three years. In 2019, we amended and extended the business cooperation agreement as part of our acquisition of Paipai Marketplace and recognized an incremental value to the existing business cooperation agreement, together with the newly acquired technologies/platform, non-compete commitment and brand names as identifiable assets. Under the exclusive business cooperation agreement, JD provides us with an access portal on its own platform that links to our purchasing and selling online marketplace, including Paipai Marketplace, and we pay JD channel commission based on transaction volume and recorded such payments in selling and marketing expenses.

The fair value of the convertible redeemable preferred shares and purchase price allocation were determined by us with the assistance of a third party valuation firm.

The identifiable assets acquired are required to be recognized and measured at fair value as of the acquisition date. An intangible asset is identified if it meets either the separability criterion or the contractual-legal criteria in accordance with ASC 805, Business Combination. The assembled workforce did not meet the separation criteria or the contractual-legal criteria and therefore, are not identifiable and not recognized apart from goodwill. Goodwill recognized from the acquisition was assigned to the entire group and is not expected to be deductible for income tax purposes. The acquisition cost incurred and expensed for the business combination was immaterial.

The fair value of the Business Cooperation Agreement was determined using the cost saving method. Under the cost saving method, the operation cost we can save with our cooperation with JD Group, including savings in marketing expense, commission fee and traffic expense have been assessed. Certain key assumptions such as page views on JD channel, cost per click and ratio of commission fee have been benchmarked against the industry. The estimated economic lives of Business Cooperation Agreement were based on the terms of the agreement.

The fair value of Brand names and Technology platform was determined using the relief from royalty method. Under relief from royalty method, the royalty savings from owning the intangible assets have been determined with reference to the market transactions. The estimated economic lives of Brand names and Technology platform was determined with reference to the industry average data.

The fair value of Non-compete commitment was determined using with and without method. Under with and without method, the difference between the values of the business with and without the agreement in place has been assessed. Certain key assumption such as the impacts on revenue and profitability without the Non-compete commitment as well as the probability of competition have been taken into account. The estimated economic lives of Non-compete commitment was based on the terms of the agreement.

Following the initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

**Intangible assets, net**

Intangible assets mainly include those acquired through business combinations. Intangible assets arising from our acquisition of Paipai business from JD including Business Cooperation Agreement (“BCA”), Non-Compete Commitment (“NCC”), technology/platform and brand names 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 future growth rates and weighted average cost of capital. 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:

<u>The identifiable intangible assets</u>	<u>Amortization Years</u>
Brand names	10 years
BCA	1-6 years
Technology/platform	5 years
NCC	5 years

**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.

We chose to early adopt Financial Accounting Standards Board (“FASB”) revised guidance on ASU 2017-04 “Testing of Goodwill for Impairment” on January 1, 2018. Under this guidance, we choose to apply a qualitative assessment first, it starts the goodwill impairment test by assessing qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If we determine that it is more likely not the fair value of a reporting unit is less than its carrying amount, the quantitative impairment test is mandatory. Otherwise, no further testing is required. The quantitative impairment test consists of comparison of the fair value of a reporting unit to its carrying amount.

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. Changes in these estimates and assumptions could materially affect the determination of fair value for each reporting unit. We have determined we have only one reporting unit and performs our annual goodwill impairment analysis on December 31 of every year.

We did not have any goodwill prior to 2019. As of December 31, 2019 and 2020 and March 31, 2021, we performed qualitative analysis and concluded that it was not more likely than not that the fair value of the reporting unit is less than its carrying amount. As of December 31, 2019 and 2020 and March 31, 2021, the fair value of the reporting unit was substantially in excess of the carrying value and was not at risk of failing quantitative assessment. As a result, no further quantitative analysis was deemed necessary and no goodwill impairment was recognized for the years ended December 31, 2019 and 2020 and the three months ended March 31, 2021.

**Fair value of the options**

Prior to this offering, we were a private company with no quoted market prices for our ordinary shares. We therefore made estimates of the fair value of our ordinary shares at various dates for the purpose of determining the fair value of our ordinary shares at the grant dates of share-based compensation awards to our employees to determine the grant date fair value of the awards, as well as determining whether there's any beneficial conversion feature to be recognized for our convertible redeemable preferred shares. Such valuation estimates will no longer be necessary once we go public and our underlying shares begin trading as we will rely on the market price to determine the market value of our common stock.

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 2018, 2019 and 2020 were as follows:

	For the years ended December 31,		
	2018	2019	2020
Expected volatility	47.59%~50.39%	45.98%~46.55%	47.28%~48.09%
Risk-free interest rate (per annum)	2.69%~3.06%	1.67%~2.41%	0.66%~0.92%
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	RMB8.66~ 24.79	RMB24.37~ 39.06	RMB36.02~ 47.16
Fair value of share option	RMB5.11~ 24.15	RMB23.68~ 38.40	RMB35.37~ 46.53

We 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. We 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. As we had no option exercise history, it 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.

We determined the fair value of ordinary shares underlying each share option grant based on estimated equity value and allocation of it to each element of our capital structure (preferred shares and ordinary shares) using equity allocation model. In our case, three scenarios were assumed, namely: (i) liquidation scenario; (ii) redemption scenario; and (iii) mandatory conversion scenario. Under liquidation and redemption scenarios, option pricing method was adopted to allocate the value between preferred shares and ordinary shares according to their respective rights. Under mandatory conversion scenario, the equity value was allocated to preferred shares and ordinary shares on an as-if converted basis.

In determining our equity value before we become a public company, we used both back-solve method and income approach (i.e. discounted cash flow, or DCF method) to determine the fair value of the business enterprise value. We considered the methods we applied are the most appropriate in accordance with the guidelines outlined in the American Institute of Certified Public Accountants' Practice Aid, Valuation of Privately-Held Company Equity Securities Issued as Compensation, with the assistance of an independent third-party appraiser.

The assumptions we used in the valuation model are based on future expectations combined with management judgment, with inputs of numerous objective and subjective factors, to determine the fair value of ordinary shares, including the following factors:

- our operating and financial performance;
- current business conditions and projections;
- our stage of development;
- the prices, rights, preferences and privileges of our preferred shares relative to our ordinary shares;
- the likelihood of achieving a liquidity event for the ordinary shares underlying the share-based awards, such as an initial public offering;
- any adjustment necessary to recognize a lack of marketability for our ordinary shares;
- the market performance of industry peers;
- long-term inflation rate; and
- nominal domestic gross domestic product (GDP) growth rate applicable to China.

The back-solve method is a market approach which is used to solve our implied aggregate equity value by considering the rights and preference of each class of equity and solving for the total equity value that is consistent with a recent transaction in the securities. The equity value used in valuing all of the stock option grants in 2020 were determined using the back-solve method.

The analysis of DCF is based on the projected cash flows using management's best estimates as of the valuation dates. The determination of fair value requires complex and subjective judgments to be made regarding projected financial and operating results, our unique business risks, the liquidity of our shares and our operating history and prospects at the time of valuation. The major assumptions used in the DCF include:

- *Weighted average cost of capital, or WACC:* The discount rates applied in the DCF were based on the WACCs determined after considering factors including risk-free rate, equity risk premium, company size and other non-systematic risk factors, pre-tax cost of debt, tax rate, and capital structure based on the industry average.
- *Comparable companies:* In deriving the WACCs, which are used as the discount rates under the income approach, six similar publicly traded companies were selected for reference as our guideline companies.
- *Discount for lack of marketability, or DLOM:* Finnerty model was used to estimate the discount for lack of marketability. Under Finnerty model, the cost of put option, which can hedge the price change before the privately held share can be sold, was considered as a basis to determine the lack of marketability discount. The said model is one of the commonly adopted methods in estimating DLOM as it can take into consideration factors like timing of liquidity event and estimated volatility of ours shares. The lower DLOM is used for the valuation, the higher is the determined fair value of the ordinary shares. The equity values used in valuing certain stock option grants in 2018 and 2019 were determined using the DCF method using DLOMs of 16%-17%.

The income approach involves applying appropriate discount rates to estimated cash flows that are based on earnings forecasts. The growth rates of our revenues contributed to the fair value of the shares. However, fair value is inherently uncertain and highly subjective. The assumptions used in deriving the fair value are consistent with our business plan. These assumptions include: no material changes in the existing political, legal and economic conditions in China; our ability to retain competent management, key personnel and staff to support our ongoing operations; and no material deviation in market conditions from economic forecasts. These assumptions are inherently uncertain. The risks associated with achieving forecasts were assessed in selecting the appropriate discount rates.

As of December 31, 2020 and March 31, 2021, share-based compensation related to options of RMB91.8 million and RMB103.6 million (US\$15.8 million) would be recognized immediately, respectively, if the IPO Condition had been met. As of December 31, 2020 and March 31, 2021, there were RMB124.2 million and RMB107.4 million (US\$16.4 million) of total unrecognized compensation expenses related to options for the future period, respectively.

The assumptions used in share-based compensation expenses recognition represent our 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.

#### **Recent Accounting Pronouncements**

A list of recently issued accounting pronouncements that are relevant to us is included in Note 2.32 "Recent accounting pronouncements" to our consolidated financial statements included elsewhere in this prospectus.

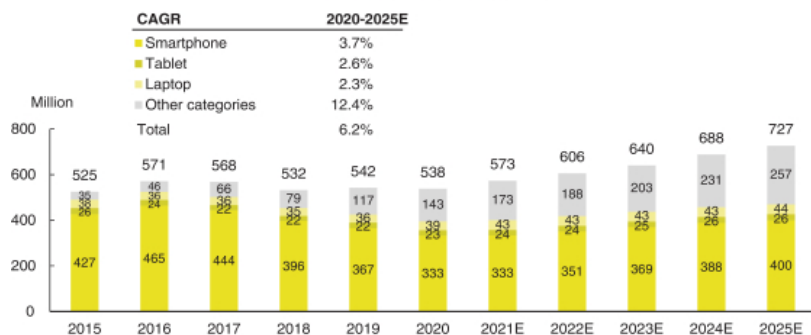
**INDUSTRY**

The information presented in this section has been derived from an industry report dated April 21, 2021 and commissioned by us and prepared by China Insights Consultancy, or CIC, an independent research firm, to provide information regarding our industry and our market position in China. Neither we nor any other party involved in this offering has independently verified such information, and neither we nor any other party involved in this offering makes any representation as to the accuracy or completeness of such information. Investors are cautioned not to place any undue reliance on the information, including statistics and estimates, set forth in this section or similar information included elsewhere in this prospectus.

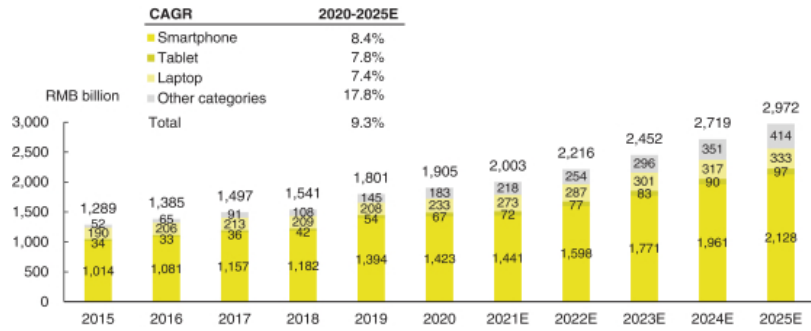
**China's Consumer Electronics Market is Massive with Strong Growth Momentum**

Consumer electronic devices such as smartphones have become basic necessities of everyday life as our economy becomes increasingly digitalized. Continued growth of disposable income is fueling consumer electronics purchases in China. According to CIC, an independent consulting firm, annual new device shipment volume in China reached 537.8 million in 2020, which was 1.8 times of the new device shipment volume of 294.8 million in the United States, and is forecasted to reach 726.7 million by 2025. Annual new consumer electronic devices retail sales reached RMB1,904.9 billion in 2020, and is forecasted to reach RMB2,972.1 billion by 2025.

**Annual new consumer electronic devices shipment volume with breakdown by category, China, 2015-2025E**



**Annual new consumer electronic devices retail sales value with breakdown by category, China, 2015-2025E**

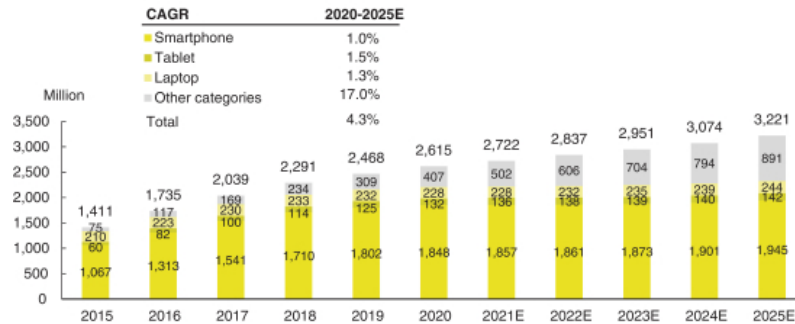


Source: CIC

Note: other categories include true wireless stereo headset, smart band, smart watch, digital camera and lenses, sports camera, e-book, game console, drone, among other things.

Also, updates and upgrades of consumer electronic devices are needed as the exponential growth of digital content requires ever higher computing power, faster speed, better graphics and more storage capacity. Additionally, research has shown longer screen time among Chinese users than the world average due to a greater variety of mobile internet enabled content such as live streaming, short-form videos and gaming. As a result, there is a massive, ever increasing number of consumer electronic devices in circulation in China. CIC estimates that there were 2,615.4 million consumer electronic devices in circulation that are still with use value in China in 2020, which represents 3.0 times of the 868.7 million in the United States, and the volume is expected to grow to 3,221.3 million by 2025.

**Total volume of consumer electronic devices in circulation that are still with use value with breakdown by category, China, 2015-2025E**



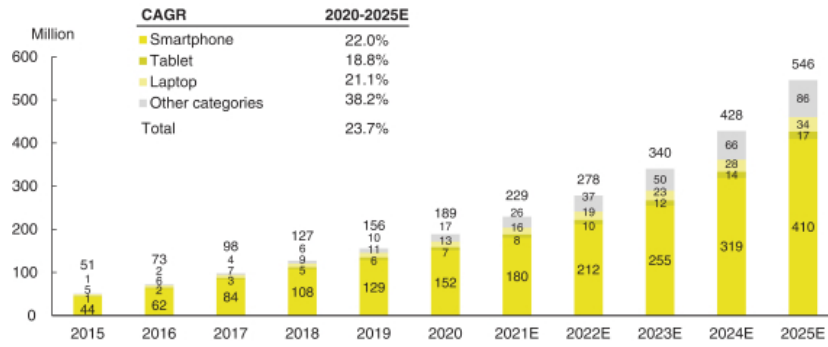
Source: CIC

Note: other categories include true wireless stereo headset, smart band, smart watch, digital camera and lenses, sports camera, e-book, game console, drone, among other things.

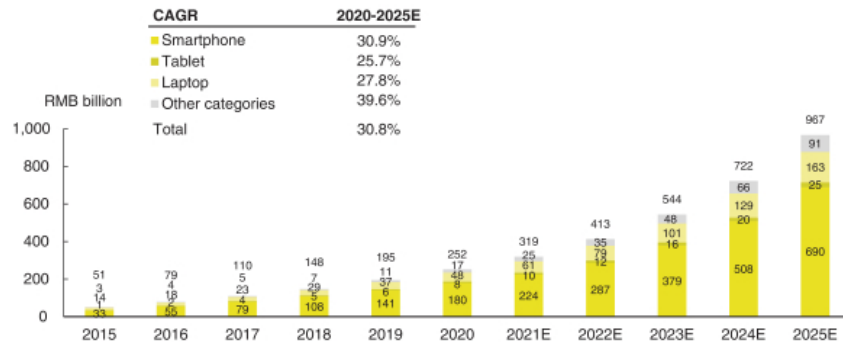
The massive volume of consumer electronic devices in circulation in China has given rise to a thriving market for trading these devices. Currently, penetration rate of traded pre-owned consumer

electronic devices relative to number of consumer electronic devices in circulation, which is calculated as: number of unique traded pre-owned devices divided by total number of devices in circulation, is still as low as 3.7% in 2020. However, this rate is expected to increase in the next five years to reach 9.4% by 2025, implying significant growth potential for the pre-owned devices transaction market. CIC estimates China's pre-owned consumer electronics transactions and services market by total number of devices transacted to merchants and consumers to be 188.6 million in 2020, and the market is expected to grow at a 23.7% CAGR to reach 545.8 million by 2025. CIC estimates China's pre-owned consumer electronics transactions and services market to be RMB252.2 billion in 2020 by distribution GMV to merchants and consumers, and the market is expected to grow at a 30.8% CAGR to reach RMB967.3 billion by 2025.

**Pre-owned consumer electronics transaction and services market by total number of devices transacted to merchants and individual buyers, China, 2015-2025E**



**Pre-owned consumer electronics transaction and services market by distribution GMV to merchants and individual buyers, China, 2015-2025E**



Source: CIC

Note: other categories include true wireless stereo headset, smart band, smart watch, digital camera and lenses, sports camera, e-book, game console, drone, among other things.

A number of factors are driving the fast growth of the pre-owned consumer electronics transactions and services market in China:

- *Continued growth of pre-owned devices volume.* Total volume of pre-owned consumer electronic devices continues to grow. Also, average selling price per device is rising as manufacturers are increasingly rolling out high-end devices featuring the latest technologies.
- *Increasing willingness to trade.* People are becoming more willing to trade in and purchase pre-owned devices. This is due to a shift in mindset and consumption habits that results from increasing convenience and standards of pre-owned transactions and services.
- *Growing environmental awareness.* Progressive environmental policy and growing environmental awareness among enterprises and individuals give rise to more initiatives in proper recycling and disposal of pre-owned consumer electronic devices. Leading device brands such as Apple and Xiaomi are also promoting trade-ins as ESG initiatives.

Pre-owned consumer electronic devices transactions complement new device sales in China. Particularly, innovative forms of transacting such as trading-in used devices for new ones serve to encourage new device purchases by lowering the net cost of the purchase. Device brands are therefore embracing pre-owned devices transactions to promote sale of new models.

The pre-owned consumer electronics transactions value chain typically contains C2B, where individual consumers turn in their devices to a dealer; B2B, where dealers trade with one another; and B2C, where dealers sell the pre-owned devices to consumers again. After a device is recycled, each step of the value chain adds a markup before it is sold to the next layer – the end buyer typically pays 60-80% more than the original recycling price. According to CIC, the typical markup is 25-30% for C2B, 25-30% for B2B, and 10-20% for B2C.

CIC conducted a survey to gauge consumers' interest in pre-owned mobile phones in China in 2021. Nearly 90% of the 1,000 survey respondents expressed willingness to purchase pre-owned devices in the future – when asked about their experience and interest in pre-owned devices, 44.7% chose the option "had bought pre-owned device before, willing to buy again" and 44.9% chose "never bought pre-owned device before, will consider in the future". The main reasons for respondents' interest in purchasing pre-owned devices include quality of up-to-date pre-owned devices being closer to new devices, higher value for money, sufficient functionality for daily use and serving as spare devices.

The survey result also demonstrates that consumers in China prefer pre-owned premium brands to new mass market brands. The respondents were asked to rank their preferences from a mix of new and pre-owned models in five price ranges. Pre-owned, higher-end models from premium brands such as Apple and Huawei are universally chosen over new devices from mass market brands such as Xiaomi, OPPO and VIVO.

Additionally, the following factors are most cited by the survey respondents as factors that can increase their willingness to purchase pre-owned devices:

- Availability of professional grading report for purchasing reference
- Transparent source of pre-owned devices to avoid purchasing stolen goods
- Availability of additional warranty services
- Robust data privacy protection
- Availability of renowned platforms for transactions
- Faster transaction process with offline delivery service

### Challenges in the Pre-owned Consumer Electronics Industry in China

Despite the massive market opportunity and growth potential for pre-owned consumer electronics transactions in China, this market is facing a number of fundamental challenges caused by a lack of industry standards.

- *Lack of channels.* China's pre-owned consumer electronics transactions and services market has historically been driven by a diverse range of retailers ranging from branded stores to e-commerce platforms, offline mom-and-pop stores and small merchants without trustworthy brands. There is a lack of established channels for consumers, small merchants, retailers and consumer electronics brands to trade in and purchase pre-owned consumer electronic devices. Consumers are not aware of where and how to trade; merchants are burdened with inconsistent supply of pre-owned devices and uncertainty in selling their inventory; and retailers and brands have to source relationships with small, non-standardized trading partners around the country.
- *Inefficiency.* The multi-layered value chain leads to many levels of trades among intermediaries, making the transaction process long and inefficient. Participants in the value chain include consumer electronic brands, distributors, merchants, retailers and resellers and finally consumers. It usually takes over 25 days for a recycled device to go through all the intermediaries from initial trade-in to an end user receiving the device.
- *Opaque pricing.* Information asymmetry between consumers and merchants, and sometimes among merchants themselves, makes quality and price of pre-owned devices not fully transparent. The void of industry standards on quality inspection, grading and pricing leads to low confidence in quality and opaque pricing.
- *Data privacy concerns.* User privacy and data protection is another area of concern that limits mass consumer adoption. As electronic devices nowadays contain sensitive user data such as identity information, biometrics, travel history, and other sensitive personal information, proper cleansing of such data is critical before a pre-owned device is circulated back into the market. However, this is not guaranteed without industry standards in place.

### Emergence of Transactions and Services Platforms in China

In recent years, platforms for transactions and services of pre-owned consumer electronics goods have emerged in China. These platforms with their own processing capabilities help address the challenges in the industry by bringing efficiency and transparency to the market.

- *Effectively connecting buyers and sellers.* These platforms effectively connect buyers and sellers of pre-owned devices. As a result, consumers, merchants and retailers and brands can all find the right channels to buy or sell. This largely increases the circulation of pre-owned devices in the market.
- *Reducing number of intermediaries.* Buyers and sellers can find each other on the platforms and directly trade pre-owned devices. This removes the multi-layered intermediaries in traditional channels, hence improving efficiency in the transaction process.
- *Bringing standards to the industry.* Leading platforms have established standard practices in the industry for quality inspection, grading and pricing. With industry standards in place, these platforms can control the end-to-end transaction process and enhance the services they offer. This leads to consistent quality control, significantly improved transparency in pricing and better user data protection. All of these serve to increase trust in the transaction process.

Consumers and merchants are increasingly turning to such platforms to trade pre-owned devices due to the benefits these platforms provide. CIC estimates that approximately 13.5% of pre-owned



phone transactions in China were conducted through these platforms in 2020, and the penetration rate is expected to increase to over 20% by 2025.

A number of factors are driving further growth in total number of transactions on such platforms in China:

- *Network effects.* Growing number of buyers and sellers drives one another and reinforces the platforms as established channels for transaction of pre-owned devices.
- *Partnership with consumer electronics brands and e-commerce leaders.* Leading platforms in China are partnering with consumer electronics brands and major e-commerce players to increase exposure to consumers and bring in new use cases such as trading in old devices for new ones. Additionally, brands and e-commerce players are increasingly turning to such platforms to dispose unsold inventory and older models.
- *Data insights.* Accumulation of transaction data and user feedback helps enhance platform functions and improve service quality, thereby attracting further adoption of these platforms.

### **Competitive Landscape**

According to the CIC Report, pre-owned consumer electronics transactions and services in China is a fragmented market with a massive number of offline small-scale merchants. In 2020, the top 5 players took an aggregate market share of 11.9% in terms of distribution GMV to merchants and consumers, and 13.0% in terms of total number of devices transacted to merchants and consumers.

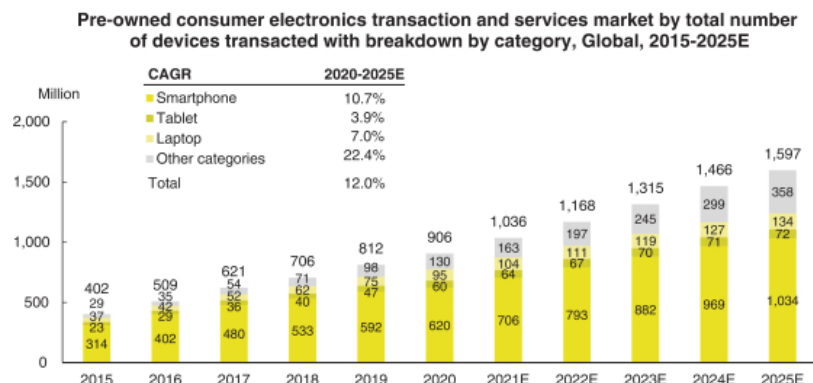
We are the largest player by both distribution GMV for electronics and total number of distribution transactions to merchants and consumers, with market share of 6.6% in terms of distribution GMV and 8.7% in terms of total number of devices transacted in 2020. We also have the largest GMV for electronics and volume for devices recycled directly from consumers in 2020. Additionally, we are the only end-to-end platform integrating C2B, B2B and B2C capabilities with both online and offline presence, according to the CIC Report.

The following are the key success factors determining the competitive position of transactions and services platforms for pre-owned consumer electronic devices:

- *Effective sourcing of supply.* In the pre-owned goods transaction market, supply of goods shapes the market. Leading platforms for the transactions and services of pre-owned consumer electronics are able to efficiently and consistently source supply of pre-owned devices from consumers and merchants through a variety of channels, both online and offline. Due to the nature of this largely supply-driven market, those who can effectively secure supply will be well positioned in the industry.
- *Processing capabilities at scale.* Pre-owned consumer electronic devices are non-standardized products with large variations in condition and quality. Proper inspection and quality grading of these devices are needed before putting them up for sale again. Successful transactions and services platforms have in-house operation centers to inspect and grade large volumes of devices with recommended pricing for each device.
- *Scale and network effect.* Scale in terms of number of buyers and sellers as well as transaction volume indicates the strength of the platforms as effective channels. Once scale is established, the two-sided network effect with buyers and sellers will reinforce the platforms' competitive moat in the market.

**Global Opportunities for China’s Leading Platforms**

Consumer electronic devices have natural advantages for trading at the global scale. They have similar customer needs across different regions and countries. Their small size, relatively high value per item and ease of shipment also make them a top traded goods globally. The worldwide market for pre-owned consumer electronics transactions and services is 4.8 times that of China in terms of total number of devices transacted in 2020.



Source: CIC

Note: other categories include true wireless stereo headset, smart band, smart watch, digital camera and lenses, sports camera, e-book, game console, drone, among other things.

The global value chain of pre-owned consumer electronics is more centralized compared to China. In developed markets, telecommunication operators such as AT&T and Verizon, and retailers, such as Walmart and Best Buy, process the majority of device trade-ins—their customers usually trade in old devices when renewing service plans or buying new devices from them. Devices recycled from developed markets flow into major global trading hubs including Miami, Hong Kong SAR and Dubai, where they are sold in wholesale to regional distributors and dealers offline. Eventually most of these pre-owned devices are sold to end users in developing economies.

With wholesale as the main form of transaction, the global pre-owned consumer electronics value chain is unsophisticated and inefficient. This stems from the fact that quality inspection are mostly manual and therefore cannot be accurately performed due to time constraints, technical limitations, and high labor cost. The lack of quality inspection with granularity leads to devices that are graded in bulk only suitable for wholesale transactions, as opposed to by-device transactions. In addition, digital platforms for pre-owned devices do not exist in the global market. Hence, there is a lack of algorithm-enabled pricing, resulting in a slow feedback loop for pricing. The void of digital platforms also implies multi-layered intermediaries that create inefficiencies and frictions in the transaction process.

China is one of the global hubs for trading pre-owned consumer electronics products. According to the CIC Report, nearly 30% of world’s pre-owned smartphones are traded through Hong Kong SAR to the global markets. Leading transactions and services platforms in China with expertise in digital operations and capabilities in mass device inspection, grading and pricing have the opportunity to disrupt the global value chain and expand their footprint worldwide. Their existing technologies and capabilities, accumulated from and refined by the enormous transaction volumes in China, can be easily extended to the global markets.

## BUSINESS

### Our Mission

To give a second life to all idle goods.

We founded our company with the belief that environmental problems can be addressed while achieving commercial success. Since inception, we have transformed the pre-owned consumer electronics industry in China by facilitating recycle and trade-in services and further grown the industry by connecting and empowering all participants in the ecosystem. We remain excited about pursuing our mission and will leverage our platform and technology to continue to standardize mass-market pre-owned consumer goods.

### Our Vision

To enable pre-owned consumer electronics transactions and services globally by leveraging technology.

### Overview

#### Who We Are

We are the largest pre-owned consumer electronics transactions and services platform in China in terms of GMV for electronics and the number of devices transacted by merchants and consumers, with a market share of 6.6% and 8.7% in terms of GMV for electronics and number of devices transacted, respectively, in 2020, according to the CIC Report. Our GMV for electronics and number of devices transacted on our platform for the year ended December 31, 2020 were both greater than the next five largest platforms combined, according to the CIC Report. Total GMV transacted on our platform was RMB22.8 billion and the number of consumer products transacted on our platform was 26.1 million for the twelve months ended March 31, 2021, representing year-over-year growth from the twelve months ended March 31, 2020 of 66.1% and 46.6%, respectively. Total GMV transacted on our platform was RMB6.2 billion and the number of consumer products transacted on our platform was 6.4 million for the three months ended March 31, 2021, representing year-over-year growth from the three months ended March 31, 2020 of 106.7% and 68.4%, respectively.

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. According to the CIC Report, 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, China's leading online and offline offering for recycle and trade-in services primarily for reuse. 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 mass 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 March 31, 2021, we operated 753 AHS stores throughout China. In 2020 and the three months ended March 31, 2021, out of all consumer products transacted on our platform, 67.7% and 69.7% were mobile phones, respectively, while the remaining were other electronics such as laptops, tablets and digital cameras, luxury goods, household items and books.

**Market Opportunities in China for Creating a Pre-owned Consumer Electronics Infrastructure**

Without effective recycling standards and channels, consumer electronic devices are often discarded after a short life cycle. In China, annual new device shipment volume reached 538 million in 2020, according to the CIC Report. Discarded devices pollute the environment and have impacted people's daily lives. Additionally, though some individuals desire pre-owned devices, there are few trusted channels to purchase high-quality and reliable pre-owned devices. We are the only sizable online pre-owned consumer electronics transactions and services platform that provides quality warranty services, according to the CIC Report. As for offline channels, small merchants are incapable of trading high-quality pre-owned devices consistently absent of the necessary inspection and pricing endorsement from reputable platforms. In addition, consumers themselves are unable to distinguish the difference in credibility among various merchants.

We believe increasing the volume and speed of circulation of pre-owned consumer electronics is the solution to these problems. Our business emerged due to the inherent differences in the consumer electronics market between China and the rest of the world. We believe there is no better market in which to create the infrastructure for pre-owned devices than China given the following defining characteristics:

- *Largest consumer electronics market globally:* According to the CIC Report, China has the world's largest number of consumer electronic devices in circulation in 2020, greater than that in the United States and Europe combined. More devices and more frequent roll-out of new models lead to more frequent replacements and more pre-owned goods as a result. This creates a larger market opportunity for pre-owned consumer electronics.
- *More fragmented supply of pre-owned consumer electronics:* According to the CIC Report, China has many more consumer electronics brands than the United States, with fewer dominant brands and a greater variety of product models. Sales channels are also more fragmented in China. Mobile phones are available for purchase at a diverse range of retailers ranging from branded stores to e-commerce platforms, offline mom-and-pop stores and small merchants. Fragmentation of supply creates the opportunity to aggregate access to pre-owned devices on a single platform.
- *More varied consumer purchase patterns:* Consumers in the United States frequently acquire mobile phones from mobile network operators or large retailers bundled with service contracts. Trade-ins often happen when renewing those contracts, resulting in a centralized recycling network. Meanwhile, consumers in China typically acquire mobile phones without service contracts. The lack of trade-in at contract renewal decentralizes the recycling ecosystem and diversifies the supply of pre-owned devices in China. In this diverse retail environment, trade-ins are processed inefficiently and with limited scale. This opens an opportunity for an advanced platform to facilitate recycling and the sale of pre-owned devices.

- *Greater consumer demand for pre-owned goods:* With a much lower disposable income per capita of US\$4,983 in China compared to US\$52,997 in the United States in 2020, according to the CIC Report, demand for value-for-money pre-owned consumer electronic products is much stronger in China than in more developed economies. As a result, China's economy has a greater degree of reuse and internal circulation compared to more developed economies, where procured pre-owned consumer electronics are typically exported overseas. Internal circulation of goods leads to the creation of a complex, multi-regional value-chain dedicated to recycling and transacting pre-owned goods throughout China. The existence of this largely offline and traditional value-chain creates the need for the standardization of pre-owned goods transactions and services.

These characteristics have created tremendous and growing market opportunities in China to address pre-owned consumer electronics transactions and services. According to the CIC Report, 189 million pre-owned devices were transacted to merchants and individual buyers in 2020 with RMB252 billion in total GMV distributed to merchants and buyers. The defining characteristics of the industry will propel its rapid growth to 546 million pre-owned devices or RMB967 billion of total GMV by 2025, representing CAGRs of 24% and 31%, respectively. We believe we are uniquely positioned to capture this growing market opportunity due to the infrastructure we have created that digitalizes and standardizes the pre-owned consumer electronics industry.

### **Our Platform**

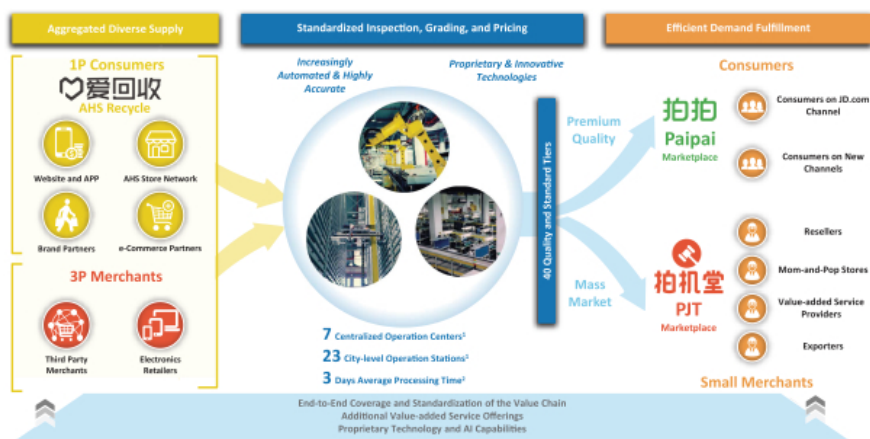
We believe the key to capturing the tremendous opportunity in the pre-owned consumer electronics market in China is the creation of a new infrastructure defined by end-to-end coverage of the value chain and standardization of inspection, grading, and pricing.

- *Aggregated Diverse Supply:* AHS Recycle, our omni-channel business and household brand for the collection of pre-owned consumer electronics, sources supply from consumers. Consumers can sell their pre-owned consumer electronics at any of our online portals or offline locations, or through our strategic partners, including JD.com and Kuaishou. AHS Recycle is central to our strategy of obtaining supply, after which devices are processed in our own operation centers and then resold primarily for reuse through our other offerings including PJT Marketplace and Paipai Marketplace.
- *Efficient Demand Fulfillment:* Given the success of AHS Recycle and our proven ability to obtain supply, we launched PJT Marketplace and Paipai Marketplace to improve the circulation of pre-owned consumer electronics on our platform.
  - PJT Marketplace, founded in late 2017, enables small merchants to acquire pre-owned consumer electronics and retailers, typically in the telecom and phone-retail industries, to bid-for, win, and purchase pre-owned consumer electronics. PJT Marketplace also leverages our proprietary inspection, grading and pricing capabilities and extends this recycling infrastructure to the broader industry, which allows small merchants on the selling side to facilitate their own trade-in programs and pre-owned consumer electronics transactions.
  - Paipai Marketplace, acquired in 2019 from JD Group, enables consumers to buy quality pre-owned consumer goods with ease and convenience. Over time, Paipai Marketplace has expanded to inspect and sell pre-owned goods in verticals outside of electronics, such as luxury goods, household items and books.
- *Standardized Inspection, Grading, and Pricing:* As of March 31, 2021, we operated seven centralized operation centers and 23 city-level operation stations equipped with proprietary data-driven processing technologies, including a fully automated center in Changzhou, China.

Devices sourced from AHS Recycle and PJT Marketplace that are eventually resold on PJT Marketplace and Paipai Marketplace pass through these centers for inspection, grading and pricing. This standardized processing creates widely accepted benchmarks for quality and pricing in the industry. According to the CIC Report, prior to the introduction of our grading and pricing mechanism, offline small merchants lacked access to standardized market quotes for pre-owned consumer electronics. According to the CIC Report, in 2020, approximately 70% of offline small merchants chose to refer to the grading and pricing mechanism from AHS Recycle and PJT Marketplace for their pre-owned consumer electronics trading operations, which we believe showcases the widely accepted benchmark we have created in the industry.

- **Complementary Services:** We provide an increasing variety of services to ecosystem participants to make our platform a one-stop destination for pre-owned consumer electronics. Consumers benefit from in-store value-added services at our AHS stores such as data migration and data erasing, introduction of third-party phone screen maintenance service, instant repair, power bank rental and accessories purchase. Small merchants also have access to modularized offerings on our platform, such as testing and certification through our operation centers, our auction and bidding infrastructure, enhanced fulfillment services and consignment sales. Additionally, our comprehensive trade-in solutions help support phone brands' trade-in programs, by handling their backend collection of devices and improving their online and offline marketing capabilities, thereby increasing the number of new devices sold.

The diagram below illustrates the major components of our platform:



Notes:  
 (1) As of March 31, 2021; (2) According to the CIC Report

**Our Value Propositions**

Our platform brings value to all participants in the consumer electronics ecosystem. By creating industry standards, we have made transactions and services for pre-owned consumer electronics more user-friendly, efficient, transparent, secure, and environmentally friendly and socially beneficial.

- **User-friendly.** Our control of supply and demand channels for pre-owned consumer electronics both online and offline has made it easier for participants to take part in the

ecosystem. Those looking to sell devices can do so online through our website, mobile app, or key partnerships with e-commerce platforms such as JD.com and content community and social platforms such as Kuaishou, or offline at our 753 AHS stores and our over 1,500 self-service kiosks as of March 31, 2021. Those looking to purchase pre-owned devices can do so easily through PJT Marketplace or Paipai Marketplace. Our platform has become a go-to destination for those looking to sell or buy pre-owned devices.

- *Efficient.* The digital nature and end-to-end coverage of our platform has reduced the number of intermediaries and transactions required from trade-in to eventual purchase of a pre-owned device. Our ability to obtain supply, process devices, then resell devices quickly has made the turnaround time of devices much faster than industry average and improved the economics for device sellers and purchasers. Our processing time for inspection, grading and pricing for each device before shipping takes approximately three days, while that of competitors takes up to ten days or longer, according to the CIC Report.
- *Transparent.* Participants in our ecosystem trust transacting pre-owned consumer electronic devices on our platform, which provides consistent pricing based on our proprietary inspection and grading process and standardized metrics. Our nationwide footprint of AHS stores also helps build our brand recognition and provides users with a unique in-store experience, all of which make transacting on our platform easy, trustworthy and transparent.
- *Secure.* We take immense pride in our commitment to data privacy protection. We maintain a stringent data clearance policy including mandatory data erasing before devices enter our operation centers and data erasing in front of our customers who transact in stores. We believe our focus on data privacy protection removes one of consumers' key concerns with taking part in the pre-owned consumer electronics ecosystem, and will benefit the continual growth of our platform.
- *Environmentally Friendly and Socially Beneficial.* Our platform reduces electronic waste by prolonging the life cycle of electronic devices. We also foster the global circulation of certified pre-owned devices, particularly to international markets with strong demand for value-for-money products. We believe that the global circulation of certified pre-owned devices helps everyone in developing economies gain equal access to the benefits of technology.

### **Our Innovation and Technology**

Innovation and technology are at the core of our company and permeate every aspect of our operations.

Our innovations in testing tools help us obtain supply and empower others to participate in the pre-owned consumer electronics transactions. Our self-service trade-in kiosks allow devices to be inspected and display a fair sale price within two minutes. We also have proprietary inspection terminals to help small merchants inspect the need for parts replacement, functionality, battery life, or many other key features quickly and accurately.

Our operation centers are equipped with proprietary technology to assist the inspection, grading, and pricing of devices. Our AI and machine-learning driven algorithms leverage data from millions of transactions, thousands of device models, and millions of device sellers and buyers to refine our quality inspection, grading and pricing.

Our technological strengths in big data analytics improve the day-to-day operations of our AHS stores as well. We apply intelligent store management systems to capture key in-store footprints which we analyze to standardize customer service offerings and manage risk of theft or malpractice. This operational know-how also helps us select sites for new AHS store openings.

### **Our Scale and Financial Performance**

We have experienced substantial growth since our inception in 2011. We operate an inventory-led e-commerce platform that generates product revenue from the sale of pre-owned goods, primarily pre-owned consumer electronics, as well as e-commerce marketplaces that generate services revenue from third-party sales of devices over our platform. In 2020, we had approximately 23.6 million consumer products transacted, which represented an increase of 48.4% from 15.9 million of consumer products transacted in 2019. In the three months ended March 31, 2021, we had approximately 6.4 million consumer products transacted, which represented an increase of 68.4% from 3.8 million of consumer products transacted in the same period of 2020. The number of consumer products transacted in 2020 contributed to GMV of RMB19.6 billion, representing a 60.7% growth from RMB12.2 billion of GMV in 2019. The number of consumer products transacted in the three months ended March 31, 2021 contributed to GMV of RMB6.2 billion, representing a 106.7% growth from RMB3.0 billion of GMV in the same period of 2020.

Our net revenue increased by 20.6% from RMB3,261.5 million in 2018 to RMB3,931.9 million in 2019, and further by 23.6% to RMB4,858.2 million (US\$741.5 million) in 2020. Our net revenue increased by 118.8% from RMB692.2 million in the three months ended March 31, 2020 to RMB1514.4 million (US\$231.1 million) in the same period of 2021. Our loss from operations was RMB256.5 million, RMB731.8 million, RMB458.8 million (US\$70.0 million) and RMB111.4 million (US\$17.0 million) in 2018, 2019, 2020 and the three months ended March 31, 2021, respectively. Our adjusted loss from operations, a non-GAAP financial measure, was RMB232.8 million, RMB535.2 million, RMB143.7 million (US\$21.9 million) and RMB33.6 million (US\$5.1 million) in 2018, 2019, 2020 and the three months ended March 31, 2021, respectively. We recorded net loss of RMB207.9 million, RMB704.9 million, RMB470.6 million (US\$71.8 million) and RMB94.8 million (US\$14.5 million) in 2018, 2019, 2020 and the three months ended March 31, 2021, respectively. Our adjusted net loss, a non-GAAP financial measure, was RMB210.0 million, RMB538.4 million, RMB202.8 million (US\$31.0 million) and RMB36.4 million (US\$5.6 million) in 2018, 2019, 2020 and the three months ended March 31, 2021, respectively. See "Summary Consolidated Financial and Operating Data—Non-GAAP Financial Measures."

### **Our Strengths**

We believe the following competitive strengths contribute to our success and set us apart from our competitors:

#### ***China's largest pre-owned consumer electronics transactions and services platform***

We are the largest pre-owned consumer electronics transactions and services platform in China in terms of GMV for electronics and number of devices transacted, according to the CIC Report, with greater GMV for electronics and number of devices transacted for the twelve months ended March 31, 2021 than the next five largest platforms combined. Our scale is further demonstrated across a number of key metrics. In 2020 and the three months ended March 31, 2021, 23.6 million and 6.4 million consumer products were transacted on our platform. Our AHS Recycle is a household brand in China. As of March 31, 2021, we operated 753 AHS stores, primarily in shopping malls with heavy foot traffic, and over 1,500 self-service kiosks in authorized phone retailers' stores, which established our offline presence in 172 cities. We operated 393, 716 and 731 AHS stores as of December 31, 2018, 2019 and 2020, respectively, and had an offline presence in 93, 142 and 171 cities across China, respectively.

The scale we have achieved is attributable to the breadth of our platform. We provide a variety of trade-in solutions for consumers, small merchants, consumer electronic brands, e-commerce platforms and retailers. We leverage state-of-the-art quality inspection, grading and pricing technologies to



process devices that are traded-in through our platform and eventually resold. We are a go-to destination to purchase pre-owned devices for consumers and merchants through our online marketplaces and partnerships with e-commerce platforms such as JD.com and content community and social platforms such as Kuaisou. We also provide a number of value-added services online and offline to the participants on our platform including device data cleansing, logistics support, and after-sales services to buyers such as warranty and return services. Our leading scale and offerings have made us the preeminent platform for pre-owned consumer electronics transactions and services in China.

***Pioneer in developing industry infrastructure and standards***

We have created a new infrastructure for pre-owned consumer electronics transactions and services in China defined by our end-to-end coverage in the value chain and the enhanced service quality we offer. We are a pioneer in building this infrastructure as, according to the CIC Report, we were the first company in China to:

- extend digital trade-in capabilities to offline recycling locations
- collaborate with consumer electronics brands to enhance trade-in capabilities and increase sales
- enable small merchants to take part in a digital pre-owned consumer electronics transactions and services platform
- define the industry through standardized inspection, grading, and pricing processes
- leverage our domestic capabilities to expand overseas

The infrastructure we have created is enabled by our end-to-end coverage over the pre-owned consumer electronics value chain, from sourcing supply to processing devices to facilitating demand. Our leading sourcing network provides unmatched access to device supply from dispersed channels. We process devices using our proprietary inspection, grading, and pricing technologies which prepare collected devices for resale. Finally, we efficiently distribute pre-owned consumer electronics collected and processed by us to consumer and small merchant buyers.

This end-to-end coverage has created widely accepted industry standards. According to the CIC Report, we are the go-to platform to trade in and purchase pre-owned devices, and the devices transacted and serviced on our platform set new industry standards for quality and pricing. Our operation centers assign quality scores amongst a gradient of 40 different tiers. According to the CIC Report, we provide the most comprehensive inspection process in the industry with 20% more inspection points than the next competitor. Leveraging data insights from thousands of device models, millions of past transactions, and millions of consumer and merchant customers, we maintain a dynamic pricing matrix that also accurately assigns a price based on a given quality score. Our inspection, grading and pricing system is standardizing the industry.

***Unique supply and demand flywheel driving continuous growth***

We believe we capture unparalleled supply and demand for pre-owned consumer electronics.

Our leading supply sourcing covers diversified transaction scenarios and channels. We have a fully omni-channel sourcing network, which includes our website, mobile app, mobile mini programs, AHS stores and kiosks with broad coverage from top- to lower-tier cities. Our online presence enhances our accessibility and broadens our audience, while our offline presence strengthens our brand awareness, provides additional clarity to the trade-in process, and creates an important layer of

interpersonal trust in the trade-in process. In a consumer survey conducted by CIC, around 85% of the respondents believe our company offers a better transaction experience than other channels, both online and offline. We also partner with key supply sources which include consumer channels such as JD.com, for whom we have been processing their "one-stop trade-in" services since 2019, and Kuaishou, on whose platform we process recycle and trade-in transactions. We are also one of Kuaishou's certification and inspection service providers. Our partners also include major smart-phone and other consumer electronic brands and select mobile network operators for whom we process their trade-in offerings, creating a wide and dispersed network from which we source devices to establish our industry leading supply control.

Our leading demand fulfillment drives efficiency in the value chain by serving a wide range of buyers and by offering a wide range of devices across a broad quality spectrum. We sell to small merchant purchasers through our PJT Marketplace and also consumers through our Paipai Marketplace. Through both we offer a range of device quality from premium to middle- and lower- tiers. PJT Marketplace has allowed us to scale our platform by fulfilling the significant demand for pre-owned consumer electronics from small merchants nationwide. Our fast device processing time of approximately three days fulfills demand efficiently. Paipai Marketplace has allowed us to extend our reach to consumers nationwide, completing a closed-loop that begins with sourcing supply from consumers and now also facilitates demand from consumers.

No other platform has as many or as diverse channels for pre-owned consumer electronics, according to the CIC Report. As we source more pre-owned devices, the data insights generated from increased scale make our inspection, grading, and pricing more accurate and reliable. These improved standards reduce processing time and make the entire transaction process more efficient, leading to better transactions and services experiences that bring more demand to our platform. Our unique access to supply and demand strengthens the flywheel that will continue to propel our future growth.

### ***Proprietary and innovative technologies***

We have digitalized the pre-owned consumer electronics transactions and services value chain, and we leverage technology in everything that we do.

We believe that our technological strength is defined by our sourcing technologies, as well as our inspection, grading and pricing technologies. Our sourcing technologies empower merchants to inspect devices and facilitate trade-ins. We launched DeviceHero, our proprietary inspection terminal that is the size of a power bank and helps small merchants inspect the need for parts replacement, functionality, battery life, and many other key features of pre-owned devices in three minutes. We have also deployed over 1,500 automated self-service phone trade-in kiosks throughout the country, primarily through cooperation with major phone brands, to help brands process trade-ins and ultimately increase their sales. The technology in these automated kiosks allows used devices to be inspected and displays a sale price within two minutes.

We have adopted a proprietary automated inspection, grading and pricing system that is highly accurate and increasingly automated, which has been our core technological strength since 2017. We apply higher level of scrutiny on devices traded in from certain customers based on their previous transaction behavior on our platform. Our operation centers which leverage automated inspection systems are able to assign quality grading to pre-owned devices on scale significantly faster and cheaper than manual checks. As a result, we achieve superior efficiency for our inspection, grading and pricing process. Our processing time of inspection, grading and pricing for each device before shipping takes approximately three days, while that of competitors takes up to ten days or longer, according to the CIC Report.

We have created a highly accurate AI and machine learning driven smart pricing model to ensure pricing objectiveness for each device transacted on our platform. We train machine learning and deep learning models with data from thousands of phone models, millions of transactions, and the purchasing behavior of millions of consumers and small merchants that transact on our platform, including buyers' willingness to pay, to accurately price devices. On average, the difference between the suggested listing price we give for auctions and actual transaction price on PJT Marketplace was approximately 3% in the first quarter of 2021.

We also apply an intelligent store management system across our AHS stores. Every aspect of our store operations is digitalized, from physical device collection to sales processes, inventory management and staff management. These technological features allow us to enhance the efficiency of our store operations and overall service quality, and as a result improve customer satisfaction. Furthermore, the digitalization of store management allows us to roll out new stores strategically and scale up our total store count across China more rapidly.

***Highly synergistic relationship with JD Group***

We have a deep and mutually beneficial relationship with JD Group, our largest shareholder, that is highly synergistic to both our and JD Group's operations.

We strategically cooperate with JD Group where we handle all of *JD.com's* transactions of pre-owned mobile phones, laptops, tablets, digital cameras and certain other electronics on the consumer end, and at the same time our own online and offline properties benefit from *JD.com's* large and active consumer traffic, particularly in consumer electronics. We provide JD Group with the trade-in infrastructure, such as our inspection, grading and pricing technologies, for JD Group to offer its customers "one-stop trade-in" services. This offering allows JD Group to further incentivize consumers to buy new devices on its platforms. We also provide to JD Group offline capabilities through our large nationwide AHS store network. In turn, we leverage *JD.com's* millions of active buyers as a source of consumer traffic.

Our Paipai Marketplace was acquired from JD Group in 2019 and we continue to cooperate strongly with JD Group in areas such as direct access to the Paipai Marketplace through the *JD.com* website and app.

We also work with JD Group on new business initiatives, including helping JD Group launch new product categories using the "one-stop trade-in" program. We also collaborate with JD Group on other business functions, such as shared marketing resources, research and development resources, logistics capabilities, customer service and after-sales services.

We plan to further strengthen our partnership with JD Group. In 2019, we renewed the business cooperation agreement initially signed in 2015 with JD Group to a general term of five years and with certain areas of cooperation extending to six years.

***Visionary, entrepreneurial management team continually innovating and transforming the industry***

We are led by Mr. Kerry Xuefeng Chen and our founding team who began our business in 2011 and have shaped the industry ever since. Mr. Chen has led our business and built the management team to execute our mission and vision. He has overseen the rapid growth of our platform including the evolution from a single service provider to a holistic transactions and services platform through the launch, acquisition, and integration of PJT Marketplace and Paipai Marketplace. He has proactively addressed industry-wide challenges to achieve our continued growth and success.

Our broader management team brings with them a host of diverse experiences. Our management team includes executives with deep backgrounds in consumer electronics as well as e-commerce in China such as JD Group. The combination of diverse backgrounds enables us to continually innovate and transform the pre-owned consumer electronics industry.

## **Our Strategies**

We have advanced the pre-owned consumer electronics transactions and services industry since our inception in 2011. Our strategies aim to further grow our business as well as increase the overall penetration and circulation of pre-owned devices in China and globally. To accomplish this, we will leverage the strengths and capabilities of our integrated platform to achieve organic growth, and also actively look for new opportunities to expand our service offerings, geographical coverage and distribution channels.

### ***Expand our sources of supply and continue to empower pre-owned consumer electronics industry participants***

We remain steadfast in transforming the industry and extending our platform by serving the supply end of the value chain. By increasing the supply of pre-owned consumer electronics that are traded-in, processed and sold on our platform, we will enhance the penetration and circulation of pre-owned consumer electronics in China.

We will further expand our offline network of AHS stores and self-service kiosks to accomplish this, which will also expand our offline services as well. Our AHS stores are primarily distributed across top-tier cities. We believe that increasing the density of our offline coverage, especially in lower-tier cities across China, presents a meaningful opportunity to increase the supply on our platform as well as improve our brand recognition for consumers nation-wide.

By leveraging our technological capabilities, we aim to further empower small merchants and consumers through PJT Marketplace and Paipai Marketplace to increase the supply on our platform. We will provide small merchants and consumers proprietary technologies that enable accepting trade-in devices. This will increase the number of small merchants and consumers on our platform as well as the number of consumer products transacted on our platform.

Expanding and deepening our cooperation with partners remains a key focus for our future growth. We have recently expanded our supply partners by signing a business cooperation framework agreement with a PRC affiliate of Kuaishou, which provides our business with an exclusive designated access point in Kuaishou's in-app Kwai Shop to process recycle and trade-in transactions of pre-owned mobile phones through its platform. The agreement also leverages our certification and inspection processes for pre-owned devices sold on Kuaishou. We plan to further strengthen our relationships with key partners, including Kuaishou, and pursue a stronger partnership with JD Group to advance the "one-stop trade-in" program. Doing so will make electronics trade-in even easier for consumers and make trade-in-and-upgrade a more default method while purchasing new electronics. We also plan to further collaborate with JD Group to expand our co-branded recycle store network. In addition, we plan to strengthen our capabilities to provide comprehensive full life-cycle services to JD Group's users covering pre-sale, sales and post-sales processes. We believe that these collaboration efforts with JD Group will help expand the supply on our platform.

### ***Further strengthen the industry infrastructure and our ability to define industry standards***

We intend to further define industry standards for pre-owned consumer electronics transactions and services.

We plan to introduce new value-added services to deepen our relationship with participants across the pre-owned consumer electronics value chain, such as cell phone repair or refurbished-phone sales. These new services will allow our platform to capture more use-cases in the electronics ecosystem, adding to the infrastructure which we have created.

We will also invest in our operation capabilities, including building more operation centers and further automating existing ones. This investment will improve the accuracy, speed, and cost-effectiveness with which we can apply our proprietary inspection, grading, and pricing technologies to more pre-owned devices. More devices with our quality control and pricing will advance industry infrastructure, and the continuous improvement in our operation capabilities from more investments made, more experience accumulated and more data collected will further define industry standards.

***Increase demand by broadening our consumer and merchant reach and other distribution channels***

We plan to increase the number of consumers and small merchants to whom we sell pre-owned consumer electronic devices.

To increase the number of consumers that come to Paipai Marketplace to purchase pre-owned devices, we will further strengthen our cooperation with JD Group regarding traffic sharing. This will give our platform access to a greater percentage of JD Group's large, active buyer base. Expansion of distribution channels will also create new growth opportunities for us. We intend to cooperate with leading live-streaming platforms that are increasingly focused on e-commerce. These partnerships will increase the number of consumers that come to our platform. In addition, we also plan to strengthen the distribution channels of Paipai Marketplace, by opening more boutique offline retail stores to reach more customers across the country.

To increase the number of small merchants that come to PJT Marketplace to purchase pre-owned devices, we plan to expand further into lower-tier cities in China. This will attract more buyers and sellers to participate in the recycling ecosystem which will in turn increase our addressable market. We will also collaborate with offline retailers looking to purchase pre-owned devices, bringing additional demand to our platform. Finally, we will expand the spectrum of services and increase the depth of services we provide to small merchants, in order to attract more buyers and sellers to our recycling ecosystem.

***Continue to improve our technology capabilities***

We aim to strengthen the technology capabilities of our platform. We plan to upgrade existing and introduce new automation technologies at our operation centers. We will invest in inspection, testing and warehousing technologies such as intelligent sensors and automated vertical warehousing. Further automated operation centers will decrease labor costs and increase inspection efficiency and accuracy.

Our technological capability to price devices accurately is our key competitive advantage and serves as our growth engine. We will further optimize our pricing engine by continuing to leverage the data insights from more devices processed, more transactions completed, and more consumers and small merchants who participated on our platform. This will make our assigned pricing more accurate to those who trade in and purchase on our platform, attracting more consumers and merchants.

In addition, we plan to become more data-driven in all aspects of our operations. Our AHS stores will operate more efficiently as we trace more offline operation footprints and leverage data insights to improve in-store management and customer service.

### **Grow our international presence**

We believe that most international markets lack quality inspection and pricing standards for pre-owned consumer electronics similar to those in China before we began to standardize the industry. Meanwhile, international markets have tremendous demand for pre-owned consumer electronics as a value-for-money option to enjoy the benefits of technology. In order to capture this robust growth opportunity, we intend to expand the international presence of our business.

We plan to leverage our technology and service offerings to collaborate with international mobile network operators and device resellers. We will extend our industry standards and trade-in processes internationally to allow emerging markets such as Southeast Asia, Latin America and Africa, to benefit from the trade-in infrastructure we have created in China.

We also plan to increase the global circulation of pre-owned devices from China by selling to international device resellers. We believe there is significant demand for pre-owned devices in international markets, and selling to these markets will meaningfully increase the volume of devices transacted on our platform.

We may also pursue selected investments or acquisitions in pre-owned consumer electronics transactions and services platforms outside of China, as we believe international markets present a large market opportunity.

### **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 self-operated 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 allowed us to quickly secure supply of consumer electronics, 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 Paijitang 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 and beyond:** 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. Since early 2021, we have started a pilot project to operate offline proprietary boutique stores where we sell the devices procured from AHS Recycle and PJT Marketplace to end consumers directly. The offline proprietary stores serve as another channel to reach the demand side of the pre-owned consumer electronics industry. As of the end of March 2021, we operated 2 Paipai stores in China.

## **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 or trade them in for new devices. AHS Recycle's established online channels, together with our nationwide AHS stores, help consumers trade their devices for fair prices with data privacy and security ensured. 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 allows small merchants and other participants along the pre-owned consumer electronics value chain to launch their own trade-in programs at ease. 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 all 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 among those sourced from third-party merchants and AHS Recycle and sell them in our *Paipai Selection* (拍拍严选) flagship 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 China, primarily in the Southeast Asia and Africa.

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 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.

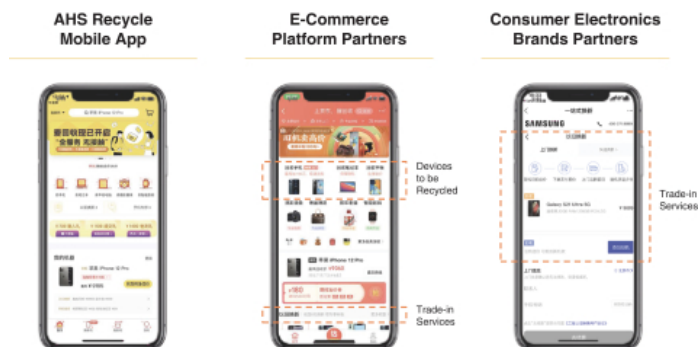
## **Supply Side**

### **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 2020, approximately 75% 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 25% were couriered directly to operation centers. The screenshots below demonstrate a selection of the variety of online portals where consumers can access our platform and services:



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 dysfunctionalities, 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.

The screenshots below demonstrate the ease with which consumers can complete a trade-in transaction with our support, specifically on our partner JD.com:



### Offline channels

We operate AHS stores offline in selected locations, including self-operated stores primarily in first- and second-tier cities, and jointly-operated partner stores primarily in lower-tier cities. We strategically set up our AHS stores in highly desirable, densely populated locations with strong foot traffic, mostly in popular shopping malls. For our self-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. We sell the vast majority of devices procured from offline AHS stores to third-party merchants via PJT Marketplace. Below is a photo of an AHS store in China:



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, given that they are located in areas with strong foot traffic, and also serve as convenient physical channels for devices delivery. In 2020, approximately 75% 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, 2018, 2019 and 2020 and March 31, 2021, we had 393, 716, 731 and 753 AHS stores, respectively, located in 93, 142, 171 and 172 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. JD Group offers trade-in of pre-owned mobile phones, laptops, tablets, digital cameras and certain other electronics for new models on its platform that is exclusively supported by our service offerings. After placing an order on the JD Group's e-commerce platforms for trading-in a device, a customer may be guided to the nearest offline AHS store. We offer customers from JD.com's platforms similar transaction experiences and the same standard of customer service as we do to customers from AHS Recycle. Starting from 2019, we also handle consumer electronics from JD spare stock (京东备件库) for distribution on PJT and Paipai Marketplaces. JD spare stock contains consumer electronics that are returned to JD.com's platforms as a result of its seven-day return policy or replaced due to package damage. These devices are close to brand new, and are hence popular among purchasers on PJT Marketplace.

In 2021, we entered into a business cooperation framework agreement with a PRC affiliate of Kuaishou, a leading content community and social platform in China, to enhance our pre-owned device sourcing capabilities. This strategic partnership provides us with an exclusive designated access point in Kuaishou's in-app Kwai Shop, which allows us to process recycle and trade-in transactions of pre-owned mobile phones through its platform. The agreement also leverages our certification and inspection processes for pre-owned devices sold on Kuaishou. This agreement expands the supply of pre-owned devices on our platform. Additionally, the partnership has the potential to greatly extend our 2C consumer sales reach with differentiated access to Kuaishou's hundreds of millions of daily active users.

We have also formed strong 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 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 2020 and the three months ended March 31, 2021, 68% and 67% were inspected in our operation centers, respectively, 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, typically ranging from 1% to 3% of the executed transaction price. As of March 31, 2021, there were over 115,000 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 2020 and the three months ended March 31, 2021, the majority of products on Paipai Marketplace were sold under the POP model. We charge the sellers on Paipai Marketplace a commission that typically ranges from 4% to 10% of the executed transaction price. We also operate our own flagship stores on Paipai Marketplace, where we either act as a seller under the POP model ourselves and inspect and certify the devices in our operation centers, or provide transaction services under the consignment model.

**Demand Side**

We primarily sell the pre-owned consumer electronics we source through various channels to buyers on PJT Marketplace and Paipai Marketplace. In 2020 and the three months ended March 31, 2021, among all devices procured from AHS Recycle, 88% and 81% were distributed through PJT Marketplace, respectively, while the remainder were distributed through Paipai Marketplace, respectively.

**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 3% 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 March 31, 2021, we operated seven centralized operation centers, equipped with proprietary data-driven processing technologies, in Shanghai, Shenzhen, Changzhou, Wuhan, Chengdu, Tianjin and Hong Kong. Our centralized operation center in Changzhou is fully automated. It adopts automation in all key functions, from acceptance of delivery, inspection, warehousing to support functions, with 90% of these procedures automated. The automated device inspection technology is highly reliable, with an accuracy rate of over 99% in March 2021 in our Changzhou operation center. We also operated 23 city-level operation stations as a supplement to these centralized operation centers to enhance services accessibility for our customers. As of March 31, 2021, we had a team of 551 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 38 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 2020 and the three months ended March 31, 2021, approximately 68% and 67%, respectively, 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. Below are photos of our fully automated operation center in Changzhou.



## **Our Services**

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

As of March 31, 2021, we operated 753 AHS stores in 172 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. According to the CIC Report, we are the first pre-owned consumer electronics transaction platform to provide such warranty in China. Pre-owned consumer electronics transaction platforms typically do not offer quality warranty to purchasers, as the quality of pre-owned goods is inherently uncertain, according to the CIC Report. 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 we work with, primarily SF Express. 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 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 as well as consumers through other international e-commerce platforms, primarily in Southeast Asia, Latin America and Africa.

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 prospectus, 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 e-commerce company in China 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, as supplemented, or the BCA, 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. Under the JD BCA, JD Group authorized us to operate and we agreed to provide platform services to its spare stock, which constitutes a complementary source of supply on PJT Marketplace and Paipai Marketplace. Under the JD BCA, JD Group agreed to a five-year non-compete commitment with respect to certain product categories. 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.

In August 2019, to enhance our cooperation, we entered into an agreement with JD Group, pursuant to which we are authorized to use the JD Cellphone brand name in our AHS stores. In 2020, we entered into an agreement with JD Group, pursuant to which JD transferred a few brand names to us, including Wanwuxinsheng (万物新生), which has become our major brand in China. In 2018, 2019, 2020 and three months ended March 31, 2021, our cooperation with JD Group contributed RMB1.0 billion, RMB1.3 billion, RMB2.0 billion and RMB0.6 billion, respectively, of our GMV for product sales, and a vast majority of the GMV facilitated on our Paipai Marketplace.

### ***Other Internet Platforms***

In 2021, we entered into a business cooperation framework agreement with a PRC affiliate of Kuaishou, a leading content community and social platform in China, to enhance our pre-owned device sourcing capabilities. This strategic partnership provides us with an exclusive designated access point in Kuaishou's in-app Kwai Shop, which allows us to process recycle and trade-in transactions of pre-owned mobile phones through its platform. The agreement also leverages our certification and inspection processes for all pre-owned devices sold on Kuaishou. This agreement expands the supply of pre-owned devices on our platform. Additionally, the partnership has the potential to greatly extend our 2C consumer sales reach with differentiated access to Kuaishou's hundreds of millions of daily active users.



**Brand partners**

We 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.

**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 March 31, 2021, we had over 1,500 self-service recycling kiosks in major phone retailers throughout the country 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 224 members as of March 31, 2021. As of March 31, 2021, we had obtained ten 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 March 31, 2021, we had licensed our DeviceHero proprietary inspection system to approximately 15,000 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 40 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 continuously 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.

#### **Environmental and Social Responsibility**

Being environmentally-friendly and having positive social impact is an integral part of our business. Our platform reduces electronic waste by increasing the life cycle of electronic devices. By distributing pre-owned devices to developing areas, we enable access to more affordable consumer electronics in those regions based on our advanced technologies.

We are committed to sustainable development and constantly advocate for the harmonious coexistence between human and nature. Since 2018, we have been launching various initiatives, such as public welfare actions, to encourage consumers to protect our environment. For example, as of March 31, 2021, we had donated pre-owned iPads we procured from AHS Recycle of over RMB0.6 million worth of value to elementary schools in rural areas to support local education, helping tens of thousands of students.

We believe it is our responsibility to contribute to our community in difficult times, and have donated fund and medical supplies to support China's nationwide efforts to contain the COVID-19 pandemic.

#### **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 a vast amount of 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 "Risk Factors—Risks Related to Our Business and Industry—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."

#### ***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 March 31, 2021, we had 42 patents registered. As of March 31, 2021, we also owned 273 registered trademarks, 10 registered copyrights and 68 registered software programs developed by us relating to various aspects of our operations, and 64 registered domain names, including *aihuishou.com* and *paijitang.com*. In addition, JD Group is in the process of transferring the *paipai.com* domain name to us.

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 “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 “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 275 personnel as of March 31, 2021, is dedicated to implementing our multi-channel marketing strategy both online and offline.

To build our brand awareness, we utilize mass 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 the 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 abilities 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. According to the CIC Report, we are the only end-to-end platform integrating C2B, B2B and B2C capabilities with both online and offline presence in China. We believe that our diverse sources of supply also give us a competitive advantage, given our wide coverage of the supply chain. According to the CIC Report, we had a market share of 8.7% in 2020 in terms of number of devices transacted, which is higher than the approximately 4.4% of market share combined held by the next five players in China, and we are expected to continue to hold the market leading position in the near future.

### Employee

We had 2,388 and 2,281 full-time employees as of December 31, 2020 and March 31, 2021, respectively, the vast majority of which are located in China. The following table sets forth the number of our full-time employees as of March 31, 2021:

<b>Function</b>	<b>Number of Employees</b>	<b>Percentage</b>
Operation and Fulfillment	1,476	64.7%
Research and Development	431	18.9%
Sales and Marketing	275	12.1%
General Administration and Support	89	3.9%
Customer Service	10	0.4%
<b>Total</b>	<b>2,281</b>	<b>100.0%</b>

In addition to our own employees, our workforce also includes 2,218 outsourced workers and 185 part-time personnel, as of March 31, 2021. 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 China, we participate in various employee social security plans that are organized by municipal and provincial governments for our PRC-based employees, including pension, unemployment insurance, childbirth insurance, work-related injury insurance, medical insurance and housing insurance. We are required under PRC law to make contributions from time to time to employee benefit plans for our PRC-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 China.

We enter into standard employment agreements with our employees. Our employment agreements with our senior management include standard confidentiality and non-compete clauses.

### Facilities

Our headquarters are located in Shanghai, where we leased an aggregate area of over 7,700 square meters as of March 31, 2021 for office space. As of March 31, 2021, we had seven operation centers with an aggregate floor area of approximately 39,967 square meters across Mainland China and Hong Kong.

Our servers are hosted in Hangzhou, 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 March 31, 2021, we leased properties for all of our 443 directly operated offline AHS stores across 24 cities in China.

#### **Insurance**

We provide social security insurance for our employees as required by PRC 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 “Risk Factors—Risk Factors Related to Our Business and Industry—We have limited insurance coverage, which could expose us to significant costs and business disruption.”

#### **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.

## REGULATION

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

### Regulation 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 MOFCOM) 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, or the Recycling of Renewable Resources Measures, which initially took effect on March 27, 2007 and amended by the MOFCOM 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 Recycling of Renewable Resources 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, or the Pre-owned Electronics Circulation Measures, promulgated by the MOFCOM on March 15, 2013, further specifies the requirements under the above two regulations. According to the Pre-owned Electronics Circulation 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 the Pre-owned Electronics Circulation Measures.

### Regulations Relating to Foreign Investment

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, relevant competent government departments will formulate a catalogue 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 the PRC by foreign investors are set out in two categories, namely The Special Management Measures for the Entry of Foreign Investment (Negative List) (2020 version), or the 2020 Negative List, as promulgated on June 23, 2020 by the National Development and Reform Commission, or the NDRC, and the Ministry of Commerce, or the MOFCOM, and became effective on July 23, 2020, and the Encouraged Industry Catalogue for Foreign Investment (2020 version), as promulgated by the NDRC and the MOFCOM on December 27, 2020 and became effective on January 27, 2021. Industries not listed in these two catalogues are generally deemed “permitted” for foreign investment unless specifically restricted by other PRC laws. According to the 2020 Negative 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).

In order to coincide with the implementation of the Foreign Investment Law (as defined below) and the Implementing Regulations of the Foreign Investment Law (as defined below), the MOFCOM and the SAMR 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 MOFCOM 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 SAMR on December 28, 2019 further refine the related rules.

On March 15, 2019, the National People’s Congress, or the NPC, 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. The organization form, organization and activities of foreign-invested enterprises shall be governed, among others, by the PRC Company Law and the PRC Partnership Enterprise Law. 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 PRC 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 PRC by a foreign investor; (c) investments in a new project within the PRC by a foreign investor, individually or collectively with other investors, and (d) foreign investors’ investments in the PRC 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 VIE 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 relevant rights and interests by a foreign investor by way of gift, division of property, merger of enterprises, division of enterprises.

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

### ***Foreign investment in value-added telecommunications***

Foreign direct investment in telecommunications companies in China is regulated by the Administrative Provisions on Foreign-Invested Telecommunications Enterprises, or the FITE Regulation, which was issued by the State Council on December 11, 2001 and last amended on February 6, 2016. The FITE Regulation provides that a foreign-invested telecommunications enterprise in the PRC, or the FITE, must be established as a sino-foreign equity joint venture for operations in the PRC. Under the FITE Regulation and in accordance with WTO-related agreements, the foreign party investing in a FITE engaging in value-added telecommunications services may hold up to 50% of the ultimate equity interests of the FITE. In addition, the major foreign party as the shareholder of the FITE must satisfy a number of stringent performance and operational experience requirements, including demonstrating a good track record and experience in operating a value-added telecommunications business. The FITE that meets these requirements must obtain approvals from the Ministry of Industry and Information Technology, or the MIIT, and MOFCOM or their authorized local counterparts, which retain considerable discretion in granting approvals. Furthermore, the foreign party investing in e-commerce business, as a type of value-added telecommunications services, has been allowed to hold up to 100% of the equity interests of the FITE based on the Circular of the Ministry of Industry and Information Technology on Removing the Restrictions on Shareholding Held by Foreign Investors in Online Data Processing and Transaction Processing (Operating E-commerce) Business issued on June 19, 2015 and the current effective Catalogue of Telecommunications Services, or the Telecom Catalog.

On July 13, 2006, the Ministry of Information Industry of the PRC, or the MII (which is the predecessor of the MIIT) promulgated the Notice of the Ministry of Information Industry on Strengthening the Administration of Foreign Investment in Value-added Telecommunications Business, or the MII Notice, which reiterates certain requirements of the FITE Regulations and strengthens the administration by the MII. Under the MII Notice, if a foreign investor intends to invest in PRC value-added telecommunications business, the foreign investor must establish a foreign invested enterprise and apply for the relevant license for value-added telecommunications services, or the VATs License. In addition, a domestic company that holds a VATs License is prohibited from leasing, transferring or selling the license to foreign investors in any form, and from providing any assistance, including providing resources, sites or facilities, to foreign investors to conduct value-added telecommunications businesses illegally in China. Trademarks and domain names that are used in the provision of value-added telecommunications services must be owned by the license holder or its shareholders. The MII Notice also requires that each value-added telecommunications services license holder have appropriate facilities for its approved business operations and maintain such facilities in the business regions covered by its license. The holder of a VATs License shall improve relevant measures for safeguarding the network and information, establish relevant administrative policies on information safety, set up the procedures for handling emergencies of network and information safety and

implement the liabilities for information safety in accordance with the standards set forth in the relevant PRC regulations.

Due to a lack of interpretive materials from the relevant PRC governmental authorities, there are uncertainties regarding whether PRC governmental authorities would consider our corporate structure and contractual arrangements to constitute foreign ownership of a value-added telecommunications business. See “Risk Factors—Risks Relating to Doing Business in China—If the PRC government finds that the agreements that establish the structure for operating some of our operations in China do not comply with PRC regulations relating to the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.” In order to comply with PRC regulatory requirements, we operate a portion of our business through our VIE, with which we have contractual relationships but in which we do not have direct ownership interest. If our current ownership structure is found to be in violation of current or future PRC laws, rules or regulations regarding the legality of foreign investment in the PRC internet sector, we could be subject to severe penalties.

#### ***Telecommunications regulations***

The Telecommunications Regulations of the PRC, or the Telecom Regulations, promulgated on September 25, 2000 and amended on July 29, 2014 and February 6, 2016 respectively, are the primary PRC regulations governing telecommunications services, which set out the general framework for the provision of telecommunications services within the PRC. The Telecom Regulations require that telecommunications service providers shall obtain licenses prior to commencing operations. The Telecom Regulations draw a distinction between basic telecommunications services and value-added telecommunications services. The Telecom Catalog, promulgated by MIIT on February 21, 2003 and most recently amended by the MIIT on June 6, 2019, and issued as an attachment to the Telecom Regulations, identifies internet information services and online data processing and transaction processing as value-added telecommunications services.

On July 3, 2017, the MIIT issued the revised Administrative Measures for the Licensing of Telecommunications Business, or the Telecom License Measures, which became effective on September 1, 2017, to supplement the Telecom Regulations. The Telecom License Measures require that an operator of value-added telecommunications services obtain a VATs License from the MIIT or its provincial level counterparts. The term of a VATs License is five years and the license holder is subject to annual inspection.

#### ***Internet information services***

On September 25, 2000, the State Council promulgated the Measures for the Administration of Internet Information Services, or the ICP Measures, as amended on January 8, 2011. Under the ICP Measures, internet information services are categorized into commercial internet information services and non-commercial internet information services. The operators of non-commercial internet information services must file with relevant governmental authorities and operators of commercial internet information services in China must obtain an ICP License from the relevant governmental authorities. And the provision of particular information services, such as news, publishing, education, healthcare, medicine and medical advice must also comply with relevant laws and regulations and obtain approval from competent governmental authorities.

Internet information service providers are required to monitor their websites. They shall not post or disseminate any content that falls within prohibited categories provided by laws or administrative regulations and must stop providing any such content on their websites. The relevant PRC governmental authorities may order ICP License holders that violate the content restrictions to correct those violations and revoke their ICP Licenses in cases of gross violations.

The MIIT released the Circular on Regulating the Use of Domain Names in Internet Information Services on November 27, 2017, effective from January 1, 2018, which provides that the domain names used by the internet information service provider in providing internet information services shall be registered and owned by such internet information service provider, and if the internet information service provider is a legal entity, the domain name registrant shall be the legal entity (or any of its shareholders), or its principal or senior manager.

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

On January 26, 2014, the State Administration for Industry and Commerce of the PRC (which is the predecessor of the SAMR), or the SAIC, promulgated the Administrative Measures for Online Trading, which became effective on March 15, 2014, to regulate all operating activities for product sales and services offered via the internet (including mobile internet). It stipulates the obligations of online products operators and services providers and certain special requirements applicable to third-party trading platform operators. This regulation has been superseded by the Online Transactions Measures (as defined below) since May 1, 2021.

On January 6, 2017, the SAIC promulgated Interim Measures for Seven-day Unconditional Return of Online Purchased Goods, which became effective on March 15, 2017 and 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 August 31, 2018, the Standing Committee of the National People's Congress 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 March 15, 2021, the SAMR promulgated the Measures for the Supervision and Administration of Online Transactions, or the Online Transactions Measures, which came into effect on May 1, 2021. The Online Transactions Measures implements relevant legislative principles and purpose of the E-Commerce Law and refines a series of relevant laws and regulations. It further specifies the responsibilities of online trading platform operators and the requirements for protecting online consumers' rights and interests.

## **Regulations Relating to Internet Security and Privacy**

### ***Regulations on Internet Security***

The Decision in Relation to Protection of Internet Security enacted by the Standing Committee of the National People's Congress on December 28, 2000, as amended in 2009, provides that, among other things, the following activities conducted through the internet, if constituting a crime under PRC laws, are subject to criminal punishment: (i) hacking into a computer or system of strategic importance; (ii) intentionally inventing and spreading destructive programs such as computer viruses to attack the computer system and the communications network, thus damaging the computer system and the communications networks; (iii) in violation of national regulations, discontinuing the computer network or the communications service without authorization; (iv) leaking state secrets; (v) spreading false commercial information; or (vi) infringing intellectual property rights through internet.

The Provisions on Technological Measures for Internet Security Protection, or the Internet Security Protection Measures, promulgated on December 13, 2005 by the Ministry of Public Security require internet service providers and online entity users to use interconnection technical measures for internet security protection, such as technical measures for preventing any matter or act that may endanger network security, including but not limited to computer viruses, invasion or attacks to the network, or destruction of the network. All internet access service providers are required to take measures to keep records of and preserve user registration information.

On November 7, 2016, the Standing Committee of the National People's Congress promulgated the Cyber Security Law, which came into effect on June 1, 2017, and applies to the construction, operation, maintenance and use of networks as well as the supervision and administration of cybersecurity in China. The Cyber Security Law defines "networks" as systems that are composed of computers or other information terminals and relevant facilities used for the purpose of collecting, storing, transmitting, exchanging and processing information in accordance with certain rules and procedures. "Network operators", who are broadly defined as owners and administrators of networks and network service providers, are subject to various security protection-related obligations, including: (i) complying with security protection obligations in accordance with tiered cybersecurity system's protection requirements, which include formulating internal security management rules and manual, appointing cybersecurity responsible personnel, adopting technical measures to prevent computer viruses and cybersecurity endangering activities, adopting technical measures to monitor and record network operation status and cybersecurity events; (ii) formulating cybersecurity emergency response plans, timely handling security risks, initiating emergency response plans, taking appropriate remedial measures and reporting to regulatory authorities; and (iii) providing technical assistance and support for public security and national security authorities for protection of national security and criminal investigations in accordance with the law. Network service providers who do not comply with the Cyber Security Law may be subject to fines, suspension of their businesses, shutdown of their websites, and revocation of their business licenses.

### ***Regulations on Privacy Protection***

On December 29, 2011, the MIIT issued the Several Provisions on Regulating the Market Order of Internet Information Services, pursuant to which an internet information service provider may not collect any user personal information or provide any such information to third parties without the consent of a user. In addition, an internet information service provider must expressly inform the users of the method, content and purpose of the collection and processing of such user personal information, and may only collect such information necessary for the provision of its services. An internet information service provider is also required to properly maintain the user personal information, and in case of any leak or likely leak of the user personal information, the internet information service

providers must take immediate remedial measures and, in severe circumstances, make an immediate report to the telecommunications regulatory authority.

Pursuant to the Decision on Strengthening the Protection of Online Information, issued by the Standing Committee of the National People's Congress in 2012, and the Order for the Protection of Telecommunication and Internet User Personal Information, issued by the MIIT in 2013, any collection and use of a user's personal information must be subject to the consent of the user, be legal, reasonable and necessary and be limited to specified purposes, methods and scopes. An internet information service provider must also keep such information strictly confidential, and is further prohibited from divulging, tampering with or destroying any such information, or selling or providing such information to other parties. An internet information service provider is required to take technical and other measures to prevent the collected personal information from any unauthorized disclosure, damage or loss. Any violation of these laws and regulations may subject the internet information service provider to warnings, fines, confiscation of illegal gains, revocation of licenses, cancellation of filings, closedown of websites or even criminal liabilities.

With respect to the security of information collected and used by mobile apps, pursuant to the Announcement of Conducting Special Supervision against the Illegal Collection and Use of Personal Information by Apps, which was issued on January 23, 2019, app operators should collect and use personal information in compliance with the Cybersecurity Law and should be responsible for the security of personal information obtained from users and take effective measures to strengthen the personal information protection. Furthermore, app operators must not force their users to make authorization by means of bundling, suspending installation or in other default forms and should not collect personal information in violation of laws, regulations or breach of user agreements. Such regulatory requirements were emphasized by the Notice on the Special Rectification of Apps Infringing upon User's Personal Rights and Interests, which was issued by MIIT on October 31, 2019.

On November 28, 2019, the CAC, the MIIT, the Ministry of Public Security and the SAMR jointly issued the Methods of Identifying Illegal Acts of Apps to Collect and Use Personal Information. This regulation further illustrates certain commonly-seen illegal practices of apps operators in terms of personal information protection, including "failure to publicize rules for collecting and using personal information", "failure to expressly state the purpose, manner and scope of collecting and using personal information", "collection and use of personal information without consent of users of such App", "collecting personal information irrelevant to the services provided by such app in violation of the principle of necessity", "provision of personal information to others without users' consent", "failure to provide the function of deleting or correcting personal information as required by laws" and "failure to publish information such as methods for complaints and reporting". Among others, any of the following acts of an app operator will constitute "collection and use of personal information without consent of users": (i) collecting an user's personal information or activating the permission for collecting any user's personal information without obtaining such user's consent; (ii) collecting personal information or activating the permission for collecting the personal information of any user who explicitly refuses such collection, or repeatedly seeking for user's consent such that the user's normal use of such app is disturbed; (iii) any user's personal information which has been actually collected by the app operator or the permission for collecting any user's personal information activated by the app operator is beyond the scope of personal information which such user authorizes such app operator to collect; (iv) seeking for any user's consent in a non-explicit manner; (v) modifying any user's settings for activating the permission for collecting any personal information without such user's consent; (vi) using users' personal information and any algorithms to push any information from targeted sources, without providing the option of non-targeted pushing such information; (vii) misleading users to permit collecting their personal information or activating the permission for collecting such users' personal information by improper methods such as fraud and deception; (viii) failing to provide users with the means and methods to withdraw their permission of collecting personal information; and (ix) collecting

and using personal information in violation of the rules for collecting and using personal information promulgated by such app operator.

Pursuant to the Notice of the Supreme People's Court, the Supreme People's Procuratorate and the Ministry of Public Security on Legally Punishing Criminal Activities Infringing upon the Personal Information of Citizens, issued in 2013, and the Interpretation of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues regarding Legal Application in Criminal Cases Infringing upon the Personal Information of Citizens, which was issued on May 8, 2017 and took effect on June 1, 2017, the following activities may constitute the crime of infringing upon a citizen's personal information: (i) providing a citizen's personal information to specified persons or releasing a citizen's personal information online or through other methods in violation of relevant national provisions; (ii) providing legitimately collected information relating to a citizen to others without such citizen's consent (unless the information is processed, not traceable to a specific person and not recoverable); (iii) collecting a citizen's personal information in violation of applicable rules and regulations when performing a duty or providing services; or (iv) collecting a citizen's personal information by purchasing, accepting or exchanging such information in violation of applicable rules and regulations.

In addition, 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.

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

The Administrative Regulations on Commercial Franchise Operations, or the Franchising Regulations, was promulgated by the State Counsel 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 Franchising 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 Franchising 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 Franchising Regulations, the MOFCOM has also promulgated two implementing regulations: the Administrative Measures for Archival Filing of Commercial Franchises, promulgated on May 1, 2007, amended on December 12, 2011 and came into effect on February 1, 2012; and the Administrative Measures on

Information Disclosure Requirements for Commercial Franchises, which was promulgated on April 30, 2007 and was then amended on February 23, 2012 and came into effect on April 1, 2012. The above two implementing regulations, together with the Franchising Regulations form the basic legal framework for the regulation of the PRC franchise operations.

#### **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 relevant 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, or the Consumers Rights and Interests Protection Law, 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. The 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.

#### **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 infringing 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, or the Advertising Law, which was recently amended on April 29, 2021 and became effective on the same date. The Advertising Law regulates commercial advertising activities in the PRC 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 relevant 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 Interim Measures for the Administration of Internet Advertising, or the Internet Advertising Measures regulating the internet-based advertising activities were adopted by the SAIC on July 4, 2016 and became effective on September 1, 2016. According to the Internet Advertising Measures, internet advertisers are responsible for the authenticity of the advertisements content and all online advertisements must be marked "Advertisement" so that viewers can easily identify them as such. Publishing and circulating advertisements through the internet shall not affect the normal use of the internet by users. It is not allowed to induce users to click on the content of advertisements by any fraudulent means, or to attach advertisements or advertising links in the emails without permission. In addition, the following internet advertising activities are prohibited: (i) providing or using any applications or hardware to intercept, filter, cover, fast forward or otherwise restrict any authorized advertisement of other persons, (ii) using network pathways, network equipment or applications to disrupt the normal data transmission of advertisements, alter or block authorized advertisements of other persons or load advertisements without authorization, or (iii) using fraudulent statistical data, transmission effect or matrices relating to online marketing performance to induce incorrect quotations, seek undue interests or harm the interests of others.

### **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, 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.

### **Regulation Relating to Anti-Monopoly**

On August 30, 2007, the Standing Committee of the National People's Congress adopted the PRC Anti-Monopoly Law, or the AML, which became effective on August 1, 2008 and provides the regulatory framework for the PRC anti-monopoly. Under the AML, 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 AML, 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 relevant governmental authorities.

Pursuant to the AML and relevant regulations, 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 RMB10 billion in the preceding fiscal year and at least two of these operators each had a turnover of more than RMB400 million within China in the preceding fiscal year, or (ii) the total turnover within China of all the operators participating in the concentration exceeded RMB2 billion in the preceding fiscal year, and at least two of these operators each had a turnover of more than RMB400 million within China in the preceding fiscal year) are triggered, and no concentration shall be implemented until the anti-monopoly agency clears the anti-monopoly filing. "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 AML or other relevant regulations, the anti-monopoly agency is empowered to cease the relevant activities, unwind the transactions, and confiscate illegal gains and fines.

On February 7, 2021, the Anti-monopoly Commission of the State Council officially promulgated the Guidelines to Anti-Monopoly for Platform Economy, or the Anti-Monopoly Guidelines for Platform Economy. The Anti-Monopoly Guidelines 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 Anti-Monopoly Guidelines 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 Anti-Monopoly Guidelines 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, China has entered into (including but not limited to) 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 Patent Law of the PRC promulgated by the Standing Committee of the National People's Congress on March 12, 1984 with the current effective version took effect from October 1,

2009, and the Implementation Rules of the Patent Law of the PRC, which was promulgated by the State Council in June 2001 and last amended in January 2010, there are three types of patents in the PRC: 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 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 relevant administrative authorities and, if constituting a crime, shall be held criminally liable in accordance with the law. According to the Patent Law of the PRC, any organization or individual that applies for a patent in a foreign country for an invention or utility model patent established in China is required to report to the NIPA for confidentiality examination.

On October 17, 2020, the Standing Committee of the National People's Congress promulgated the Amendment to the Patent Law of the PRC, which will be effective from June 1, 2021, which provides, among others, that the protection period for a design patent will become 15 years.

#### **Trade Secrets**

According to the PRC Anti-Unfair Competition Law, which was promulgated by the Standing Committee of the NPC 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.

#### **Trademarks**

According to the Trademark Law of the PRC promulgated by the Standing Committee of the NPC in August 1982, and last amended in April 2019, 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. 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 the Implementing Rules on Registration of National Top-level Domain Names, which was promulgated by China Internet Network Information Center in and came into effect in June 2019. The Ministry of Industry and Information Technology is the main regulatory body responsible for the administration of PRC internet domain names. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and the applicants become domain name holders upon successful registration.

### **Regulations Relating to Environment Protection**

Pursuant to the Environmental Protection Law of the PRC promulgated by the Standing Committee of the NPC, in December 1989, 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 Environmental Protection Law, in addition to other relevant laws and regulations of the PRC, 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, the State 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 and came into effect in March 2015, drainage entities covered by urban drainage facilities shall discharge sewage into urban drainage facilities in accordance with the relevant 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, or the Fire Prevention Law, was adopted in April 1998 and last amended in April 2021. The Fire Prevention 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 the PRC 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, or the SAFE, 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 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 amended in December 2019, 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 PRC Residents***

The SAFE promulgated the SAFE Circular 37 in July 2014. The SAFE Circular 37 requires PRC residents (including PRC 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, or the SPV, directly established or indirectly controlled by PRC 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 PRC residents are also required to amend their registrations with the SAFE when there is a change to the basic information of the SPV, such as changes of a PRC resident individual shareholder, the name or operating period of the SPV, or when there is a significant change to the SPV, such as changes of the PRC individual resident's increase or decrease of its capital contribution in the SPV, or any share transfer or exchange, merger, division of the SPV.

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 PRC 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 relevant 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 relevant onshore company or PRC residents to penalties under PRC 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 in April 2015, which took into effect in June 2015, in replacement of the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises, the Notice from the State Administration of Foreign Exchange on Relevant Issues Concerning Strengthening the Administration of Foreign Exchange Businesses, and the Circular on Further Clarification and Regulation of the Issues Concerning the Administration of Certain Capital Account Foreign Exchange Businesses. 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 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 PRC citizens or non-PRC citizens residing in 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 PRC agent, such as a PRC 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 relevant 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 SAT has issued certain circulars concerning employee stock options and restricted shares. Under these circulars, employees working in the PRC who exercise stock options or are granted restricted shares will be subject to PRC individual income tax. The PRC subsidiaries of an overseas listed company are required to file documents related to employee stock options and restricted shares with relevant 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 PRC subsidiaries fail to withhold income tax in accordance with relevant laws and regulations, the PRC 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, or the Labor Law, 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, or the Labor Contract Law, 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 relevant 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 relevant 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 NPC in October 2010 and came into effect in July 2011, and further 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 amended in March 2002 and 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 Enterprise Income Tax Law promulgated by the NPC in March 2007 and amended in February 2017 and December 2018, and the Implementation Rules of the Enterprise Income Tax Law of the PRC promulgated by the State Council in December 2007 and amended in April 2019, 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 the PRC, enterprises established outside China whose "de facto management bodies" are located in 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 the PRC but which have an establishment or place of business in the PRC, or which do not have an establishment or place of business in the PRC but have income sourced within the PRC. An income tax rate of 10% will normally be applicable to dividends declared to non-PRC resident enterprise investors that do not have an establishment or place of business in the PRC, or that have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC.

According to the Notice on Promoting the Implementation of Corporate Income Tax Policies for Advanced Technology Service Enterprises Nationwide, or the Notice, effective in January 2017, an

enterprise which is recognized as an "Advanced Technology Service Enterprises" under the Notice enjoys a reduced enterprise income tax rate of 15%.

In 2009, the SAT, 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 SAT Circular 82, which provides certain specific criteria for determining whether the "de facto management body" of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in the circular may reflect SAT'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 SAT Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its "de facto management body" in China and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location of senior management to carry out daily operations perform their duties is in 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 China; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholders' meeting minutes, are located or maintained in China; and (iv) at least 50% of voting board members or senior executives habitually reside in China.

The SAT issued the Public Notice Regarding Certain Enterprise Income Tax Matters on Indirect Transfer of Properties by Non-Resident Enterprises, or SAT Public Notice 7 in February 2015. SAT 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 SAT also issued the Public Notice on Issues Relating to Withholding at Source of Income Tax of Non-resident Enterprises, or the SAT Public Notice 37 in October 2017, which came into effect on December 1, 2017. According to SAT Public Notice 37, where the non-resident enterprise fails to declare its tax payable pursuant to Article 39 of the EIT 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 PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant 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 PRC 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, the STA, in February 2009, if the relevant 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 STA 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 relevant PRC 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.

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 Overseas Listing and M&A**

On August 8, 2006, six PRC regulatory agencies, including the CSRC, promulgated the Rules on the Merger and Acquisition of Domestic Enterprises by Foreign Investors, or the M&A Rules, which became effective on September 8, 2006 and were amended on June 22, 2009. The M&A Rules, among other things, require overseas special purpose vehicles that are controlled by PRC companies or individuals formed for the purpose of seeking a public listing on an overseas stock exchange through acquisitions of PRC domestic companies of the aforementioned PRC companies or individuals using shares of such special purpose vehicles or shares held by their shareholders as consideration to obtain the approval from the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange. In September 2006, the CSRC published on its official website procedures regarding applications for approval of overseas listings by special purpose vehicles. The CSRC approval procedures require the filing of a number of documents with the CSRC. Although (i) the CSRC currently has not issued any definitive rule or interpretation concerning whether offerings like ours under this prospectus are subject to the M&A Rules; and (ii) no provision in the M&A Rules clearly classifies contractual arrangements as a type of transaction subject to the M&A Rules, the interpretation and application of the regulations remain unclear, and this offering may ultimately require approval from the CSRC. If CSRC approval is required, it is uncertain whether we could obtain such approval. Any failure to obtain CSRC approval for this offering within the prescribed timeframe would subject us to sanctions imposed by the CSRC and other PRC regulatory agencies.

The M&A Rules, and other regulations and rules concerning mergers and acquisitions established additional procedures and requirements that could make merger and acquisition activities

by foreign investors more time-consuming and complex. For example, the M&A Rules require that MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise, if (i) any important industry is concerned, (ii) such transaction involves factors that impact or may impact 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.

In addition, according to the Notice on Establishing the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors issued by the General Office of the State Council on February 3, 2011 and taking effect as of March 4, 2011, and the Rules on Implementation of Security Review System for the Merger and Acquisition of Domestic Enterprises by Foreign Investors issued by MOFCOM on August 25, 2011 and taking effect as of September 1, 2011, 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 MOFCOM, and the regulations prohibit any activities attempting to bypass such security review, including by structuring the transaction through a proxy or contractual control arrangement.

**MANAGEMENT**

**Directors and Executive Officers**

The following table sets forth information regarding our directors and executive officers as of the date of this prospectus.

<b>Directors and Executive Officers</b>	<b>Age</b>	<b>Position/Title</b>
Kerry Xuefeng Chen	41	Co-founder, Chairman of the Board of Directors and Chief Executive Officer
Yongliang Wang	37	Director and President
Lei Xu	46	Director
Wei Tang	41	Director
Chen Chen	41	Director and Chief Financial Officer
Jingbo Wang*	40	Independent Director
Guoxing Jiang*	68	Independent Director

\* Each of Mr. Jingbo Wang and Mr. Guoxing Jiang has accepted our appointment to be a director of our company, effective upon the SEC's declaration of the effectiveness of our registration statement on Form F-1 of which this prospectus is a part.

*Mr. Kerry Xuefeng Chen* is our co-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* has been serving as our director and president 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. Lei Xu* has been serving as our director since June 2019. Mr. Xu currently serves as the chief executive officer of JD Retail, and is responsible for the development, operation and strategy of JD Retail business, both online and offline. Since joining JD Group in 2009, Mr. Xu has held several leadership roles within the sales and marketing divisions of JD Retail business, including head of marketing and branding, head of JD Wireless, and head of marketing and platform operations of JD Group. Under his leadership, JD Group was successfully rebranded from 360buy to JD.com and launched JD Group's popular mascot—Joy. Mr. Xu was responsible for the launch of JD Plus, the first paid membership service in China's e-commerce industry, as well as Super Brand Day strategic marketing program. Mr. Xu also leads JD Group's Kepler open platform, a key pillar of JD Group's "Retail as a Service" strategy that leverages JD Group's strengths in logistics, marketing, financial services, and other areas to help partners to expand their online businesses. Before joining JD Group, Mr. Xu held several senior management roles in marketing and operations at Lenovo, Allyes and Belle E-Commerce. Mr. Xu currently also serves as the director of JD Health International Inc. (HKEX: 6618) and Dada Nexus Limited (Nasdaq: DADA). Mr. Xu holds an EMBA degree from China Europe International Business School.

*Mr. Wei Tang* has been serving as our director since May 2021. Mr. Tang is the vice president of JD.com, Inc. and the head of the Client Service Centre of JD Logistics, a subsidiary of JD.com, Inc. Mr. Tang is experienced in supply chain management. Since joining JD.com in March 2014, Mr. Tang has held several leadership roles within JD Logistics, including the head of Heavy Cargo

Transportation Operation Department and Distribution Department in Eastern Area of China and the general manager of Central Area of China. Mr. Tang holds an EMBA degree from China Europe International Business School.

*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. 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 and the chairman of the audit committee of Q&K International Group Limited. Mr. Chen is a member of the Association of International Certified Professional Accountants (AICPA) and China Institute of Certified Public Accountants (CICPA). Mr. Chen received his bachelor's degree from Shanghai Jiaotong University.

*Mr. Jingbo Wang* will serve as our independent director immediately upon the effectiveness of our registration statement on Form F-1, of which this prospectus is a part. Mr. Wang has been the chief financial officer of Agora, Inc. (Nasdaq: API), a real-time cloud engagement platform for human connections, since January 2020. From February 2018 to January 2020, Mr. Wang was a director and the chief financial officer of Qutoutiao Inc. (Nasdaq: QTT), an operator of mobile content platforms in China. From October 2014 to February 2018, Mr. Wang served as the chief financial officer of Yintech Investment Holdings Limited (Nasdaq: YIN), a provider of investment and trading services in China. Prior to that, Mr. Wang held several positions in the corporate finance division of Deutsche Bank from July 2009 to October 2014, including vice president. 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 Saïd Business School of the University of Oxford in 2010.

*Mr. Guoxing Jiang* will serve as our independent director immediately upon the effectiveness of our registration statement on Form F-1, of which this prospectus is a part. From November 2007 to November 2017, Mr. Jiang served as the vice 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 1987.

#### **Board of Directors**

Our board of directors will consist of seven directors upon the SEC's declaration of effectiveness of our registration statement on Form F-1 of which this prospectus is a part. 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 will establish three committees under the board of directors immediately upon the effectiveness of our registration statement on Form F-1, of which this prospectus is a part: an audit committee, a compensation committee, and a nominating and corporate governance committee. We will adopt a charter for each of the three committees. Each committee's members and functions are described below.

**Audit Committee.** Our audit committee will consist of Mr. Jingbo Wang, Mr. Guoxing Jiang and Mr. Yongliang Wang. Mr. Jingbo Wang will be the chairman of our audit 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 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 will oversee our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee will be 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 will consist of Mr. Jingbo Wang, Mr. Guoxing Jiang and Mr. Lei Xu. Mr. Jingbo Wang will be 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 will assist 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 will be 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 will consist of Mr. Jingbo Wang, Mr. Guoxing Jiang and Mr. Lei Xu.

Mr. Jingbo Wang will be 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 will assist 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 will be 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. 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.

#### **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, but not limited to, 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.

## Compensation of Directors and Executive Officers

In 2020, we paid an aggregate of RMB0.9 million (US\$0.1 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 PRC subsidiaries and our VIEs are required by law to make contributions equal to certain percentages of each employee's salary for his or her pension insurance, medical insurance, unemployment insurance and other statutory benefits and a housing provident fund.

## Share Incentive Plan

### 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 prospectus, 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 the date of this prospectus, we have granted options to purchase a total of 28,464,273 ordinary shares under the 2016 Plan, among which options to purchase a total of 19,728,141 ordinary shares are 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, 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 6,021,619. As of the date of this prospectus, 2,964,091 restricted share units have been granted and outstanding under the 2021 Plan.

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 relevant award agreement.

*Exercise of Options.* The plan administrator determines the exercise price for each award, which is stated in the relevant 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 relevant 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 the date of this prospectus, the number of ordinary shares under outstanding options that we granted to our directors and executive officers.

<b>Name</b>	<b>Ordinary Shares Underlying Options or restricted share units<sup>(1)</sup></b>	<b>Exercise Price (US\$/Share)</b>	<b>Date of Grant</b>	<b>Date of Expiration</b>
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	4/13/2021	†
	1,725,746	0.1	4/13/2021	†
	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	4/13/2021	†
Chen Chen	*	0.1	4/13/2021	†
	*	0.1	4/13/2021	†
<b>All directors and executive officers as a group</b>	<b>8,533,366</b>			

\* Less than 1% of our total ordinary shares on an as-converted basis outstanding as of the date of this prospectus.

† 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.

As of the date of this prospectus, our employees other than directors and executive officers as a group held options to purchase 14,158,866 ordinary shares, with exercise prices ranging from US\$0.03 per share to US\$2.8 per share.

**PRINCIPAL SHAREHOLDERS**

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 the date of this prospectus 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 136,116,992 ordinary shares on an as-converted basis issued and outstanding as of the date of this prospectus (without taking into account the 153,570 ordinary shares that China Equities HK Limited has the right to acquire pursuant to a warrant we issued on May 10, 2021), and Class A ordinary shares, Class B ordinary shares and Class C ordinary shares issued and outstanding immediately after the completion of this offering, assuming the underwriters do not exercise their over-allotment option.

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 Prior to This Offering		Ordinary Shares Beneficially Owned Immediately After This Offering					% of aggregate voting power <sup>1</sup>
	Ordinary shares	%	Class A ordinary Shares	Class B ordinary Shares	Class C ordinary Shares	Total ordinary shares on an as converted basis	%	
<b>Directors and Officers**:</b>								
Kerry Xuefeng Chen <sup>(1)</sup>	15,242,387	10.9						
Yongliang Wang	*	*						
Lei Xu	—	—						
Wei Tang	—	—						
Chen Chen	—	—						
Jingbo Wang <sup>††</sup>	—	—						
Guoxing Jiang <sup>††</sup>	—	—						
<b>All directors and officers as a group</b>	<b>15,933,793</b>	<b>11.3</b>						
<b>Principal Shareholders:</b>								
C&XF Group Limited <sup>(2)</sup>	11,287,336	8.3						
JD.com Development Limited <sup>(3)</sup>	47,240,103	34.7						
Morningside entities <sup>(4)</sup>	19,055,373	14.0						
Internet Fund IV Pte. Ltd. <sup>(5)</sup>	9,895,800	7.3						
Tiantu entities <sup>(6)</sup>	11,543,175	8.5						

*Notes:*

\* Less than 1% of our total ordinary shares on an as-converted basis outstanding as of the date of this prospectus.

\*\* Except as indicated otherwise, the business address of our directors and executive officers is 12<sup>th</sup> Floor, No. 6 Building, 433 Songhu Road, Shanghai, the People's Republic of China. The business address of Mr. Lei Xu and Mr. Wei Tang is

8/F, Building B, No. 18 Kechuang 11 Street, Yizhuang, Beijing, the People's Republic of China. The business address of Mr. Jingbo Wang is 56A, Tower 2, Hampton Place, Tai Kok Tsui, Kowloon, Hong Kong.

- † 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.
- †† Each of Mr. Jingbo Wang and Mr. Guoxing Jiang has accepted our appointment to be a director of the company, effective upon the SEC's declaration of the effectiveness of our registration statement on Form F-1, of which this prospectus is a part.
- (1) Represents (i) 11,287,336 ordinary shares held by C&XF Group Limited, a limited liability company incorporated under the laws of the British Virgin Islands and (ii) 3,955,051 ordinary shares Mr. Kerry Xuefeng Chen has the right to acquire within 60 days after the date of this prospectus. 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. All of the ordinary shares held by C&XF Group Limited will be redesignated as Class C ordinary shares immediately prior to the completion of this offering, and the ordinary shares issuable upon the exercise of the options held by Mr. Kerry Xuefeng Chen will be Class A ordinary shares.
- (2) Represents 11,287,336 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) 160,411 ordinary shares; (ii) 7,450,811 Series C-2 preferred shares; (iii) 6,490,541 Series C-3 preferred shares; (iv) 2,115,755 Series D-1 preferred shares, (v) 30,302,146 Series E preferred shares, and (vi) 720,439 Series F preferred shares held by JD.com Development Limited, a limited liability company incorporated under the laws of the British Virgin Islands. JD.com Development Limited is an indirect subsidiary wholly-owned by JD.com (Nasdaq: JD, HKSE: 9618). The registered address of JD.com Development Limited is P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands. All of the ordinary shares and preferred shares held by JD.com Development Limited will be automatically converted to Class B ordinary shares immediately prior to the completion of this offering.
- (4) Represents (i) 369,034 ordinary shares, 9,497,040 Series A preferred shares, 1,758,711 Series B-1 preferred shares, 2,879,784 Series B-2 preferred shares, and 840,614 Series E preferred shares held by Morningside China TMT Fund II, L.P., (ii) 1,825,679 Series C-1 preferred shares held by Morningside China TMT Top Up Fund, L.P., and (iii) 1,884,511 Series C-3 preferred shares held by Shanghai Chenxi Venture Capital Center (Limited Partnership). All of the ordinary shares and preferred shares held by the Morningside entities will be automatically redesignated as Class A ordinary shares immediately prior to the completion of this offering.
- Both Morningside China TMT Fund II, L.P. and Morningside China TMT Top Up Fund, L.P. are controlled by their general partner, Morningside China TMT GP II, L.P., which, in turn, is controlled by its general partner, TMT General Partner Ltd. TMT General Partner Ltd. is controlled by its board of directors which consists of five individuals, namely Jianming Shi, Qin Liu, Gerald Lokchung Chan, Maria K. Lam and Makim Wai On Andrew Ma. These directors have the voting and dispositive powers over the shares held by Morningside China TMT Fund II, L.P. and Morningside China TMT Top Up Fund, L.P. The registered address of Morningside China TMT Fund II, L.P. is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The registered address of Morningside China TMT Top Up Fund, L.P. is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.
- Shanghai Chenxi Venture Capital Center (Limited Partnership) is controlled by its general partner, which in turn is controlled by an investment committee consisting of three individuals, i.e. Qin Liu, Jianming Shi and Yu Cheng. The three individuals have the voting and dispositive powers over the shares held by Shanghai Chenxi Venture Capital Center (Limited Partnership). The registered address of Shanghai Chenxi Venture Capital Center (Limited Partnership) is Building 26, 828-838 Zhangyang Road, China (Shanghai) Free Trade Pilot Zone, the People's Republic of China.
- (5) Represents (i) 200,514 ordinary shares; (ii) 281,923 Series C-3 preferred shares; (iii) 7,952,405 Series D-2 preferred shares; (iv) 560,410 Series E preferred shares; and (v) 900,548 Series F preferred shares held by Internet Fund IV Pte. Ltd., a company formed under the laws of Singapore. Internet Fund IV Pte. Ltd. is ultimately controlled by Charles P. Coleman III and Scott L. Shleifer. The registered address of Internet Fund IV Pte. Ltd. is 8 Temasek Boulevard, #3202 Suntec Tower Three, Singapore 038988. All of the ordinary shares and preferred shares held by Internet Fund IV Pte. Ltd. will be automatically redesignated as Class A ordinary shares immediately prior to the completion of this offering.

- (6) Represents (i) 7,450,811 Series C-2 preferred shares held by Tiantu China Consumer Fund I, L.P., (ii) 429,089 Series C-3 preferred shares and 280,205 Series E preferred shares held by Tiantu China Consumer Fund II, L.P., and (iii) 3,383,070 Series C-3 preferred shares held by Shenzhen Tiantu Xingli Investment Enterprise (Limited Partnership). The ultimate beneficial owner of Tiantu China Consumer Fund I, L.P. is Ms. Xinting Wang. Both Tiantu China Consumer Fund II, L.P. and Shenzhen Tiantu Xingli Investment Enterprise (Limited Partnership) are indirectly controlled by Tian Tu Capital Co., Ltd., the shares of which are listed on the National Equities Exchange and Quotations. Mr. Yonghua Wang is the actual controlling person of Tian Tu Capital Co., Ltd. Ms. Xinting Wang is Mr. Yonghua Wang's daughter. The registered address of Tiantu China Consumer Fund I, L.P. is Intertrust Corporate Services (Cayman) Limited, One Nexus Way, Camana Bay, Grand Cayman KY1-9005, Cayman Islands. The registered address of Tiantu China Consumer Fund II, L.P. is Intertrust Corporate Services (Cayman) Limited, One Nexus Way, Camana Bay, Grand Cayman KY1-9005, Cayman Islands. The registered address of Shenzhen Tiantu Xingli Investment Enterprise (Limited Partnership) is 23/F-2/3, Block 1, Building B, Wisdom Plaza, 4068 Qiaoxiang Road, Nanshan District, Shenzhen, the People's Republic of China. All of the preferred shares held by Tiantu entities will be automatically redesignated as Class A ordinary shares immediately prior to the completion of this offering.

As of the date of this prospectus, a total of 458,313 ordinary shares and 4,815,989 preferred shares are held by one holder of record in the United States, representing approximately 3.9% of our total ordinary shares issued and outstanding on an as-converted basis.

We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

## RELATED PARTY TRANSACTIONS

### Contractual Arrangements with Our VIEs and Their Respective Shareholders

See “Corporate History and Structure.”

### Shareholders Agreement

See “Description of Share Capital—Shareholders Agreement.”

### Private Placements

See “Description of Share Capital—History of Securities Issuances.”

### Employment Agreements and Indemnification Agreements

See “Management—Employment Agreements and Indemnification Agreements.”

### Share Incentive Plan

See “Management—Share Incentive Plan.”

### Transactions with Related Parties

For the year ended December 31, 2018, we had the following transactions with related parties:

- We sold pre-owned consumer electronics to Beijing Xichen Technology Co., Ltd., one of our equity investees, for a consideration of RMB16.4 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, from JD Group for a total consideration of RMB21.0 million.
- We extended a loan of RMB32.9 million to Jinsong (Shanghai) Network Information Technology Co., Ltd., or Jinsong, one of our equity investees of 8% per annum, and received an interest income of RMB0.2 million and a repayment of RMB26.1 million from Jinsong.
- We received an income of RMB0.4 million from Fuzhou Ruifeng Renewable resources Co., Ltd., or Ruifeng, one of our equity investees, due to the outstanding loans we extended to Ruifeng previously.
- We extended a loan of RMB6.0 million to Shanghai Yueqing Information Technology Co., Ltd., or Yueqing, one of our equity investees, at an interest rate of 8% per annum.
- We extended an interest-free payable on demand loan of RMB0.6 million to Shanghai Meda Information Technology Co., Ltd., or Meda, one of our equity investees.

For the year ended December 31, 2019, we had the following transactions with related parties:

- We provided consultation service to Manak Waste Management Private Limited, one of our equity investees, for a total consideration of RMB6.4 million.
- We purchased new consumer electronics from JD Group for a total consideration of RMB8.1 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 RMB82.6 million.
- We disposed of our household waste recycling business to Shanghai Yuekun Environmental Protection Technology Co., Ltd., or Yuekun, a company controlled by Mr. Kerry Xuefeng Chen, in exchange for economic rights (without any voting or significant participation rights) to 52.5% of the total outstanding shares of Yuekun's holding company in Cayman islands. We recognized a loss of RMB9.3 million upon disposal. We also extended a loan of RMB81.6 million to Yuekun at an interest rate of 7% per annum and received an interest income of RMB352.0 thousand from Yuekun. Mr. Kerry Xuefeng Chen provided guarantee on the repayment of the loan. We received a repayment of RMB20.1 million from Yuekun.
- We received an income of RMB0.3 million from Ruifeng.
- We extended a loan of RMB3.5 million to Yueqing at an interest rate of 8% per annum.
- We extended an interest-free payable on demand loan of RMB3.9 million to Shenzhen Aileyou Information Technology Co., Ltd., or Aileyou, one of our equity investees, and received a repayment of RMB1.5 million from Aileyou.
- We extended a loan of RMB75 million to Jinsong and received a repayment of RMB81.8 million from Jinsong.
- We acquired Paipai, a B2C online retail platform for pre-owned products, from JD.com, Inc. on June 3, 2019. The tangible assets acquired primarily include property and equipment related to the operations of Paipai platform such as computers. The intangible assets acquired primarily include resources provided by JD under a business cooperation agreement entered into together with the acquisition of Paipai, brand names, non-compete commitment, technology and platform, deferred tax liabilities and goodwill. In addition to the tangible and intangible assets, we received a net cash of US\$20.1 million from JD. As a consideration, we issued 27,500,098 Series E preferred Shares to JD.com Development Limited.

For the year ended December 31, 2020, we had the following transactions with related parties:

- We purchased new consumer electronics from JD Group for a total consideration of RMB25.4 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 RMB166.1 million.
- We purchased service related to traffic acquisition from Aileyou for a total consideration of RMB2.0 million.
- We extended a loan of RMB138.3 million to Yuekun at an interest rate of 7% per annum and received an interest income of RMB1.8 million from Yuekun. We also received a repayment of RMB175.8 million from Yuekun, a portion of which was repayment of loans we extended in prior years.
- We extended an interest-free payable on demand loan of RMB2.4 million to Aileyou, and received a repayment of RMB2.9 million from Aileyou, a portion of which was repayment of loans we extended in prior year. The loan is expected to be repaid in full in 2021.

For the three months ended March 31, 2021, 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 RMB55.4 million.



- We purchased service related to traffic acquisition from Aileyou for a total consideration of RMB1.3 million.
- We extended a loan of RMB69.4 million to Yuekun at an interest rate of 7% per annum and received an interest income of RMB1.2 million from Yuekun. We also received a repayment of RMB72.2 million from Yuekun, a portion of which was repayment of loans we extended in prior years.

## DESCRIPTION OF SHARE CAPITAL

We are a Cayman Islands exempted company incorporated with limited liability and our 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 below, and the common law of the Cayman Islands.

As of the date of this prospectus, our authorized share capital is US\$300,000 divided into 300,000,000 shares with a par value of US\$0.001 each, comprising of (i) 182,665,628 ordinary shares with a par value of US\$0.001 each; (ii) 9,497,040 Series A preferred shares with a par value of US\$0.001 each; (iii) 7,586,836 Series B preferred shares with a par value of US\$0.001 each, comprising of (a) 1,758,711 Series B-1 preferred shares, (b) 2,879,784 Series B-2 preferred shares and (c) 2,948,341 Series B-3 preferred shares; (iv) 44,226,287 Series C preferred shares with a par value of US\$0.001 each, comprising of (a) 2,747,350 Series C-1 preferred shares, (b) 17,099,501 Series C-2 preferred shares and (c) 24,379,436 Series C-3 preferred shares; (v) 10,068,160 Series D preferred shares with a par value of US\$0.001 each, comprising of (a) 2,115,755 Series D-1 preferred shares and (b) 7,952,405 Series D-2 preferred shares; (vi) 36,178,666 Series E preferred shares and 9,777,383 Series F preferred shares with a par value of US\$0.001 each.

As of the date of this prospectus, 18,782,620 ordinary shares, 9,497,040 Series A preferred shares, 1,758,711 Series B-1 preferred shares, 2,879,784 Series B-2 preferred shares, 2,948,341 Series B-3 preferred shares, 2,747,350 Series C-1 preferred shares, 17,099,501 Series C-2 preferred shares, 24,379,436 Series C-3 preferred shares, 2,115,755 Series D-1 preferred shares, 7,952,405 Series D-2 preferred shares, 36,178,666 Series E preferred shares and 9,777,383 Series F preferred shares are issued and outstanding. All of our issued and outstanding ordinary shares and preferred shares are fully paid.

Immediately prior to the completion of this offering, our authorized share capital will be US\$1,000,000 divided into 1,000,000,000 shares comprising of (i) 941,472,561 Class A Ordinary Shares of a par value of US\$0.001 each, (ii) 47,240,103 Class B Ordinary Shares of a par value of US\$0.001 each, and (iii) 11,287,336 Class C Ordinary Shares of a par value of US\$0.001 each, and there will be ordinary shares outstanding, including a total of Class A ordinary shares, Class B ordinary shares and Class C ordinary shares, assuming the underwriters do not exercise the over-allotment option.

### Our Post-Offering Memorandum and Articles of Association

Subject to the approval of our shareholders, we will adopt a further amended and restated memorandum and articles of association, which will become effective and replace our currently effective memorandum and articles of association in its entirety immediately prior to the completion of this offering. The following are summaries of material provisions of the post-offering 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 post-offering 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, 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 post-offering 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 post-offering 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 post-offering 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 post-offering 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 post-offering 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 post-offering 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 post-offering 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, we intend to provide our shareholders with annual audited financial statements. See "Where You Can Find Additional Information."

**Anti-Takeover Provisions.** Some provisions of our post-offering 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 post-offering 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 negotiable or bearer shares or shares with no par value;
- may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 20 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).

#### **Differences in Corporate Law**

The Companies Act is derived, to a large extent, from the older Companies Acts of England but does not follow recent English statutory enactments and accordingly there are significant differences between the Companies Act and the current Companies Act of England. In addition, the Companies Act differs from laws applicable to U.S. corporations and their shareholders. Set forth below is a summary of certain significant differences between the provisions of the Companies Act applicable to us and the laws applicable to companies incorporated in the United States and their shareholders.

**Mergers and Similar Arrangements.** The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (i) “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 (ii) 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 to 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 (a) a special resolution of the shareholders of each constituent company, and (b) 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 of the Cayman Islands 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. 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 ninety percent (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 also contains a statutory power of compulsory acquisition which may facilitate the "squeeze out" of dissentient minority shareholders upon a tender offer. When a tender offer is made and accepted by holders of 90.0% 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 and sanctioned, or if a tender offer is made and accepted in accordance with the foregoing statutory procedures, a 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 the company to challenge actions where:

- a company acts or proposes to act illegally or ultra vires;
- 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
- those who control the company are perpetrating a “fraud on the minority.”

**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 post-offering memorandum and articles of association provide that that we shall indemnify our officers and directors against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such directors or officer, other than by reason of such person’s dishonesty, willful default or fraud, in or about the conduct of our company’s business or affairs (including as a result of any mistake of judgment) or in the execution or discharge of his duties, powers, authorities or discretions, including, without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by such director or officer in defending (whether successfully or otherwise) any civil proceedings concerning our company or its affairs in any court whether in the Cayman Islands or elsewhere. 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 post-offering 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 reasonably believes to be in the best interests of the corporation. He 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 owes the following duties to the company—a duty to act bona fide in the best interests of the company, a duty not to make a profit based on his position as director (unless the company permits him to do so), a duty not to put himself in a position where the interests of the company conflict with his personal interest or his 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 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 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 post-offering 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 each shareholder 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 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 post-offering memorandum and articles of association allow any one or more of our shareholders holding shares which carry in aggregate not less than one-third of the total number votes attaching to all issued and the outstanding shares of our company entitled to vote at general meetings to requisition an extraordinary general meeting of our shareholders, in which case our board is obliged to convene an extraordinary general meeting and to put the resolutions so requisitioned to a vote at such meeting. Other than this right to requisition a shareholders' meeting, our post-offering memorandum and articles of association do not provide our shareholders with any other right to put proposals before annual general meetings or extraordinary general meetings. As an exempted Cayman Islands company, we are not obliged by law to call shareholders' annual general meetings.

**Cumulative Voting.** Under the Delaware General Corporation Law, cumulative voting for elections 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 in relation to cumulative voting under the laws of the Cayman Islands but our post-offering 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 issued and outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our post-offering 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 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 share within the past three years. This 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, among other things, 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 not with the effect of constituting a fraud on the minority shareholders.

**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 either an order of the courts of the Cayman Islands or by the board of directors.

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.

**Variations 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 our post-offering memorandum and articles of association, if our share capital is divided into more than one class of shares, the rights attached to any such class may, subject to any rights or restrictions for the time being attached to any class, only be 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 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 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.

**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 the Companies Act and our post-offering memorandum and articles of association, our memorandum and articles of association may only be amended by a special resolution of our shareholders.

**Rights of Non-resident or Foreign Shareholders.** There are no limitations imposed by our post-offering 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 post-offering memorandum and articles of association governing the ownership threshold above which shareholder ownership must be disclosed.

## History of Securities Issuances

The following is a summary of our securities issuances in the past three years.

### Preferred Shares

#### *Follow-on Series C-3 Preferred Shares*

On June 26, 2018, we entered into a Follow-on Series C-3 Preferred Share Purchase Agreement with Euro Eco Limited, pursuant to which we issued 1,884,512 Series C-3 preferred shares to Euro Eco Limited on June 26, 2018 for a purchase price of US\$5,000,000.

#### *Series D Preferred Shares*

On July 5, 2018, we entered into a Series D Preferred Share Purchase Agreement with JD.com Development Limited and Internet Fund IV Pte. Ltd. Pursuant to the agreement, we issued on July 5, 2018 (i) 2,115,755 Series D-1 preferred shares to JD.com Development Limited for a purchase price of US\$22,917,594, and (ii) 7,952,405 Series D-2 preferred shares to Internet Fund IV Pte. Ltd. for a purchase price of US\$101,340,522.

#### *First Conversion of Series C-3 Convertible Loans*

On December 7, 2018, as a result of certain Series C-3 convertible loan investors' election to convert the loans they extended to us during Series C-3 round of financing into Series C-3 preferred shares, we issued (i) 1,691,535 Series C-3 preferred shares to Qianhai Ark (Cayman) Investment Co. Limited for a purchase price of US\$ equivalent of RMB30,000,000, (ii) 5,564,491 Series C-3 preferred shares to JD.com Development Limited for a purchase price of US\$ equivalent of RMB98,688,292, and (iii) 563,845 Series C-3 preferred shares to YYT Capital Inc. for a purchase price of US\$ equivalent of RMB10,000,000.

*Series E Preferred Shares*

On June 3, 2019, we entered into Series E Preferred Share Purchase Agreements with six investors. Pursuant to the agreements, we issued:

- on June 3, 2019, (i) 560,410 Series E preferred shares to Generation Mu HK Investment Limited for a purchase price of US\$10,000,000, (ii) 560,410 Series E preferred shares to Internet Fund IV Pte. Ltd. for a purchase price of US\$10,000,000, and (iii) 27,500,098 Series E preferred shares to JD.com Development Limited, in exchange for JD Group's Paipai business, certain exclusive traffic resources, and a cash consideration of US\$20,114,688;
- on August 16, 2019, we issued 280,205 Series E preferred shares to Tiantu China Consumer Fund II, L.P. for a purchase price of US\$5,000,000;
- on August 24, 2019, we issued 280,205 Series E preferred shares to Fresh Capital Fund I, L.P. for a purchase price of US\$5,000,000; and
- on September 16, 2019, we issued 840,614 Series E preferred shares to Morningside China TMT Fund II, L.P. for a purchase price of US\$15,000,000.

*Follow-on Series E Preferred Shares*

On September 4, 2020, we entered into a Follow-on Series E Preferred Share Purchase Agreement, or Series E Follow-on SPA, with five investors, including three RMB investors. Pursuant to the agreement, we issued:

- on September 9, 2020, 1,401,024 Series E preferred shares to Guotai Junan Finance (Hong Kong) Limited for a purchase price of US\$25,000,000; and
- on September 14, 2020, 2,802,048 Series E preferred shares to JD.com Development Limited for a purchase price of US\$50,000,000.

Upon the closing of the transaction with the three RMB investors, we would issue (i) 282,623 Series E preferred shares to Tianjin Huihe Haihe Intelligent Logistics Industry Fund Partnership (Limited Partnership), or Huihe Haihe, for a purchase price of US\$ equivalent of RMB35,000,000, (ii) 403,747 Series E preferred shares to Shanghai Zhengmu Investment Center (Limited Partnership), or Zhengmu, for a purchase price of US\$ equivalent of RMB50,000,000, and (iii) 403,747 Series E preferred shares to Ningbo Qingyu Investment Management Co., Ltd., or Qingyu, for a purchase price of US\$ equivalent of RMB50,000,000.

On November 19, 2020, an additional RMB investor, Zibo Minsheng Ouming Equity Investment Partnership (Limited Partnership), or Minsheng, entered into an amendment agreement to the Series E Follow-on SPA, with all parties to the Series E Follow-on SPA. Pursuant to the amendment agreement, upon the closing of the transaction, we would issue 807,494 Series E preferred shares to Minsheng for a purchase price of US\$ equivalent of RMB100,000,000.

*Follow-on Series E Convertible Loans*

On September 4, 2020, we also entered into a convertible loan agreement with each of the three RMB investors that entered into the Series E Follow-on SPA with us on the same day. Pursuant to the three convertible loan agreements, (i) Huihe Haihe extended a loan of RMB35,000,000 to us, (ii) Zhengmu extended a loan of RMB50,000,000 to us, and (iii) Qingyu extended a loan of RMB50,000,000 to us. We are obligated to repay such loans within 30 days after each corresponding RMB investor obtains relevant PRC government authorities' approval for its follow-on Series E investment in our company pursuant to the Series E Follow-on SPA.

On November 19, 2020, the same day on which we entered into the amendment agreement with Minsheng, we also entered into a convertible loan agreement with Minsheng. Pursuant to the convertible loan agreement, Minsheng to extended a loan of RMB100,000,000 to us and we are obligated to repay such loan within 30 days after Minsheng obtains relevant PRC government authorities' approval for its follow-on Series E investment in our company pursuant to the amendment agreement.

*Second Conversion of Series C-3 Convertible Loans*

On February 8, 2021, as a result of a few additional Series C-3 convertible loan investors' election to convert the loans they extended to us during Series C-3 round of financing into Series C-3 preferred shares, we issued (i) 1,884,511 Series C-3 preferred shares to Shanghai Chenxi Venture Capital Center (Limited Partnership) for a purchase price of US\$ equivalent of RMB33,422,500, (ii) 3,383,070 Series C-3 preferred shares to Shenzhen Tiantu Xingli Investment Enterprise (Limited Partnership) for a purchase price of US\$ equivalent of RMB60,000,000, and (iii) 563,845 Series C-3 preferred shares to Shanghai Jinglin Jinghui Equity Investment Center (Limited Partnership) for a purchase price of US\$ equivalent of RMB10,000,000.

*Replacement of Certain Series C-3 Preferred Shares Issued in the First Conversion of Series C-3 Convertible Loans*

On February 8, 2021, we issued 1,262,446 Series C-3 preferred shares to Qianhai Fund of Fund Equity Investment (Shenzhen) Co., Ltd., or Qianhai FoF, for a purchase price of US\$ equivalent of RMB22,389,948 and, at the same time, repurchased from Qianhai Ark (Cayman) Investment Co. Limited, an offshore affiliate of Qianhai FoF, the same amount of Series C-3 preferred shares we issued to it on December 7, 2018 upon the first conversion of Series C-3 convertible loans, at the same price.

*First Conversion of Follow-on Series E Convertible Loans*

On February 8, 2021, Zhengmu, a follow-on Series E convertible loan investor, elected to convert the loan it extended to us during follow-on Series E round of financing into Series E preferred shares, and we issued 403,747 Series E preferred shares to Refresher Limited, an offshore affiliate of Zhengmu, for a purchase price of US\$ equivalent of RMB50,000,000. Upon the completion of this issuance, our transaction with Zhengmu contemplated under the Series E Follow-on SPA was also closed.

*Third Conversion of Series C-3 Convertible Loans*

In April and May 2020, the last two remaining Series C-3 convertible loan investors' election to convert the loans they extended to us into Series C-3 preferred shares. As a result, we issued (i) 2,255,380 Series C-3 preferred shares to Shou Bainian for a purchase price of US\$ equivalent of RMB40,000,000 on April 28, 2021; and (ii) 2,819,225 Series C-3 preferred shares to Shanghai Liange Enterprise management Partnership (Limited Partners) for a purchase price of US\$ equivalent of RMB50,000,000 on May 25, 2021.

*Second Conversion of Follow-on Series E Convertible Loans*

On May 25, 2021, the remaining three Series E convertible loan investors, Huihe Haihe, Qingyu and Minsheng, elected to convert the loans they extended to us during follow-on Series E round of financing into Series E preferred shares. As a result, we issued on May 25, 2021 (i) 282,623 Series E preferred shares to Huihe Haihe for a purchase price of US\$ equivalent of RMB35,000,000,

(ii) 403,747 Series E preferred shares to Shanghai Qihuai Enterprise Management Partnership (Limited Partnership), a PRC affiliate of Qingyu, for a purchase price of US\$ equivalent of RMB50,000,000, and (iii) 807,494 Series E preferred shares to Bourgeon Inc, an offshore affiliate of Minsheng, for a purchase price of US\$ equivalent of RMB100,000,000. Upon the completion of these share issuance, our transactions with Huihe Haihe, Qingyu and Minsheng under the Series E Follow-on SPA were closed.

*Series F Preferred Shares, Series C-3 Preferred Shares and Ordinary Shares*

On April 16, 2021, we entered into a share purchase agreement with eight investors. Pursuant to the share purchase agreement. Pursuant to the agreement, we issued:

- On April 28, 2021 to Tiger Pacific Master Fund LP (i) 720,439 Series F preferred shares for a consideration of US\$14,000,000; (ii) 225,538 Series C-3 preferred shares for a consideration of US\$3,506,233; (iii) 160,412 ordinary shares for a consideration of US\$2,493,767;
- On April 28, 2021 to Yiheng Capital Partners, L.P. (i) 720,439 Series F preferred shares for a consideration of US\$14,000,000; (ii) 225,538 Series C-3 preferred shares for a consideration of US\$3,506,233; and (iii) 160,411 ordinary shares for a consideration of US\$2,493,767;
- On April 28, 2021 to Pluto Connection Limited (i) 1,801,097 Series F preferred shares for a consideration of US\$35,000,000; (ii) 563,845 Series C-3 preferred shares for a consideration of US\$8,765,581; (iii) 401,028 ordinary shares for a consideration of US\$6,234,419;
- On April 30, 2021 to Being Capital Fund I LP (i) 1,080,658 Series F preferred shares for a consideration of US\$21,000,000; (ii) 338,307 Series C-3 preferred shares for a consideration of US\$5,259,349; and (iii) 240,617 ordinary shares for a consideration of US\$3,740,651;
- On April 30, 2021 to JD.com Development Limited (i) 720,439 Series F preferred shares for a consideration of US\$14,000,000; (ii) 225,538 Series C-3 preferred shares for a consideration of US\$3,506,233; (iii) 160,411 ordinary shares for a consideration of US\$2,493,767;
- On April 30, 2021 to Internet Fund IV Pte. Ltd. (i) 900,548 Series F preferred shares for a consideration of US\$17,500,000; (ii) 281,923 Series C-3 preferred shares for a consideration of US\$4,382,791; (iii) 200,514 ordinary shares for a consideration of US\$3,117,209;
- On May 5, 2021 to Design Time Limited (i) 720,439 Series F preferred shares for a consideration of US\$14,000,000; (ii) 225,538 Series C-3 preferred shares for a consideration of US\$3,506,233; (iii) 160,411 ordinary shares for a consideration of US\$2,493,767; and
- On May 12, 2021 to Tian Zhan Investment Limited (i) 540,329 Series F preferred shares for a consideration of US\$10,500,000; (ii) 169,153 Series C-3 preferred shares for a consideration of US\$2,629,674; and (iii) 120,309 ordinary shares for a consideration of US\$1,870,326.

On May 25, 2021, we entered into a share purchase agreement with Cosmic Blue Investments Limited, a wholly-owned subsidiary of Kuaishou. Pursuant to the share purchase agreement, we issued to Cosmic Blue Investments Limited 2,572,995 Series F preferred shares on May 25, 2021 for a consideration of US\$50,000,000 in the form of cash and business resources.

**Ordinary shares**

On February 8, 2021, we issued 992,513 ordinary shares to Shanghai Jinglin Jinghui Equity Investment Center (Limited Partnership), or Shanghai Jinglin, after C&XF Group Limited, Mr. Kerry Xuefeng Chen's BVI holding company, transferred us the same amount of ordinary shares on the same day. This arrangement was made to realize a transfer of 992,513 ordinary shares from Mr. Kerry Xuefeng Chen to Shanghai Jinglin contemplated under a share transfer agreement between the two

shareholders. Instead of a direct transfer between the two shareholders, this arrangement was made to facilitate Shanghai Jinglin's obtaining of the approval from relevant PRC government authorities for investing in the Company's shares.

We will issue to several investors certain amounts of ordinary shares pursuant to a share purchase agreement entered into on April 20, 2021. See "—History of Securities Issuance—Preferred Shares—Series F Preferred Shares, Series C-3 Preferred Shares and Ordinary Shares."

#### **Warrant**

On December 9, 2020, we issued to InnoVen Capital China Pte. Ltd. a warrant to subscribe for up to US\$1,000,000 worth of Series E preferred shares at the subscription price set forth in the Warrants Instrument executed by us. On May 12, 2021, as a result of InnoVen Capital China Pte. Ltd.'s election to exercise the warrant in full, we issued to it 56,041 Series E preferred shares at a purchase price of US\$1,000,000.

On May 10, 2021, we issued to China Equities HK Limited a warrant to subscribe for 153,570 ordinary shares of our company at an exercise price of US\$2.65 per share, subject to certain price adjustments as set forth in the warrant. The warrant will expire on May 10, 2025.

#### **Options and Restricted Share Units**

We have granted options to purchase our ordinary shares and restricted share units to certain of our directors, officers and employees. See "Management—Share Incentive Plan."

#### **Shareholders Agreement**

We entered into the eighth amended and restated shareholders agreement on April 16, 2021 with our shareholders, which consist 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 provides 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 will automatically terminate upon the completion of this offering. Below is a summary of certain shareholders' special rights that will survive the completion of this offering.

#### **Registration Rights**

We have granted certain registration rights to our holders of preferred shares. 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 then outstanding registrable securities (including ordinary shares issued or issuable upon conversion of the preferred shares) 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 registerable 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 five years of the completion of this offering, or (ii) 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.

Pursuant to a put option agreement we entered into with certain of our shareholders on June 26, 2018, we granted to each of such shareholders a put option to sell the shares held by them back to us at certain agreed price upon certain triggering events, such as failure to perform our obligations under IFC policy undertakings described above. On May 25, 2021, the put option was terminated by mutual agreement between the relevant shareholders and us.

## DESCRIPTION OF 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. American Depositary Shares are frequently referred to as "ADSS" and represent ownership interests in securities that are on deposit with the depository. ADSs may be represented by certificates that are commonly known as "American Depositary Receipts" or "ADRs." The depository typically appoints a custodian to safekeep the securities on deposit. In this case, the custodian is Citibank, N.A. — Hong Kong, located at 9/F Citi Tower, One Bay East, 83 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong.

We have appointed Citibank as depository pursuant to a deposit agreement. A copy of the deposit agreement is on file with the SEC under cover of a Registration Statement on Form F-6. You may obtain a copy of the deposit agreement from the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 and from the SEC's website ([www.sec.gov](http://www.sec.gov)). Please refer to Registration Number 333- when retrieving such copy.

We are providing you with a summary description of the material terms of the ADSs and of your material rights as an owner of ADSs. Please remember that summaries by their nature lack the precision of the information summarized and that the rights and obligations of an owner of ADSs will be determined by reference to the terms of the deposit agreement and not by this summary. We urge you to review the deposit agreement in its entirety. The portions of this summary description that are italicized describe matters that may be relevant to the ownership of ADSs but that may not be contained in the deposit agreement.

Each ADS represents the right to receive, and to exercise the beneficial ownership interests in, Class A ordinary shares that are on deposit with the depository and/or custodian. An ADS also represents the right to receive, and to exercise the beneficial interests in, any other property received by the depository or the custodian on behalf of the owner of the ADS but that has not been distributed to the owners of ADSs because of legal restrictions or practical considerations. We and the depository may agree to change the ADS-to-Share ratio by amending the deposit agreement. This amendment may give rise to, or change, the depository fees payable by ADS owners. The custodian, the depository and their respective nominees will hold all deposited property for the benefit of the holders and beneficial owners of ADSs. The deposited property does not constitute the proprietary assets of the depository, the custodian or their nominees. Beneficial ownership in the deposited property will under the terms of the deposit agreement be vested in the beneficial owners of the ADSs. The depository, the custodian and their respective nominees will be the record holders of the deposited property represented by the ADSs for the benefit of the holders and beneficial owners of the corresponding ADSs. A beneficial owner of ADSs may or may not be the holder of ADSs. Beneficial owners of ADSs will be able to receive, and to exercise beneficial ownership interests in, the deposited property only through the registered holders of the ADSs, the registered holders of the ADSs (on behalf of the applicable ADS owners) only through the depository, and the depository (on behalf of the owners of the corresponding ADSs) directly, or indirectly, through the custodian or their respective nominees, in each case upon the terms of the deposit agreement.

If you become an owner of ADSs, you will become a party to the deposit agreement and therefore will be bound to its terms and to the terms of any ADR that represents your ADSs. The deposit agreement and the ADR specify our rights and obligations as well as your rights and obligations as an owner of ADSs and those of the depository. As an ADS holder you appoint the depository to act on your behalf in certain circumstances. The deposit agreement and the ADRs are governed by New York law. However, our obligations to the holders of Class A ordinary shares will continue to be governed by the laws of the Cayman Islands, which may be different from the laws in the United States.

In addition, applicable laws and regulations may require you to satisfy reporting requirements and obtain regulatory approvals in certain circumstances. You are solely responsible for complying with such reporting requirements and obtaining such approvals. Neither the depository, the custodian, us or any of their or our respective agents or affiliates shall be required to take any actions whatsoever on your behalf to satisfy such reporting requirements or obtain such regulatory approvals under applicable laws and regulations.

*As an owner of ADSs, we will not treat you as one of our shareholders and you will not have direct shareholder rights. The depository will hold on your behalf the shareholder rights attached to the Class A ordinary shares underlying your ADSs. As an owner of ADSs you will be able to exercise the shareholders rights for the Class A ordinary shares represented by your ADSs through the depository only to the extent contemplated in the deposit agreement. To exercise any shareholder rights not contemplated in the deposit agreement you will, as an ADS owner, need to arrange for the cancellation of your ADSs and become a direct shareholder.*

The manner in which you own the ADSs (e.g., in a brokerage account vs. as registered holder, or as holder of certificated vs. uncertificated ADSs) may affect your rights and obligations, and the manner in which, and extent to which, the depository's services are made available to you. As an owner of ADSs, you may hold your ADSs either by means of an ADR registered in your name, through a brokerage or safekeeping account, or through an account established by the depository in your name reflecting the registration of uncertificated ADSs directly on the books of the depository (commonly referred to as the "direct registration system" or "DRS"). The direct registration system reflects the uncertificated (book-entry) registration of ownership of ADSs by the depository. Under the direct registration system, ownership of ADSs is evidenced by periodic statements issued by the depository to the holders of the ADSs. The direct registration system includes automated transfers between the depository and The Depository Trust Company ("DTC"), the central book-entry clearing and settlement system for equity securities in the United States. If you decide to hold your ADSs through your brokerage or safekeeping account, you must rely on the procedures of your broker or bank to assert your rights as ADS owner. Banks and brokers typically hold securities such as the ADSs through clearing and settlement systems such as DTC. The procedures of such clearing and settlement systems may limit your ability to exercise your rights as an owner of ADSs. Please consult with your broker or bank if you have any questions concerning these limitations and procedures. All ADSs held through DTC will be registered in the name of a nominee of DTC, which nominee will be the only "holder" of such ADSs for purposes of the deposit agreement and any applicable ADR. This summary description assumes you have opted to own the ADSs directly by means of an ADS registered in your name and, as such, we will refer to you as the "holder." When we refer to "you," we assume the reader owns ADSs and will own ADSs at the relevant time.

The registration of the Class A ordinary shares in the name of the depository or the custodian shall, to the maximum extent permitted by applicable law, vest in the depository or the custodian the record ownership in the applicable Class A ordinary shares with the beneficial ownership rights and interests in such Class A ordinary shares being at all times vested with the beneficial owners of the ADSs representing the Class A ordinary shares. The depository or the custodian shall at all times be entitled to exercise the beneficial ownership rights in all deposited property, in each case only on behalf of the holders and beneficial owners of the ADSs representing the deposited property.

#### **Dividends and Distributions**

As a holder of ADSs, you generally have the right to receive the distributions we make on the securities deposited with the custodian. Your receipt of these distributions may be limited, however, by practical considerations and legal limitations. Holders of ADSs will receive such distributions under the

terms of the deposit agreement in proportion to the number of ADSs held as of the specified record date, after deduction of the applicable fees, taxes and expenses.

#### **Distributions of Cash**

Whenever we make a cash distribution for the securities on deposit with the custodian, we will deposit the funds with the custodian. Upon receipt of confirmation of the deposit of the requisite funds, the depositary will arrange for the funds received in a currency other than U.S. dollars to be converted into U.S. dollars and for the distribution of the U.S. dollars to the holders, subject to the laws and regulations of the Cayman Islands.

The conversion into U.S. dollars will take place only if practicable and if the U.S. dollars are transferable to the United States. The depositary will apply the same method for distributing the proceeds of the sale of any property (such as undistributed rights) held by the custodian in respect of securities on deposit.

The distribution of cash will be made net of the fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreement. The depositary will hold any cash amounts it is unable to distribute in a non-interest bearing account for the benefit of the applicable holders and beneficial owners of ADSs until the distribution can be effected or the funds that the depositary holds must be escheated as unclaimed property in accordance with the laws of the relevant states of the United States.

#### **Distributions of Shares**

Whenever we make a free distribution of Class A ordinary shares for the securities on deposit with the custodian, we will deposit the applicable number of Class A ordinary shares with the custodian. Upon receipt of confirmation of such deposit, the depositary will either distribute to holders new ADSs representing the Class A ordinary shares deposited or modify the ADS-to- Class A ordinary shares ratio, in which case each ADS you hold will represent rights and interests in the additional Class A ordinary shares so deposited. Only whole new ADSs will be distributed. Fractional entitlements will be sold and the proceeds of such sale will be distributed as in the case of a cash distribution.

The distribution of new ADSs or the modification of the ADS-to-Class A ordinary shares ratio upon a distribution of Class A ordinary shares will be made net of the fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreement. In order to pay such taxes or governmental charges, the depositary may sell all or a portion of the new Class A ordinary shares so distributed.

No such distribution of new ADSs will be made if it would violate a law (e.g., the U.S. securities laws) or if it is not operationally practicable. If the depositary does not distribute new ADSs as described above, it may sell the Class A ordinary shares received upon the terms described in the deposit agreement and will distribute the proceeds of the sale as in the case of a distribution of cash.

#### **Distributions of Rights**

Whenever we intend to distribute rights to subscribe for additional Class A ordinary shares, we will give prior notice to the depositary and we will assist the depositary in determining whether it is lawful and reasonably practicable to distribute rights to subscribe for additional ADSs to holders.

The depositary will establish procedures to distribute rights to subscribe for additional ADSs to holders and to enable such holders to exercise such rights if we request such rights be made available

to holders of ADSs, it is lawful and reasonably practicable to make the rights available to holders of ADSs, and if we provide all of the documentation contemplated in the deposit agreement (such as opinions to address the lawfulness of the transaction). You may have to pay fees, expenses, taxes and other governmental charges to subscribe for the new ADSs upon the exercise of your rights. The depositary is not obligated to establish procedures to facilitate the distribution and exercise by holders of rights to subscribe for new Class A ordinary shares other than in the form of ADSs.

The depositary will *not* distribute the rights to you if:

- We do not timely request that the rights be distributed to you or we request that the rights not be distributed to you; or
- We fail to deliver satisfactory documents to the depositary; or
- It is not reasonably practicable to distribute the rights.

The depositary will sell the rights that are not made available to you or not exercised and appear to be about to lapse if such sale is lawful and reasonably practicable. The proceeds of such sale will be distributed to holders as in the case of a cash distribution. If the depositary is unable to sell the rights in such circumstances, it will allow the rights to lapse.

#### **Elective Distributions**

Whenever we intend to distribute a dividend payable at the election of shareholders either in cash or in additional shares, we will give prior notice thereof to the depositary and will indicate whether we wish the elective distribution to be made available to you. In such case, we will assist the depositary in determining whether such distribution is lawful and reasonably practicable.

The depositary will make the election available to you only if we request, it is reasonably practicable and if we have provided all of the documentation contemplated in the deposit agreement. In such case, the depositary will establish procedures to enable you to elect to receive either cash or additional ADSs, in each case as described in the deposit agreement.

If the election is not made available to you, you will receive either cash or additional ADSs, depending on what a shareholder in the Cayman Islands would receive upon failing to make an election, as more fully described in the deposit agreement.

#### **Other Distributions**

Whenever we intend to distribute property other than cash, Class A ordinary shares or rights to subscribe for additional Class A ordinary shares, we will notify the depositary in advance and will indicate whether we wish such distribution to be made to you. If so, we will assist the depositary in determining whether such distribution to holders is lawful and reasonably practicable.

If it is reasonably practicable to distribute such property to you and if we request such distribution be made available to you and provide to the depositary all of the documentation contemplated in the deposit agreement, the depositary will distribute the property to the holders in a manner it deems practicable.

The distribution will be made net of fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreement. In order to pay such taxes and governmental charges, the depositary may sell all or a portion of the property received.

The depositary will *not* distribute the property to you and will sell the property if:

- We do not request that the property be distributed to you or if we request that the property not be distributed to you; or
- We do not deliver satisfactory documents to the depositary; or
- The depositary determines that all or a portion of the distribution to you is not reasonably practicable.

The proceeds of such a sale will be distributed to holders as in the case of a cash distribution.

#### **Redemption**

Whenever we decide to redeem any of the securities on deposit with the custodian, we will notify the depositary in advance. If it is practicable and if we provide all of the documentation contemplated in the deposit agreement, the depositary will provide notice of the redemption to the holders.

The custodian will be instructed to surrender the shares being redeemed against payment of the applicable redemption price. The depositary will convert into U.S. dollars upon the terms of the deposit agreement the redemption funds received in a currency other than U.S. dollars and will establish procedures to enable holders to receive the net proceeds from the redemption upon surrender of their ADSs to the depositary. You may have to pay fees, expenses, taxes and other governmental charges upon the redemption of your ADSs. If less than all ADSs are being redeemed, the ADSs to be retired will be selected by lot or on a *pro rata* basis, as the depositary may determine.

#### **Changes affecting Class A ordinary shares**

The Class A ordinary shares held on deposit for your ADSs may change from time to time. For example, there may be a change in nominal or par value, split-up, cancellation, consolidation or any other reclassification of such Class A ordinary shares or a recapitalization, reorganization, merger, consolidation or sale of assets of the Company.

If any such change were to occur, your ADSs would, to the extent permitted by law and the deposit agreement, represent the right to receive the property received or exchanged in respect of the Class A ordinary shares held on deposit. The depositary may in such circumstances deliver new ADSs to you, amend the deposit agreement, the ADRs and the applicable Registration Statement(s) on Form F-6, call for the exchange of your existing ADSs for new ADSs and take any other actions that are appropriate to reflect as to the ADSs the change affecting the Shares. If the depositary may not lawfully distribute such property to you, the depositary may sell such property and distribute the net proceeds to you as in the case of a cash distribution.

#### **Issuance of ADSs upon Deposit of Class A ordinary shares**

Upon completion of the offering, the Class A ordinary shares being offered pursuant to the prospectus will be deposited by us with the custodian. Upon receipt of confirmation of such deposit, the depositary will issue ADSs to the underwriters named in the prospectus.

After the closing of the offer, the depositary may create ADSs on your behalf if you or your broker deposit Class A ordinary shares with the custodian and provide the certifications and documentation required by the deposit agreement. The depositary will deliver these ADSs to the person you indicate only after you pay any applicable issuance fees and any charges and taxes payable for the transfer of

the Class A ordinary shares to the custodian. Your ability to deposit Class A ordinary shares and receive ADSs may be limited by U.S. and Cayman Islands legal considerations applicable at the time of deposit.

The issuance of ADSs may be delayed until the depository or the custodian receives confirmation that all required approvals have been given and that the Class A ordinary shares have been duly transferred to the custodian. The depository will only issue ADSs in whole numbers.

When you make a deposit of Class A ordinary shares, you will be responsible for transferring good and valid title to the depository. As such, you will be deemed to represent and warrant that:

- The Class A ordinary shares are duly authorized, validly issued, fully paid, non-assessable and legally obtained.
- All preemptive (and similar) rights, if any, with respect to such Class A ordinary shares have been validly waived or exercised.
- You are duly authorized to deposit the Class A ordinary shares.
- The Class A ordinary shares presented for deposit are free and clear of any lien, encumbrance, security interest, charge, mortgage or adverse claim, and are not, and the ADSs issuable upon such deposit will not be, "restricted securities" (as defined in the deposit agreement).
- The Class A ordinary shares presented for deposit have not been stripped of any rights or entitlements.

If any of the representations or warranties are incorrect in any way, we and the depository may, at your cost and expense, take any and all actions necessary to correct the consequences of the misrepresentations.

#### **Transfer, Combination, and Split Up of ADRs**

As an ADR holder, you will be entitled to transfer, combine or split up your ADRs and the ADSs evidenced thereby. For transfers of ADRs, you will have to surrender the ADRs to be transferred to the depository and also must:

- ensure that the surrendered ADR is properly endorsed or otherwise in proper form for transfer;
- provide such proof of identity and genuineness of signatures as the depository deems appropriate;
- provide any transfer stamps required by the State of New York or the United States; and
- pay all applicable fees, charges, expenses, taxes and other government charges payable by ADR holders pursuant to the terms of the deposit agreement, upon the transfer of ADRs.

To have your ADRs either combined or split up, you must surrender the ADRs in question to the depository with your request to have them combined or split up, and you must pay all applicable fees, charges and expenses payable by ADR holders, pursuant to the terms of the deposit agreement, upon a combination or split up of ADRs.

#### **Withdrawal of Class A ordinary shares Upon Cancellation of ADSs**

As a holder, you will be entitled to present your ADSs to the depository for cancellation and then receive the corresponding number of underlying Class A ordinary shares at the custodian's offices.

Your ability to withdraw the Class A ordinary shares held in respect of the ADSs may be limited by U.S. and Cayman Islands legal considerations applicable at the time of withdrawal. In order to withdraw the Class A ordinary shares represented by your ADSs, you will be required to pay to the depositary the fees for cancellation of ADSs and any charges and taxes payable upon the transfer of the Class A ordinary shares. You assume the risk for delivery of all funds and securities upon withdrawal. Once canceled, the ADSs will not have any rights under the deposit agreement.

If you hold ADSs registered in your name, the depositary may ask you to provide proof of identity and genuineness of any signature and such other documents as the depositary may deem appropriate before it will cancel your ADSs. The withdrawal of the Class A ordinary shares represented by your ADSs may be delayed until the depositary receives satisfactory evidence of compliance with all applicable laws and regulations. Please keep in mind that the depositary will only accept ADSs for cancellation that represent a whole number of securities on deposit.

You will have the right to withdraw the securities represented by your ADSs at any time except for:

- Temporary delays that may arise because (i) the transfer books for the Class A ordinary shares or ADSs are closed, or (ii) Class A ordinary shares are immobilized on account of a shareholders' meeting or a payment of dividends.
- Obligations to pay fees, taxes and similar charges.
- Restrictions imposed because of laws or regulations applicable to ADSs or the withdrawal of securities on deposit.

The deposit agreement may not be modified to impair your right to withdraw the securities represented by your ADSs except to comply with mandatory provisions of law.

#### **Voting Rights**

As a holder, you generally have the right under the deposit agreement to instruct the depositary to exercise the voting rights for the Class A ordinary shares represented by your ADSs. The voting rights of holders of Class A ordinary shares are described in the section of this prospectus titled "Description of Share Capital".

At our request, the depositary will distribute to you any notice of shareholders' meeting received from us together with information explaining how to instruct the depositary to exercise the voting rights of the securities represented by ADSs. In lieu of distributing such materials, the depositary may distribute to holders of ADSs instructions on how to retrieve such materials upon request.

If the depositary timely receives voting instructions from a holder of ADSs, it will endeavor to vote the securities (in person or by proxy) represented by the holder's ADSs as follows:

- *In the event of voting by show of hands*, the depositary will vote (or cause the custodian to vote) all ordinary shares held on deposit at that time in accordance with the voting instructions received from a majority of holders of ADSs who provide timely voting instructions.
- *In the event of voting by poll*, the depositary will vote (or cause the Custodian to vote) the ordinary shares held on deposit in accordance with the voting instructions timely received from the holders of ADSs.

Securities for which no voting instructions have been received will not be voted (except (a) as set forth above in the case voting is by show of hands, (b) in the event of voting by poll, holders of ADSs in



respect of which no timely voting instructions have been received shall be deemed to have instructed the depository to give a discretionary proxy to a person designated by us to vote the ordinary shares represented by such holders' ADSs; provided, however, that no such discretionary proxy shall be given with respect to any matter to be voted upon as to which we inform the depository that (i) we do not wish such proxy to be given, (ii) substantial opposition exists, or (iii) the rights of holders of ordinary shares may be adversely affected, and (c) as otherwise contemplated in the deposit agreement). Please note that the ability of the depository to carry out voting instructions may be limited by practical and legal limitations and the terms of the securities on deposit. We cannot assure you that you will receive voting materials in time to enable you to return voting instructions to the depository in a timely manner.

**Fees and Charges**

As an ADS holder, you will be required to pay the following fees under the terms of the deposit agreement:

Service	Fees
<ul style="list-style-type: none"> <li>• 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</li> </ul>	Up to US\$0.05 per ADS issued
<ul style="list-style-type: none"> <li>• 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)</li> </ul>	Up to US\$0.05 per ADS cancelled
<ul style="list-style-type: none"> <li>• Distribution of cash dividends or other cash distributions (e.g., upon a sale of rights and other entitlements)</li> </ul>	Up to US\$0.05 per ADS held
<ul style="list-style-type: none"> <li>• Distribution of ADSs pursuant to (i) stock dividends or other free stock distributions, or (ii) exercise of rights to purchase additional ADSs</li> </ul>	Up to US\$0.05 per ADS held
<ul style="list-style-type: none"> <li>• Distribution of securities other than ADSs or rights to purchase additional ADSs (e.g., upon a spin-off)</li> </ul>	Up to US\$0.05 per ADS held
<ul style="list-style-type: none"> <li>• ADS Services</li> </ul>	Up to US\$0.05 per ADS held on the applicable record date(s) established by the depository
<ul style="list-style-type: none"> <li>• 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 <i>vice versa</i>, or for any other reason)</li> </ul>	Up to US\$0.05 per ADS (or fraction thereof) transferred
<ul style="list-style-type: none"> <li>• 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 <i>vice versa</i>).</li> </ul>	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 depository 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 depository and/or service providers (which may be a division, branch or affiliate of the depository) in the conversion of foreign currency;
- the reasonable and customary out-of-pocket expenses incurred by the depository 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 depository, the custodian, or any nominee in connection with the ADR program.

ADS fees and charges for (i) the issuance of ADSs, and (ii) the cancellation of ADSs are charged to the person for whom the ADSs are issued (in the case of ADS issuances) and to the person for whom ADSs are cancelled (in the case of ADS cancellations). In the case of ADSs issued by the depository into DTC, the ADS issuance and cancellation fees and charges may be deducted from distributions made through DTC, and may be charged to the DTC participant(s) receiving the ADSs being issued or the DTC participant(s) holding the ADSs being cancelled, as the case may be, on behalf of the beneficial owner(s) and will be charged by the DTC participant(s) to the account of the applicable beneficial owner(s) in accordance with the procedures and practices of the DTC participants as in effect at the time. ADS fees and charges in respect of distributions and the ADS service fee are charged to the holders as of the applicable ADS record date. In the case of distributions of cash, the amount of the applicable ADS fees and charges is deducted from the funds being distributed. In the case of (i) distributions other than cash and (ii) the ADS service fee, holders as of the ADS record date will be invoiced for the amount of the ADS fees and charges and such ADS fees and charges may be deducted from distributions made to holders of ADSs. For ADSs held through DTC, the ADS fees and charges for distributions other than cash and the ADS service fee may be deducted from distributions made through DTC, and may be charged to the DTC participants in accordance with the procedures and practices prescribed by DTC and the DTC participants in turn charge the amount of such ADS fees and charges to the beneficial owners for whom they hold ADSs. In the case of (i) registration of ADS transfers, the ADS transfer fee will be payable by the ADS Holder whose ADSs are being transferred or by the person to whom the ADSs are transferred, and (ii) conversion of ADSs of one series for ADSs of another series, the ADS conversion fee will be payable by the Holder whose ADSs are converted or by the person to whom the converted ADSs are delivered.

In the event of refusal to pay the depository fees, the depository may, under the terms of the deposit agreement, refuse the requested service until payment is received or may set off the amount of the depository fees from any distribution to be made to the ADS holder. Certain depository fees and charges (such as the ADS services fee) may become payable shortly after the closing of the ADS offering. Note that the fees and charges you may be required to pay may vary over time and may be changed by us and by the depository. You will receive prior notice of such changes. The depository 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 depository agree from time to time.

### **Amendments and Termination**

We may agree with the depository to modify the deposit agreement at any time without your consent. We undertake to give holders of ADSs 30 days' prior notice of any modifications that would materially prejudice any of their substantial rights under the deposit agreement. We will not consider to be materially prejudicial to your substantial rights any modifications or supplements that are reasonably necessary for the ADSs to be registered under the Securities Act or to be eligible for book-entry settlement, in each case without imposing or increasing the fees and charges you are required to pay. In addition, we may not be able to provide you with prior notice of any modifications or supplements that are required to accommodate compliance with applicable provisions of law.

You will be bound by the modifications to the deposit agreement if you continue to hold your ADSs after the modifications to the deposit agreement become effective. The deposit agreement cannot be amended to prevent you from withdrawing the Class A ordinary shares represented by your ADSs (except as permitted by law).

We have the right to direct the depository to terminate the deposit agreement. Similarly, the depository may in certain circumstances on its own initiative terminate the deposit agreement. In either case, the depository must give notice to the holders at least 30 days before termination. Until termination, your rights under the deposit agreement will be unaffected.

After termination, the depository will continue to collect distributions received (but will not distribute any such property until you request the cancellation of your ADSs) and may sell the securities held on deposit. After the sale, the depository will hold the proceeds from such sale and any other funds then held for the holders of ADSs in a non-interest bearing account. At that point, the depository will have no further obligations to holders other than to account for the funds then held for the holders of ADSs still outstanding (after deduction of applicable fees, taxes and expenses).

In connection with any termination of the deposit agreement, the depository may make available to owners of ADSs a means to withdraw the Class A ordinary shares represented by ADSs and to direct the deposit of such Class A ordinary shares into an unsponsored American depository share program established by the depository. The ability to receive unsponsored American depository shares upon termination of the deposit agreement would be subject to satisfaction of certain U.S. regulatory requirements applicable to the creation of unsponsored American depository shares and the payment of applicable depository fees and expenses.

### **Books of Depository**

The depository will maintain ADS holder records at its depository office. You may inspect such records at such office during regular business hours but solely for the purpose of communicating with other holders in the interest of business matters relating to the ADSs and the deposit agreement.

The depository will maintain in New York facilities to record and process the issuance, cancellation, combination, split-up and transfer of ADSs. These facilities may be closed from time to time, to the extent not prohibited by law.

### **Transmission of Notices, Reports and Proxy Soliciting Material**

The depository will make available for your inspection at its office all communications that it receives from us as a holder of deposited securities that we make generally available to holders of deposited securities. Subject to the terms of the deposit agreement, the depository will send you copies of those communications or otherwise make those communications available to you if we ask it to.

### Limitations on Obligations and Liabilities

The deposit agreement limits our obligations and the depositary's obligations to you. Please note the following:

- We and the depositary are obligated only to take the actions specifically stated in the deposit agreement without negligence or bad faith.
- The depositary disclaims any liability for any failure to carry out voting instructions, for any manner in which a vote is cast or for the effect of any vote, provided it acts in good faith and in accordance with the terms of the deposit agreement.
- The depositary disclaims any liability for any failure to accurately determine the lawfulness or practicality of any action, for the content of any document forwarded to you on our behalf or for the accuracy of any translation of such a document, for the investment risks associated with investing in Class A ordinary shares, for the validity or worth of the Class A ordinary shares, for any tax consequences that result from the ownership of ADSs or other deposited property, for the credit-worthiness of any third party, for allowing any rights to lapse under the terms of the deposit agreement, for the timeliness of any of our notices or for our failure to give notice or for any act or omission of or information provided by DTC or any DTC participant.
- We and the depositary also disclaim any liability for any action or inaction of any clearing or settlement system (and any participant thereof) for the ADSs or deposited securities.
- The depositary shall not be liable for acts or omissions of any predecessor or successor depositary, except in certain circumstances described in the deposit agreement.
- We and the depositary will not be obligated to perform any act that is inconsistent with the terms of the deposit agreement.
- We and the depositary disclaim any liability if we or the depositary are prevented or forbidden from or subject to any civil or criminal penalty or restraint on account of, or delayed in, doing or performing any act or thing required by the terms of the deposit agreement, by reason of any provision, present or future of any law or regulation, including regulations of any stock exchange or by reason of present or future provision of any provision of our articles of association, or any provision of or governing the securities on deposit, or by reason of any act of God or war or other circumstances beyond our control.
- We and the depositary disclaim any liability by reason of any exercise of, or failure to exercise, any discretion provided for in the deposit agreement or in our articles of association or in any provisions of or governing the securities on deposit.
- We and the depositary further disclaim any liability for any action or inaction in reliance on the advice or information received from legal counsel, accountants, any person presenting Shares for deposit, any holder of ADSs or authorized representatives thereof, or any other person believed by either of us in good faith to be competent to give such advice or information.
- We and the depositary also disclaim liability for the inability by a holder or beneficial holder to benefit from any distribution, offering, right or other benefit that is made available to holders of Class A ordinary shares but is not, under the terms of the deposit agreement, made available to you.
- We and the depositary may rely without any liability upon any written notice, request or other document believed to be genuine and to have been signed or presented by the proper parties.
- We and the depositary also disclaim liability for any consequential or punitive damages for any breach of the terms of the deposit agreement.

- No disclaimer of any Securities Act liability is intended by any provision of the deposit agreement.
- Nothing in the deposit agreement gives rise to a partnership or joint venture, or establishes a fiduciary relationship, among us, the depository and you as ADS holder.
- Nothing in the deposit agreement precludes Citibank (or its affiliates) from engaging in transactions in which parties adverse to us or the ADS owners have interests, and nothing in the deposit agreement obligates Citibank to disclose those transactions, or any information obtained in the course of those transactions, to us or to the ADS owners, or to account for any payment received as part of those transactions.
- We and the depository disclaim liability arising out of losses, liabilities, taxes, charges or expenses resulting from the manner in which a holder or beneficial owner of ADSs holds ADSs, including resulting from holding ADSs through a brokerage account.

*As the above limitations relate to our obligations and the depository's obligations to you under the deposit agreement, we believe that, as a matter of construction of the clause, such limitations would likely to continue to apply to ADS holders who withdraw the ordinary shares from the ADS facility with respect to obligations or liabilities incurred under the deposit agreement before the cancellation of the ADSs and the withdrawal of the ordinary shares, and such limitations would most likely not apply to ADS holders who withdraw the ordinary shares from the ADS facility with respect to obligations or liabilities incurred after the cancellation of the ADSs and the withdrawal of the ordinary shares and not under the deposit agreement.*

*In any event, you will not be deemed, by agreeing to the terms of the deposit agreement, to have waived our or the depository's compliance with U.S. federal securities laws and the rules and regulations promulgated thereunder. In fact, you cannot waive our or the depository's compliance with U.S. federal securities laws and the rules and regulations promulgated thereunder.*

#### **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 depository 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 depository 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 depository 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 depository and to the custodian proof of taxpayer status and residence and such other information as the depository and the custodian may require to fulfill legal obligations. You are required to indemnify us, the depository and the custodian for any claims with respect to taxes based on any tax benefit obtained for you.

#### **Foreign Currency Conversion**

The depository will arrange for the conversion of all foreign currency received into U.S. dollars if such conversion is practical, and it will distribute the U.S. dollars in accordance with the terms of the deposit agreement. You may have to pay fees and expenses incurred in converting foreign currency, such as fees and expenses incurred in complying with currency exchange controls and other governmental requirements.

If the conversion of foreign currency is not practical or lawful, or if any required approvals are denied or not obtainable at a reasonable cost or within a reasonable period, the depositary may take the following actions in its discretion:

- Convert the foreign currency to the extent practical and lawful and distribute the U.S. dollars to the holders for whom the conversion and distribution is lawful and practical.
- Distribute the foreign currency to holders for whom the distribution is lawful and practical.
- Hold the foreign currency (without liability for interest) for the applicable holders.

#### **Governing Law/Waiver of Jury Trial**

The deposit agreement, the ADRs and the ADSs will be interpreted in accordance with the laws of the State of New York. The rights of holders of Class A ordinary shares (including Class A ordinary shares represented by ADSs) are governed by the laws of the Cayman Islands.

**AS A PARTY TO THE DEPOSIT AGREEMENT, YOU IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, YOUR RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF THE DEPOSIT AGREEMENT OR THE ADRs AGAINST US AND/OR THE DEPOSITARY.**

*The deposit agreement provides that, to the 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 Class A ordinary shares, the ADSs or the deposit agreement, including any claim under U.S. federal securities laws. The waiver continues to apply to claims that arise during the period when a holder holds the ADSs, whether the ADS holder purchased the ADSs in this offering or secondary transactions, even if the ADS holder subsequently withdraws the underlying ordinary shares. If we or the depositary opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable in the facts and circumstances of that case in accordance with applicable case law. However, you will not be deemed, by agreeing to the terms of the deposit agreement, to have waived our or the depositary's compliance with U.S. federal securities laws and the rules and regulations promulgated thereunder.*

#### **Jurisdiction**

We have agreed with the depositary 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, state courts in New York County, New York) shall have exclusive jurisdiction to hear and determine any dispute arising from or relating in any way to the deposit agreement.

The deposit agreement provides that, by holding an ADS or an interest therein, you irrevocably agree that any legal suit, action or proceeding against or involving us or the depositary arising out of or related in any way to the deposit agreement, the ADSs, American depositary receipts or the transactions contemplated thereby or by virtue of ownership thereof, may only be instituted in the United States District Court for the Southern District of New York (or, if the Southern District of New York lacks subject matter jurisdiction over a particular dispute, in the state courts of New York County, New York), and by holding an ADS or an interest therein you irrevocably waive any objection which you may now or hereafter have to the laying of venue of any such proceeding, and irrevocably submit to the exclusive jurisdiction of such courts in any such suit, action or proceeding. The deposit agreement also provides that the foregoing agreement and waiver shall survive your ownership of ADSs or interests therein.

## SHARES ELIGIBLE FOR FUTURE SALE

Upon completion of this offering, we will have \_\_\_\_\_ ADSs outstanding, representing approximately % of our outstanding ordinary shares, assuming the underwriters do not exercise their over-allotment option to purchase additional ADSs. All of the ADSs sold in this offering will be freely transferable by persons other than by our "affiliates" without restriction or further registration under the Securities Act. Sales of substantial amounts of the ADSs in the public market could adversely affect prevailing market prices of the ADSs. Prior to this offering, there has been no public market for our ordinary shares or the ADSs. We intend to apply to list the ADSs on the New York Stock Exchange, but we cannot assure you that a regular trading market will develop in the ADSs. We do not expect that a trading market will develop for our ordinary shares not represented by the ADSs.

### Lock-up Agreements

[We [have agreed], for a period of 180 days after the date of this prospectus, [not to offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale, lend or otherwise dispose of, except in this offering, any of our ordinary shares or the ADSs or securities that are substantially similar to our ordinary shares or the ADSs, including but not limited to any options or warrants to purchase our ordinary shares, the ADSs or any securities that are convertible into or exchangeable for, or that represent the right to receive, our ordinary shares, the ADSs or any such substantially similar securities (other than pursuant to employee stock option plans existing on, or upon the conversion or exchange of convertible or exchangeable securities outstanding as of, the date such lock-up agreement was executed),] without the prior written consent of the representatives of the underwriters.

Furthermore, [each of our directors, executive officers and existing shareholders] has also entered into a similar lock-up agreement for a period of 180 days from the date of this prospectus, subject to certain exceptions, with respect to our ordinary shares, the ADSs and securities that are substantially similar to our ordinary shares or the ADSs. These parties collectively own [all] of our issued and outstanding ordinary shares, without giving effect to this offering.

Other than this offering, we are not aware of any plans by any significant shareholders to dispose of significant numbers of the ADSs or ordinary shares. However, one or more existing shareholders or owners of securities convertible or exchangeable into or exercisable for the ADSs or ordinary shares may dispose of significant numbers of the ADSs or ordinary shares in the future. We cannot predict what effect, if any, future sales of the ADSs or ordinary shares, or the availability of ADSs or ordinary shares for future sale, will have on the trading price of the ADSs from time to time. Sales of substantial amounts of the ADSs or ordinary shares in the public market, or the perception that these sales could occur, could adversely affect the trading price of the ADSs.]

### Rule 144

All of our ordinary shares that will be issued and outstanding upon the completion of this offering, other than those ordinary shares sold in this offering, are "restricted securities" as that term is defined in Rule 144 under the Securities Act and may be sold publicly in the United States only if they are subject to an effective registration statement under the Securities Act or pursuant to an exemption from the registration requirement such as those provided by Rule 144 and Rule 701 promulgated under the Securities Act. In general, beginning 90 days after the date of this prospectus, a person (or persons whose shares are aggregated) who at the time of a sale is not, and has not been during the three months preceding the sale, an affiliate of ours and has beneficially owned our restricted securities for at least six months will be entitled to sell the restricted securities without registration under the Securities Act, subject only to the availability of current public information about us, and will be entitled

to sell restricted securities beneficially owned for at least one year without restriction. Persons who are our affiliates and have beneficially owned our restricted securities for at least six months may sell a number of restricted securities within any three-month period that does not exceed the greater of the following:

- 1% of the then issued and outstanding ordinary shares of the same class, including ordinary shares represented by ADSs, which immediately after the completion of this offering will equal Class A ordinary shares, assuming the underwriters do not exercise their over-allotment option; or
- the average weekly trading volume of our ordinary shares of the same class, in the form of ADSs or otherwise, during the four calendar weeks preceding the date on which notice of the sale is filed with the SEC.

Sales by our affiliates under Rule 144 are also subject to certain requirements relating to manner of sale, notice and the availability of current public information about us.

**Rule 701**

In general, under Rule 701 of the Securities Act as currently in effect, each of our employees, consultants or advisors who purchases our ordinary shares from us in connection with a compensatory stock plan or other written agreement executed prior to the completion of this offering is eligible to resell those ordinary shares in reliance on Rule 144, but without compliance with some of the restrictions, including the holding period, contained in Rule 144.



## TAXATION

*The following summary of the Cayman Islands, PRC and U.S. federal income tax considerations of an investment in the ADSs or Class A ordinary shares is based upon laws and relevant interpretations thereof in effect as of the date of this registration statement, 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, the People's Republic of 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 PRC 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 us 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 the PRC with a "de facto management body" within the PRC 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 SAT Circular 82, which provides certain specific criteria for determining whether the "de facto management body" of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC 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 SAT Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its "de facto management body" in China only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholder resolutions are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC. Further to the SAT Circular 82, the SAT issued the SAT Bulletin 45, which became effective since

September 2011, to provide more guidance on the implementation of the SAT Circular 82. The SAT Bulletin 45 provides for detailed procedures and administration with respect to determination of residence status and administration of post-determination matters.]

We believe that AiHuiShou International Co. Ltd. is not a PRC resident enterprise for PRC tax purposes. AiHuiShou International Co. Ltd. is not controlled by a PRC enterprise or PRC enterprise group and we do not believe that AiHuiShou International Co. Ltd. meets all of the conditions above. AiHuiShou International Co. Ltd. is a company incorporated outside the PRC. 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 the PRC. [Therefore, we do not believe that AiHuiShou International Co. Ltd. meets all of these conditions or AiHuiShou International Co. Ltd. is a PRC resident enterprise for PRC tax purposes even if the conditions for “de facto management body” prescribed in the SAT Circular 82 are applicable.] For the same reasons, we believe our other entities outside of China are not PRC 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 AiHuiShou International Co. Ltd. is a PRC 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% PRC 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 the PRC. It is unclear whether our non-PRC individual shareholders (including the ADS holders) would be subject to any PRC tax on dividends or gains obtained by such non-PRC individual shareholders in the event we are determined to be a PRC resident enterprise. If any PRC 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-PRC shareholders of AiHuiShou International Co. Ltd. would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that AiHuiShou International Co. Ltd. is treated as a PRC resident enterprise.

Provided that our Cayman Islands holding company, AiHuiShou International Co. Ltd., is not deemed to be a PRC resident enterprise, holders of the ADSs and Class A ordinary shares who are not PRC residents will not be subject to PRC income tax on dividends distributed by us or gains realized from the sale or other disposition of our shares or ADSs. However, under SAT Public Notice 7 and SAT Public Notice 37, where a non-resident enterprise conducts an “indirect transfer” by transferring taxable assets, including, in particular, equity interests in a PRC 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 PRC entity which directly owns such taxable assets may report to the relevant 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 PRC tax. As a result, gains derived from such indirect transfer may be subject to PRC 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 PRC resident enterprise. We and our non-PRC resident investors may be at risk of being required to file a return and being taxed under SAT Public Notice 7 and SAT Public Notice 37, and we may be required to expend valuable resources to comply with SAT Public Notice 7 and SAT Public Notice 37, or to establish that we should not be taxed under these circulars. See “Risk Factors—Risks Related to

Doing Business in China—We face uncertainty with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies.”

### **United States Federal Income Tax Considerations**

The following discussion is a summary of U.S. federal income tax considerations generally applicable to the ownership and disposition of the ADSs or Class A ordinary shares acquired by U.S. Holders (as defined below) pursuant to this offering. 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;
- entities treated as partnerships for U.S. federal income tax purposes, S corporations or other pass-through entities;
- tax-exempt entities;
- 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 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, alternative 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”).

#### **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 applicable Regulations to be treated as a U.S. person.

If a partnership or other entity 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 "passive foreign investment company," or "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. Although the law in this regard is not entirely clear, we treat our VIEs and their subsidiaries as being owned by us for U.S. federal income tax purposes because we control their management decisions and are entitled to substantially all of the economic benefits associated with them. As a result, we consolidate their results of operations in our consolidated U.S. GAAP financial statements. If it were determined, however, that we are not the owner of our VIEs and their subsidiaries for U.S. federal income tax purposes, we may be treated as a PFIC for the current taxable year and any future taxable year. Assuming that we are the owner of our VIEs and their subsidiaries for U.S. federal income tax purposes, and, based upon our current and projected income and assets, including the expected cash proceeds from this offering, and projections as to the value of our assets, taking into account the projected market value of our ADSs following this offering, we do not presently expect to be a PFIC for the current taxable year or the foreseeable future.

While we do not expect to be or become a PFIC, no assurance can be given in this regard because the determination of whether we are or will become a PFIC for any taxable year is a fact-intensive inquiry made on an annual basis that depends, in part, upon the composition and classification of our income and assets. Fluctuations in the market price of our ADSs may cause us to be or become a PFIC for the current or subsequent taxable years because the value of our assets for the purpose of the asset test, including the value of our goodwill and other unbooked intangibles, may be determined by reference to the market price of our ADSs from time to time (which may be volatile). The composition of our income and assets may also be affected by how, and how quickly, we use our liquid assets including cash raised in this offering.

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, the PFIC tax rules discussed below under “—Passive Foreign Investment Company Rules” will generally apply to such U.S. Holder for such taxable year and, unless the U.S. Holder makes a “mark-to-market” election, will apply in future years even if we cease to be a PFIC. The discussion below under “—Dividends” and “—Sale or Other Disposition of ADSs or Class A Ordinary Shares” assumes that we will not be classified as a PFIC for U.S. federal income tax purposes. The U.S. federal income tax rules that will apply if we are classified as a PFIC for the current taxable year or any subsequent taxable year are generally discussed below under “—Passive Foreign Investment Company Rules.”

### **Dividends**

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 expected to be listed on the New York Stock Exchange so we anticipate that our ADSs 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 PRC resident enterprise under the Enterprise Income Tax Law, U.S. Holders may be subject to PRC 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.

***Sale or Other Disposition of ADSs or Class A Ordinary Shares***

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. However, if we are deemed to be a PRC resident enterprise under the PRC Enterprise Income Tax Law and PRC tax is imposed on any gain, and if a U.S. Holder is eligible for the benefits of the Treaty, such holder may elect to treat such gain as PRC-source gain under the Treaty. If a U.S. Holder is not eligible for the benefits of the Treaty or does not elect to treat any gain as PRC-source gain, then such holder would generally not be able to use any foreign tax credit arising from any PRC tax imposed on the disposition of our ADSs or Class A ordinary shares unless such credit can be applied (subject to applicable limitations) against tax due on other income in the same category treated as derived from non-U.S. sources.

***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, such holder will be subject to special tax rules with respect to any "excess distribution" that such holder receives and any gain such holder recognizes from a sale or other disposition (including a pledge) of our ADSs or Class A ordinary shares, unless such holder makes a "mark-to-market" election as discussed below. Distributions received by a U.S. Holder in a taxable year that are greater than 125% of the average annual distributions such holder received during the shorter of the three preceding taxable years or such holder's holding period for the ADSs or Class A ordinary shares will be treated as an excess distribution. 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, such holder will be treated as owning a proportionate amount (by value) of the shares of each such non-U.S. subsidiary or other corporate entity classified as a PFIC for purposes of the application of these rules.

A U.S. Holder of "marketable stock" (as defined below) in a PFIC may make a mark-to-market election for such stock of a PFIC to elect out of the tax treatment discussed above. 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.

The mark-to-market election is available only for "marketable stock," which is stock that is traded in other than de minimis quantities on at least 15 days during each calendar quarter ("regularly traded") on a qualified exchange or other market, as defined in applicable Regulations. We expect that our ADSs, but not our Class A ordinary shares, will be treated as marketable stock upon their listing on the New York Stock Exchange, which is a qualified exchange for these purposes, and, consequently, assuming that the ADSs continue to be listed and are regularly traded, if a U.S. Holder holds our ADSs, it is expected that the mark-to-market election would be available to such holder with respect to the ADSs were we to be or become a PFIC. A mark-to-market election may not, however, be made with respect to Class A ordinary shares as they are not marketable stock. Accordingly, if we are a PFIC during any year in which a U.S. Holder holds our Class A ordinary shares, such holder will generally be subject to the special tax rules discussed above.

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 ORDINARY SHARES IN THEIR PARTICULAR CIRCUMSTANCES.**

## UNDERWRITING

We and the underwriters named below have entered into an underwriting agreement with respect to the ADSs being offered. Subject to certain conditions, each underwriter has severally agreed to purchase the number of ADSs indicated in the following table. Goldman Sachs (Asia) L.L.C., BofA Securities, Inc. and China Renaissance Securities (Hong Kong) Limited are the representatives of the underwriters. The address of Goldman Sachs (Asia) L.L.C. is 68th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong. The address of BofA Securities, Inc. is One Bryant Park, New York, NY 10036, United States. The address of China Renaissance Securities (Hong Kong) Limited is Units 8107-08, Level 81, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

<u>Underwriters</u>	<u>Number of ADSs</u>
[Goldman Sachs (Asia) L.L.C.	
BofA Securities, Inc.	
China Renaissance Securities (Hong Kong) Limited]	
Guotai Junan Securities (Hong Kong) Limited	
CLSA Limited	
Tiger Brokers	
Total	

The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the ADSs offered by this prospectus are subject to certain conditions. The underwriters are committed to take and pay for all of the ADSs being offered, if any are taken, other than the ADSs covered by the option described below unless and until this option is exercised.

Some of the underwriters are expected to make offers and sales both inside and outside the United States through their respective selling agents. Any offers or sales in the United States will be conducted by broker-dealers registered with the SEC. Goldman Sachs (Asia) L.L.C. will offer ADSs in the United States through its registered broker-dealer affiliate in the United States, Goldman Sachs & Co. LLC. China Renaissance Securities (Hong Kong) Limited will offer ADSs in the United States through its SEC-registered broker-dealer affiliate in the United States, China Renaissance Securities (US) Inc. Guotai Junan Securities (Hong Kong) Limited and CLSA Limited are not broker-dealers registered with the SEC, and they may not make sales in the United States or to U.S. persons. Guotai Junan Securities (Hong Kong) Limited and CLSA Limited have agreed that they do not intend to, and will not, offer or sell any of our ADSs in the United States or to U.S. persons in connection with this offering. Tiger Brokers (NZ) Limited is not a broker-dealer registered with the SEC and, to the extent that its conduct may be deemed to involve participation in offers or sales of ADSs in the United States, those offers or sales will be made through one or more SEC-registered broker-dealers in compliance with applicable laws and regulations.

### Option to Purchase Additional ADSs

The underwriters have an option to buy up to an additional                      ADSs from us at the initial public offering price less the underwriting discounts and commissions. The underwriters may exercise this option solely to cover sales by the underwriters of a greater number of ADSs than the total number set forth in the table above. They may exercise that option for 30 days. If any ADSs are purchased pursuant to this option, the underwriters will severally purchase ADSs in approximately the same proportion as set forth in the table above.



### Commissions and Expenses

The following table shows the per ADS and total underwriting discounts and commissions to be paid to the underwriters by us. Such amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional ADSs.

Per ADS	Paid by us	
	No Exercise	Full Exercise
Total	US\$	US\$

The estimated offering expenses payable by us, exclusive of the underwriting discounts and commissions, are approximately US\$ million.

### Lock-Up Arrangements

[We have agreed that, subject to certain exceptions, without the prior written consent of the representatives, we will not, during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus, (i) offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise transfer or dispose of, directly or indirectly, or file with the SEC a registration statement under the Securities Act relating to, any of our securities that are substantially similar to the ADSs, including but not limited to any options or warrants to purchase ordinary shares or ADSs or any securities that are convertible into or exchangeable for, or that represent the right to receive, ordinary shares or ADSs or any such substantially similar securities; (ii) enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of ordinary shares or ADSs or such other securities, whether any such transaction described in (i) or (ii) above is to be settled by delivery of ordinary shares, ADSs, or such other securities, in cash or otherwise; (iii) file or submit any registration statement with the SEC relating to the offering of any ordinary shares, ADSs or any securities convertible into or exercisable or exchangeable for ordinary shares or ADSs; or (iv) publicly disclose the intention to do any of the foregoing.

The restrictions in the preceding paragraph do not apply to, among other things, employee benefit plans existing on the date of this prospectus. See "Shares Eligible for Future Sale" for a discussion of certain transfer restrictions.]

[Each of our directors, executive officers and existing shareholders have agreed that, subject to certain exceptions, without the prior written consent of the representatives, it will not, and will not cause or direct any of its affiliates to, during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus, (1) offer, pledge, sell, contract to sell, grant any option to purchase, lend, or otherwise dispose of any ordinary shares or ADSs or any options or warrants to purchase any ordinary shares or ADS, or any securities convertible into, exchangeable for or that represent the right to receive ordinary shares or ADSs, (2) engage in any hedging or other transaction or arrangement (including, without limitation, any short sale or the purchase or sale of, or entry into, any put or call option, or combination thereof, forward, swap or any other derivative transaction or instrument, however described or defined) which is designed to or which reasonably could be expected to lead to or result in a sale, loan, pledge or other disposition (whether by it or someone other than it), or transfer of any of the economic consequences of ownership, in whole or in part, directly or indirectly, of any ordinary shares or ADSs or any options, warrants or other securities, whether any such transaction or arrangement (or instrument provided for thereunder) would be settled by delivery of ordinary shares or ADSs or other securities, in cash or otherwise, or (3) otherwise publicly announce any intention to engage in or cause any action or activity described in (1) above or transaction or arrangement described in (2) above.

In addition, through a letter agreement, we will instruct \_\_\_\_\_, as depositary, not to accept any deposit of any ordinary shares or deliver any ADSs until after 180 days following the date of this prospectus unless we consent to such deposit or issuance. We will not provide such consent without the prior written consent of the representatives.]

The representatives, in their sole discretion, on behalf of the underwriters may release the ADSs and other securities subject to the lock-up agreements described above in whole or in part at any time with or without notice.

#### **Pricing of this Offering**

ADSs sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus. Any ADSs sold by the underwriters to securities dealers may be sold at a discount of up to US\$ \_\_\_\_\_ per ADS from the initial public offering price. After the initial offering of the ADSs, the representatives may change the offering price and the other selling terms. The offering of the ADSs by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

Prior to this offering, there has been no public market for our ordinary shares or the ADSs. The initial public offering price will be negotiated among us and the representatives. Among the factors to be considered in determining the initial public offering price of the ADSs, in addition to prevailing market conditions, will be our historical performance, estimates of our business potential and earnings prospects, an assessment of our management and the consideration of the above factors in relation to market valuation of companies in related businesses. An active trading market for the ADSs may not develop. It is also possible that after the offering the ADSs will not trade in the public market at or above the initial public offering price.

#### **New York Stock Exchange Listing**

An application will be made to list the ADSs on the New York Stock Exchange under the symbol "RERE."

#### **Stabilization, Short Positions and Penalty Bids**

In connection with this offering, the underwriters may purchase and sell ADSs in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of ADSs than they are required to purchase in this offering, and a short position represents the amount of such sales that have not been covered by subsequent purchases. A "covered short position" is a short position that is not greater than the amount of additional ADSs for which the underwriters' option described above may be exercised. The underwriters may cover any covered short position by either exercising their option to purchase additional ADSs or purchasing ADSs in the open market. In determining the source of ADSs to cover the covered short position, the underwriters will consider, among other things, the price of ADSs available for purchase in the open market as compared to the price at which they may purchase additional ADSs pursuant to the option described above. "Naked" short sales are any short sales that creates a short position greater than the amount of additional ADSs for which the option described above may be exercised.

The underwriters must cover any such naked short position by purchasing ADSs in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the ADSs in the open market after pricing that could adversely affect investors who purchase in this offering. Stabilizing transactions consist of various bids for or purchases of ADSs made by the underwriters in the open market prior to the completion of this offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased ADSs sold by or for the account of such underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of the ADSs, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of the ADSs. As a result, the price of the ADSs may be higher than the price that otherwise might exist in the open market. The underwriters are not required to engage in these activities, and may end any of these activities at any time. These transactions may be effected on the New York Stock Exchange, the over-the-counter market or otherwise.

#### **Electronic Distribution**

A prospectus in electronic format will be made available on the websites maintained by one or more of the underwriters or one or more securities dealers. One or more of the underwriters may distribute prospectuses electronically. The underwriters may agree to allocate a number of ADSs for sale to their online brokerage account holders. ADSs to be sold pursuant to an internet distribution will be allocated on the same basis as other allocations. In addition, ADSs may be sold by the underwriters to securities dealers who resell ADSs to online brokerage account holders.

#### **Indemnification**

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act.

#### **Relationships**

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing, investment research, market making, brokerage and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates may have, from time to time, performed, and may in the future perform, various financial advisory, commercial and investment banking services and other services for us and to persons and entities with relationships with us, for which they received or will receive customary fees and commissions.

In addition, in the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of us and/or persons and entities with relationships with us. The underwriters and their respective affiliates may also make or communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

#### **Directed Share Program**

At our request, the underwriters have reserved for sale, at the initial public offering price, up to \_\_\_\_\_ % of the ADSs offered by this prospectus for sale to certain of our directors, officers,

employees, business associates and other persons associated with us. Pursuant to the underwriting agreement, the sales will be made by through the Directed Share Program. If these persons purchase reserved ADSs, it will reduce the number of ADSs available for sale to the general public. Any reserved ADSs that are not so purchased will be offered by the underwriters to the general public on the same terms as the other ADSs offered by this prospectus. Any ADSs sold in the Directed Share Program to a party who has entered into a lock-up agreement shall be subject to the provisions of such lock-up agreement.

#### **Selling Restrictions**

No action has been taken in any jurisdiction (except in the United States) that would permit a public offering of the ADSs, or the possession, circulation or distribution of this prospectus or any other material relating to us or the ADSs in any jurisdiction where action for that purpose is required.

Accordingly, the ADSs may not be offered or sold, directly or indirectly, and neither this prospectus nor any other material or advertisements in connection with the ADSs may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable laws, rules and regulations of any such country or jurisdiction.

#### **Australia**

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission, or ASIC, in relation to the offering. This prospectus does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001, or the Corporations Act, and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

Any offer in Australia of the ADSs may only be made to persons, or the Exempt Investors, who are "sophisticated investors" (within the meaning of section 708(8) of the Corporations Act), "professional investor" (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the ADSs without disclosure to investors under Chapter 6D of the Corporations Act.

The ADSs applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under the offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring ADSs must observe such Australian on-sale restrictions.

This prospectus contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this prospectus is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

#### **Canada**

The securities may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined

in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the securities must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts, or NI 33-105, the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

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

This prospectus is not intended to constitute a public offer of the ADSs or ordinary shares, whether by way of sale or subscription, in the Cayman Islands. No offer or invitation may be made to the public in the Cayman Islands to subscribe for or purchase the ordinary shares or any ADS. The ADSs and ordinary shares have not been offered or sold, and will not be offered or sold, directly or indirectly, in the Cayman Islands.

#### ***Dubai International Finance Center***

This document relates to an Exempt Offer, as defined in the Offered Securities Rules module of the DFSA Rulebook, or the OSR, in accordance with the Offered Securities Rules of the Dubai Financial Services Authority. This document is intended for distribution only to persons, as defined in the OSR, of a type specified in those rules. It must not be delivered to, or relied on by, any other person. The Dubai Financial Services Authority has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The Dubai Financial Services Authority has not approved this document nor taken steps to verify the information set out in it, and has no responsibility for it. The ADSs to which this document relates may be illiquid and/or subject to restrictions on their resale.

Prospective purchasers of the ADSs offered should conduct their own due diligence on the ADSs. If you do not understand the contents of this document you should consult an authorized financial adviser.

#### ***European Economic Area***

In relation to each Member State of the European Economic Area (each a "Relevant State"), no ADSs have been offered or will be offered pursuant to this offering to the public in that Relevant State prior to the publication of a prospectus in relation to the ADSs which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation), except that offers of ADSs may be made to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation:

- to any legal entity which is a qualified investor as defined under the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of the underwriters for any such offer; or

- in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of ADSs shall require the Issuer or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “offer to the public” in relation to any ADSs in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any ADSs to be offered so as to enable an investor to decide to purchase or subscribe for any ADSs, and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

#### **United Kingdom**

In relation to the United Kingdom, no ADSs have been offered or will be offered pursuant to this offering to the public in the United Kingdom prior to the publication of a prospectus in relation to the ADSs which has been approved by the Financial Conduct Authority in accordance with the UK Prospectus Regulation, except that it may make an offer to the public in the United Kingdom of any ADSs at any time under the following exemptions under the UK Prospectus Regulation:

- to any legal entity which is a qualified investor as defined under the UK Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined under the UK Prospectus Regulation), subject to obtaining the prior consent of underwriters for any such offer; or
- in any other circumstances falling within Article 1(4) of the UK Prospectus Regulation,

provided that no such offer of the ADSs shall require the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the UK Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

In the United Kingdom, the this offering is only addressed to, and is directed only at, “qualified investors” within the meaning of Article 2(e) of the UK Prospectus Regulation, who are also (i) persons having professional experience in matters relating to investments who fall within the definition of “investment professionals” in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”); (ii) high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts as described in Article 49(2) of the Order; or (iii) persons to whom it may otherwise lawfully be communicated (all such persons being referred to as “relevant persons”). This document must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

For the purposes of this provision, the expression an “offer to the public” in relation to the ADSs in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the this offering and any ADSs to be offered so as to enable an investor to decide to purchase or subscribe for any ADSs, and the expression “UK Prospectus Regulation” means the UK version of Regulation (EU) No 2017/1129 as amended by The Prospectus (Amendment etc.) (EU Exit) Regulations 2019, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018.

#### **Hong Kong**

The ADSs may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and

Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong), and no advertisement, invitation or document relating to the ADSs may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to ADSs which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

#### **Indonesia**

This prospectus does not, and is not intended to, constitute a public offering in Indonesia under Law Number 8 of 1995 regarding Capital Market. This prospectus may not be distributed in the Republic of Indonesia and the ADSs may not be offered or sold in the Republic of Indonesia or to Indonesian citizens wherever they are domiciled, or to Indonesia residents, in a manner which constitutes a public offering under the laws of the Republic of Indonesia.

#### **Israel**

In the State of Israel, the ADSs offered hereby may not be offered to any person or entity other than the following:

- a fund for joint investments in trust (i.e., mutual fund), as such term is defined in the Law for Joint Investments in Trust, 5754-1994, or a management company of such a fund;
- a provident fund as defined in Section 47(a)(2) of the Income Tax Ordinance of the State of Israel, or a management company of such a fund;
- an insurer, as defined in the Law for Oversight of Insurance Transactions, 5741-1981, a banking entity or satellite entity, as such terms are defined in the Banking Law (Licensing), 5741-1981, other than a joint services company, acting for their own account or for the account of investors of the type listed in Section 15A(b) of the Securities Law 1968;
- a company that is licensed as a portfolio manager, as such term is defined in Section 8(b) of the Law for the Regulation of Investment Advisors and Portfolio Managers, 5755-1995, acting on its own account or for the account of investors of the type listed in Section 15A(b) of the Securities Law 1968;
- a company that is licensed as an investment advisor, as such term is defined in Section 7(c) of the Law for the Regulation of Investment Advisors and Portfolio Managers, 5755-1995, acting on its own account;
- a company that is a member of the Tel Aviv Stock Exchange, acting on its own account or for the account of investors of the type listed in Section 15A(b) of the Securities Law 1968;
- an underwriter fulfilling the conditions of Section 56(c) of the Securities Law, 5728-1968;
- a venture capital fund (defined as an entity primarily involved in investments in companies which, at the time of investment, (i) are primarily engaged in research and development or manufacture of new technological products or processes and (ii) involve above-average risk);
- an entity primarily engaged in capital markets activities in which all of the equity owners meet one or more of the above criteria; and

- an entity, other than an entity formed for the purpose of purchasing the ADSs in this offering, in which the shareholders equity (including pursuant to foreign accounting rules, international accounting regulations and U.S. generally accepted accounting rules, as defined in the Securities Law Regulations (Preparation of Annual Financial Statements), 1993) is in excess of NIS 250 million.

Any offeree of the ADSs offered hereby in the State of Israel shall be required to submit written confirmation that it falls within the scope of one of the above criteria. This prospectus will not be distributed or directed to investors in the State of Israel who do not fall within one of the above criteria.

#### **Japan**

No registration pursuant to Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended), or the FIEL, has been made or will be made with respect to the solicitation of the application for the acquisition of the ADSs.

Accordingly, the ADSs have not been, directly or indirectly, offered or sold and will not be, directly or indirectly, offered or sold in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements, and otherwise in compliance with, the FIEL and the other applicable laws and regulations of Japan.

#### **Korea**

The ADSs may not be offered, sold and delivered directly or indirectly, or offered or sold to any person for reoffering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the Korea Securities and Exchange Act and the Foreign Exchange Transaction Law and the decrees and regulations thereunder. The ADSs have not been registered with the Financial Services Commission of Korea for public offering in Korea. Furthermore, the ADSs may not be resold to Korean residents unless the purchaser of the ADSs complies with all applicable regulatory requirements (including but not limited to government approval requirements under the Foreign Exchange Transaction Law and its subordinate decrees and regulations) in connection with the purchase of the ADSs.

#### **Kuwait**

Unless all necessary approvals from the Kuwait Ministry of Commerce and Industry required by Law No. 31/1990 "Regulating the Negotiation of Securities and Establishment of Investment Funds", its Executive Regulations and the various Ministerial Orders issued pursuant thereto or in connection therewith, have been given in relation to the marketing and sale of the ADSs, these may not be marketed, offered for sale, nor sold in the State of Kuwait. Neither this prospectus (including any related document), nor any of the information contained therein is intended to lead to the conclusion of any contract of whatsoever nature within Kuwait.

#### **Malaysia**

The offering of the ADSs has not been and will not be approved by the Securities Commission Malaysia, or SC, and this document has not been and will not be registered as a prospectus with the SC under the Malaysian Capital Markets and Services Act 2007, or CMSA. Accordingly, no ADSs or invitation to purchase is being made to any person in Malaysia under this document except to persons falling within any of paragraphs 2(g)(i) to (xi) of Schedule 5 of the CMSA and distributed only by a holder of a Capital Markets Services License who carries on the business of dealing in securities.



**People's Republic of China**

This prospectus may not be circulated or distributed in the PRC and the ADSs may not be offered or sold, and will not offer or sell to any person for re-offering or resale directly or indirectly to any resident of the PRC except pursuant to applicable laws and regulations of the PRC. For the purposes of this paragraph, the PRC does not include Taiwan and the special administrative regions of Hong Kong and Macau.

**Qatar**

In the State of Qatar, the offer contained herein is made on an exclusive basis to the specifically intended recipient thereof, upon that person's request and initiative, for personal use only and shall in no way be construed as a general offer for the sale of securities to the public or an attempt to do business as a bank, an investment company or otherwise in the State of Qatar. This prospectus and the underlying securities have not been approved or licensed by the Qatar Central Bank or the Qatar Financial Center Regulatory Authority or any other regulator in the State of Qatar. The information contained in this prospectus shall only be shared with any third parties in Qatar on a need to know basis for the purpose of evaluating the contained offer. Any distribution of this prospectus by the recipient to third parties in Qatar beyond the terms hereof is not permitted and shall be at the liability of such recipient.

**Saudi Arabia**

This prospectus may not be distributed in the Kingdom except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority. The Capital Market Authority does not make any representation as to the accuracy or completeness of this prospectus, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this prospectus. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this prospectus you should consult an authorized financial adviser.

**Singapore**

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the ADSs may not be circulated or distributed, nor may the ADSs be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, or the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the ADSs are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries'

rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the ADSs pursuant to an offer made under Section 275 of the SFA, except:

- to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- where no consideration is or will be given for the transfer;
- where the transfer is by operation of law;
- as specified in Section 276(7) of the SFA; or
- as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

#### **Switzerland**

The ADSs may not be offered or sold to any investors in Switzerland other than on a non-public basis. This prospectus does not constitute a prospectus within the meaning of Article 652a and Art. 1156 of the Swiss Code of Obligations (Schweizerisches Obligationenrecht). Neither this offering nor the ADSs have been or will be approved by any Swiss regulatory authority.

#### **Taiwan**

The ADSs have not been and will not be registered or filed with, or approved by, the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be offered or sold in Taiwan through a public offering or in circumstances which constitute an offer within the meaning of the Securities and Exchange Act of Taiwan or relevant laws and regulations that require a registration, filing or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorized to offer or sell the ADSs in Taiwan through a public offering or in such an offering that require registration, filing or approval of the Financial Supervisory Commission of Taiwan except pursuant to the applicable laws and regulations of Taiwan and the competent authority's ruling thereunder.

#### **Thailand**

This prospectus does not, and is not intended to, constitute a public offering in Thailand. The ADSs may not be offered or sold to persons in Thailand, unless such offering is made under the exemptions from approval and filing requirements under applicable laws, or under circumstances which do not constitute an offer for sale of the shares to the public for the purposes of the Securities and Exchange Act of 1992 of Thailand, nor require approval from the Office of the Securities and Exchange Commission of Thailand.

#### **United Arab Emirates**

The ADSs have not been offered or sold, and will not be offered or sold, directly or indirectly, in the United Arab Emirates, except: (1) in compliance with all applicable laws and regulations of the United Arab Emirates; and (2) through persons or corporate entities authorized and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the United Arab Emirates. The information contained in this prospectus does not constitute a public offer of securities in the United Arab Emirates in accordance with the Commercial Companies Law (Federal Law No. 8 of 1984 (as amended)) or otherwise and is not intended to be a public offer and is addressed only to persons who are sophisticated investors.

**Vietnam**

This offering of ADSs has not been and will not be registered with the State Securities Commission of Vietnam under the Law on Securities of Vietnam and its guiding decrees and circulars. The ADSs will not be offered or sold in Vietnam through a public offering and will not be offered or sold to Vietnamese persons other than those who are licensed to invest in offshore securities under the Law on Investment of Vietnam.

**EXPENSES RELATED TO THIS OFFERING**

Set forth below is an itemization of the total expenses, excluding underwriting discounts and commissions, that we expect to incur in connection with this offering. With the exception of the SEC registration fee, the Financial Industry Regulatory Authority (FINRA) filing fee, and the stock exchange market entry and listing fee, all amounts are estimates.

SEC Registration Fee	US\$
FINRA Fee	
Stock Exchange Market Entry and Listing Fee	
Printing and Engraving Expenses	
Legal Fees and Expenses	
Accounting Fees and Expenses	
Miscellaneous	
<b>Total</b>	<b><u>US\$</u></b>

**LEGAL MATTERS**

We are being represented by Skadden, Arps, Slate, Meagher & Flom LLP with respect to certain legal matters as to United States federal securities and New York State law. The underwriters are being represented by Latham & Watkins LLP with respect to certain legal matters as to United States federal securities and New York State law. The validity of the Class A ordinary shares represented by the ADSs offered in this offering will be passed upon for us by Maples and Calder (Hong Kong) LLP. Certain legal matters as to PRC law will be passed upon for us by Han Kun Law Offices and for the underwriters by JunHe LLP. Skadden, Arps, Slate, Meagher & Flom LLP may rely upon Maples and Calder (Hong Kong) LLP with respect to matters governed by Cayman Islands law and Han Kun Law Offices with respect to matters governed by PRC law. Latham & Watkins LLP may rely upon JunHe LLP with respect to matters governed by PRC law.

**EXPERTS**

The financial statements as of December 31, 2018, 2019 and 2020 and for each of the three years in the period ended December 31, 2020 included in this Prospectus have been audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, an independent registered public accounting firm, as stated in their report appearing herein. Such financial statements have been so included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The offices of Deloitte Touche Tohmatsu Certified Public Accountants LLP are located at 30th Floor, Bund Center, 222 Yan An Road East, Shanghai, People's Republic of China.

**WHERE YOU CAN FIND ADDITIONAL INFORMATION**

We have filed a registration statement, including relevant exhibits, with the SEC on Form F-1 under the Securities Act with respect to the underlying Class A ordinary shares represented by the ADSs to be sold in this offering. We have also filed a related registration statement on Form F-6 with the SEC to register the ADSs. This prospectus, which constitutes a part of the registration statement on Form F-1, does not contain all of the information contained in the registration statement. You should read our registration statements and their exhibits and schedules for further information with respect to us and the ADSs.

Immediately upon the effectiveness of the registration statement on Form F-1 of which this prospectus forms a part, we will become subject to periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers. Accordingly, we will be required to file reports, including annual reports on Form 20-F, and other information with the SEC. 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).

**AIHUI SHOU INTERNATIONAL CO. LTD.**  
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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Shareholders and the Board of Directors of AiHuiShou International Co. Ltd.

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of AiHuiShou International Co. Ltd. (the "Company") and its subsidiaries and variable interest entities (the "Group") as of December 31, 2018, 2019 and 2020, the related consolidated statements of operations and comprehensive loss, changes in shareholders' deficit, and cash flows, for each of the three years in the period ended December 31, 2020, 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 Group as of December 31, 2018, 2019 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

These financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on the Group's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Group 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. The Group is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control over financial reporting. Accordingly, we express no such opinion.

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.

/s/ Deloitte Touche Tohmatsu Certified Public Accountants LLP

Shanghai, the People's Republic of China  
March 17, 2021

We have served as the Group's auditor since 2021.

**AIHUI SHOU INTERNATIONAL CO. LTD.**  
**CONSOLIDATED BALANCE SHEETS**  
**AS OF DECEMBER 31, 2018, 2019 AND 2020**  
(Amounts in thousands, except for share, per share data or otherwise noted)

	Note	As of December 31,		
		2018 RMB	2019 RMB	2020 RMB
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents		665,560	410,783	918,076
Short-term investments (including the fair value measured structured products of nil, nil, and RMB71,775 as of December 31, 2018, 2019 and 2020)		—	125,573	97,866
Amount due from related parties	17	107,788	265,227	289,156
Inventories, net		75,223	65,557	176,994
Funds receivable from third party payment service providers		110,617	78,419	124,262
Prepayments and other receivables, net	4	100,342	149,349	268,284
<b>Total current assets</b>		<b>1,059,530</b>	<b>1,094,908</b>	<b>1,874,638</b>
<b>Non-current assets:</b>				
Investment in equity investees	7	71,216	89,301	96,362
Property and equipment, net	5	67,538	99,218	69,562
Intangible assets, net	6	18,991	1,682,963	1,367,841
Goodwill	8	—	1,803,415	1,803,415
Other non-current assets		13,200	15,642	14,520
<b>Total non-current assets</b>		<b>170,945</b>	<b>3,690,539</b>	<b>3,351,700</b>
<b>TOTAL ASSETS</b>		<b>1,230,475</b>	<b>4,785,447</b>	<b>5,226,338</b>
<b>LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' DEFICIT</b>				
<b>Current liabilities: (including amounts of the consolidated VIE without recourse to AiHuiShou International Co. Ltd.) (See Note 2.2)</b>				
Short-term borrowings	9	139,983	167,983	369,657
Accounts payable		42,696	35,740	27,201
Accrued expenses and other current liabilities	10	143,257	167,649	396,612
Accrued payroll and welfare		56,941	115,857	115,400
Convertible bonds	12	160,000	160,000	160,000
Amount due to related parties	17	47,825	107,864	114,669
<b>Total current liabilities</b>		<b>590,702</b>	<b>755,093</b>	<b>1,183,539</b>
<b>Non-current liabilities:</b>				
Long-term borrowings		—	—	32,624
Deferred tax liabilities		3,466	389,280	341,960
<b>Total non-current liabilities</b>		<b>3,466</b>	<b>389,280</b>	<b>374,584</b>
<b>TOTAL LIABILITIES</b>		<b>594,168</b>	<b>1,144,373</b>	<b>1,558,123</b>

**AIHUI SHOU INTERNATIONAL CO. LTD.**  
**CONSOLIDATED BALANCE SHEETS—(Continued)**  
**AS OF DECEMBER 31, 2018, 2019 AND 2020**  
(Amounts in thousands, except for share, per share data or otherwise noted)

	Note	As of December 31,		
		2018	2019	2020
		RMB	RMB	RMB
<b>Commitments and contingencies</b>	18			
<b>MEZZANINE EQUITY</b>	13			
Series A convertible redeemable preferred shares (US\$0.001 par value, 9,497,040 shares authorized, issued and outstanding as of December 31, 2018, 2019 and 2020, respectively)		238,504	361,963	445,275
Series B convertible redeemable preferred shares (US\$0.001 par value, 7,586,836 shares authorized, issued and outstanding as of December 31, 2018, 2019 and 2020, respectively)		201,588	295,666	361,633
Series C convertible redeemable preferred shares (US\$0.001 par value, 33,320,256, 33,320,256, and 44,226,287 shares authorized, 33,320,256, 33,320,256 and 33,320,256 issued and outstanding as of December 31, 2018, 2019 and 2020, respectively)		1,041,923	1,393,992	1,705,435
Series D convertible redeemable preferred shares (US\$0.001 par value, 10,068,160 shares authorized, issued and outstanding as of December 31, 2018, 2019 and 2020, respectively)		1,010,041	1,005,852	1,153,593
Series E convertible redeemable preferred shares (US\$0.001 par value, 30,021,942 and 36,122,625 shares authorized, 30,021,942 and 34,225,014 issued and outstanding as of December 31, 2019 and 2020, respectively)		—	4,022,605	5,213,958
<b>TOTAL MEZZANINE EQUITY</b>		<b>2,492,056</b>	<b>7,080,078</b>	<b>8,879,894</b>
<b>SHAREHOLDERS' DEFICIT</b>				
Ordinary shares (US\$0.001 par value, 89,527,708, 209,505,766 and 192,499,052 shares authorized, 18,782,620 shares issued and outstanding as of December 31, 2018, 2019 and 2020, respectively)		11	11	11
Accumulated deficit		(1,855,770)	(3,438,657)	(5,213,773)
Accumulated other comprehensive income (loss)		10	(358)	2,083
<b>TOTAL SHAREHOLDERS' DEFICIT</b>		<b>(1,855,749)</b>	<b>(3,439,004)</b>	<b>(5,211,679)</b>
<b>TOTAL LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' DEFICIT</b>		<b>1,230,475</b>	<b>4,785,447</b>	<b>5,226,338</b>

The accompanying notes are an integral part of these consolidated financial statements.

**AIHUSHOU INTERNATIONAL CO. LTD.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 AND 2020**  
(Amounts in thousands, except for share, per share data or otherwise noted)

	Note	Years ended December 31,		
		2018	2019	2020
		RMB	RMB	RMB
<b>Net revenues</b>				
Net product revenues		3,249,923	3,730,206	4,244,023
Net service revenues		11,597	201,652	614,176
<b>Operating expenses</b>				
Merchandise costs		(2,801,433)	(3,176,401)	(3,610,434)
Fulfillment expenses		(353,969)	(658,149)	(666,317)
Selling and marketing expenses		(237,562)	(566,792)	(740,542)
General and administrative expenses		(80,959)	(140,874)	(177,542)
Technology and content expenses		(65,759)	(142,858)	(151,536)
<b>Total operating expenses</b>		<b>(3,539,682)</b>	<b>(4,685,074)</b>	<b>(5,346,371)</b>
Other operating income		21,701	21,410	29,395
<b>Loss from operations</b>		<b>(256,461)</b>	<b>(731,806)</b>	<b>(458,777)</b>
Interest expense		(6,536)	(12,397)	(21,090)
Interest income		8,273	7,813	9,321
Fair value change in warrant liabilities		23,781	—	—
Other income (loss), net		21,579	3,581	(39,866)
<b>Loss before income taxes</b>		<b>(209,364)</b>	<b>(732,809)</b>	<b>(510,412)</b>
Income tax benefits		1,922	30,120	47,320
Share of loss in equity method investments		(499)	(2,199)	(7,526)
<b>Net loss</b>		<b>(207,941)</b>	<b>(704,888)</b>	<b>(470,618)</b>
Accretion of convertible redeemable preferred shares		(878,319)	(877,999)	(1,304,498)
<b>Net loss attributable to ordinary shareholders of the Company</b>		<b>(1,086,260)</b>	<b>(1,582,887)</b>	<b>(1,775,116)</b>
<b>Net loss per share attributable to ordinary shareholders:</b>				
Basic	15	(55.98)	(84.27)	(94.51)
Diluted		(55.98)	(84.27)	(94.51)
<b>Weighted average number of shares used in calculating net loss per ordinary share</b>				
Basic		19,405,981	18,782,620	18,782,620
Diluted		19,405,981	18,782,620	18,782,620
<b>Net loss</b>		<b>(207,941)</b>	<b>(704,888)</b>	<b>(470,618)</b>
Foreign currency translation adjustments		10	(368)	2,441
<b>Total comprehensive loss</b>		<b>(207,931)</b>	<b>(705,256)</b>	<b>(468,177)</b>
Accretion of convertible redeemable preferred shares		(878,319)	(877,999)	(1,304,498)
<b>Total comprehensive loss attributable to ordinary shareholders</b>		<b>(1,086,250)</b>	<b>(1,583,255)</b>	<b>(1,772,675)</b>

The accompanying notes are an integral part of these consolidated financial statements.

**AIHUSHOU INTERNATIONAL CO. LTD.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT**  
**FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 AND 2020**  
 (Amounts in thousands, except for share, per share data or otherwise noted)

	Ordinary shares (par value US\$0.001)		Accumulated Deficit	Accumulated other comprehensive income (loss)	Total shareholders' deficit
	Number of shares	RMB	RMB	RMB	RMB
<b>Balance as of January 1, 2018</b>	<b>20,710,813</b>	<b>11</b>	<b>(747,433)</b>	<b>—</b>	<b>(747,422)</b>
Repurchase of Ordinary shares	(1,928,193)	—	(22,077)	—	(22,077)
Net loss	—	—	(207,941)	—	(207,941)
Accretion on convertible redeemable preferred shares	—	—	(878,319)	—	(878,319)
Foreign currency translation adjustments	—	—	—	10	10
<b>Balance as of December 31, 2018</b>	<b>18,782,620</b>	<b>11</b>	<b>(1,855,770)</b>	<b>10</b>	<b>(1,855,749)</b>
Net loss	—	—	(704,888)	—	(704,888)
Accretion on convertible redeemable preferred shares	—	—	(877,999)	—	(877,999)
Foreign currency translation adjustments	—	—	—	(368)	(368)
<b>Balance as of December 31, 2019</b>	<b>18,782,620</b>	<b>11</b>	<b>(3,438,657)</b>	<b>(358)</b>	<b>(3,439,004)</b>
Net loss	—	—	(470,618)	—	(470,618)
Accretion on convertible redeemable preferred shares	—	—	(1,304,498)	—	(1,304,498)
Foreign currency translation adjustments	—	—	—	2,441	2,441
<b>Balance as of December 31, 2020</b>	<b>18,782,620</b>	<b>11</b>	<b>(5,213,773)</b>	<b>2,083</b>	<b>(5,211,679)</b>

The accompanying notes are an integral part of these consolidated financial statements.

**AIHUSHOU INTERNATIONAL CO. LTD.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018, 2019 AND 2020**  
(Amounts in thousands, except for share, per share data or otherwise noted)

	Years ended December 31,		
	2018	2019	2020
	RMB	RMB	RMB
<b>Cash flows from operating activities:</b>			
Net loss	(207,941)	(704,888)	(470,618)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	38,121	234,672	360,781
Loss on the disposal of property and equipment	—	201	2,654
Provision for allowance for doubtful accounts	669	7,559	12,700
Share of loss in equity method investments	499	2,199	7,526
Impairment loss of investments measured at measurement alternatives	5,450	4,714	3,500
Impairment loss of property and equipment	—	—	6,449
Fair value change in warrant liabilities	(23,781)	—	—
Loss on the disposal of business	—	9,259	—
Foreign exchange (gains) losses	(29,285)	(9,765)	34,740
Changes in operating assets and liabilities:			
Inventories, net	(27,116)	9,924	(111,437)
Prepayments and other receivables	(65,813)	(56,078)	(123,535)
Amount due from related parties	(15,320)	(84,356)	(69,963)
Funds receivable from third party payment service provider	(46,338)	32,198	(45,842)
Other non-current assets	(13,200)	(2,440)	1,119
Account payables	16,995	(6,974)	(8,538)
Accrued expenses and other current liabilities	(40,285)	64,119	63,345
Accrued payroll and welfare	40,596	58,916	(457)
Amount due to related parties	10,649	60,066	(27,972)
Deferred tax liabilities	(1,922)	(30,120)	(47,320)
<b>Net cash used in operating activities</b>	<b>(358,022)</b>	<b>(410,794)</b>	<b>(412,868)</b>
<b>Cash flows from investing activities:</b>			
Purchase of property and equipment	(64,285)	(103,314)	(37,839)
Proceeds from disposal of property and equipment	1,658	8,584	12,733
Purchases of short-term investments	—	(120,895)	(99,776)
Proceeds from short-term investments	19,018	—	125,573
Payment for business acquisition, net of cash acquired	(5,877)	(5,811)	—
Payment for investments in equity investees	(46,384)	(22,292)	(20,000)
Repayment for loan to related parties	26,069	103,379	178,666
Loan to related parties	(39,466)	(164,000)	(140,732)
<b>Cash used in investing activities</b>	<b>(109,267)</b>	<b>(304,349)</b>	<b>18,625</b>
<b>Cash flows from financing activities:</b>			
Proceeds from short-term borrowings	239,983	376,383	764,143
Repayment for short-term borrowings	(172,413)	(348,383)	(595,094)
Loan from related party	250	—	—
Repayment of related party loan	—	(27)	(223)
Proceeds from long-term borrowings	—	—	65,200

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**CONSOLIDATED STATEMENTS OF CASH FLOWS—(Continued)**  
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	Years ended December 31,		
	2018	2019	2020
	RMB	RMB	RMB
Repayment for convertibles bonds	—	(40,000)	—
Repayment of convertible bonds to a related party	(98,688)	—	—
Prepaid subscription for convertible redeemable preferred shares	—	—	150,000
Prepaid subscription for convertible redeemable preferred shares from a related party	—	—	35,000
Proceeds from issuance of convertible redeemable preferred shares	979,539	469,636	512,715
Payment for convertible redeemable preferred shares issuance costs	(22,572)	(1,858)	(1,779)
Repurchase of ordinary shares	(22,077)	—	—
<b>Cash provided by financing activities</b>	<b>904,022</b>	<b>455,751</b>	<b>929,962</b>
Effect of foreign exchange rate changes on cash and cash equivalents	33,179	4,515	(28,426)
<b>Net increase (decrease) in cash, cash equivalents and restricted cash</b>	<b>469,912</b>	<b>(254,877)</b>	<b>507,293</b>
<b>Cash, cash equivalent and restricted cash at the beginning of the year</b>	<b>196,048</b>	<b>665,960</b>	<b>411,083</b>
<b>Cash, cash equivalent and restricted cash at the end of the year</b>	<b>665,960</b>	<b>411,083</b>	<b>918,376</b>
<b>Reconciliation in amounts on the consolidated balance sheets:</b>			
Cash and cash equivalents	665,560	410,783	918,076
Restricted cash, included in the prepayments and other receivables, net	400	300	300
<b>Total cash, cash equivalents, and restricted cash</b>	<b>665,960</b>	<b>411,083</b>	<b>918,376</b>
<b>Supplemental cash flow disclosures of continuing operations:</b>			
Interest expenses paid	6,536	12,397	21,090
<b>Supplemental disclosure of non-cash investing and financing activities:</b>			
Accretion of convertible redeemable preferred shares	878,319	877,999	1,304,498
Exercise of warrant for issuance of convertible redeemable preferred shares	19,654	—	—
Issuance of convertible redeemable preferred shares in connection with Paipai acquisition from JD Group (Note 3)	—	3,242,245	—
Payable for preferred shares issuance costs	—	—	(15,618)
Receivable from disposal of property and equipment	—	15,562	—

The accompanying notes are an integral part of these consolidated financial statements.

**AIHUI SHOU INTERNATIONAL CO. LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**1. Organization and principal activities**

**Description of Business**

AiHuiShou International Co. Ltd. (the “Company”) was incorporated under the laws of the Cayman Islands on November 22, 2011. The Company through its wholly-owned subsidiaries, variable interest entity (“VIE”) and VIE’s subsidiaries (collectively, the “Group”) primarily sell pre-owned consumer electronics through its online platforms and offline stores, 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”).

As of December 31, 2020, the Company’s major subsidiaries, VIE and VIE’s subsidiaries are as follows:

		Date of incorporation/ establishment	Place of incorporation/ establishment	Percentage of direct/indirect ownership
Subsidiaries	AiHuiShou International Company Limited	January 13, 2012	Hong Kong	100%
	Shanghai Aihui Trading Co., Ltd (“Shanghai Aihui”)	August 16, 2012	Mainland China	100%
	AHS Device Hong Kong Limited	March 8, 2017	Hong Kong	100%
VIE and VIE’s subsidiaries	Shanghai Yueyee Network Information Technology Co., Ltd (“Shanghai Yueyee”)	May 21, 2010	Mainland China	VIE
	Shanghai Yueyi Network Information Technology Co., Ltd (“Shanghai Yueyi”)	September 6, 2015	Mainland China	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 accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for the years presented.

**2.2 Basis of Consolidation**

The consolidated financial statements include the financial statements of the Company, its subsidiaries, VIE and VIE’s subsidiaries in which the Company is the primary beneficiary. U.S. GAAP provides guidance on the identification of VIE and financial reporting for entities over which control is achieved through means other than voting interests. The Group evaluates each of its interests in an entity to determine whether or not the investee is a VIE and, if so, whether the Group is the primary beneficiary of such VIE. In determining whether the Group is the primary beneficiary, the Group considers if the Group (1) has power to direct the activities that most significantly affect the economic performance of the VIE, and (2) receives the economic benefits of the VIE that could be significant to



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**2. Summary of significant accounting policies—(Continued)**

**2.2 Basis of Consolidation—(Continued)**

the VIE. If deemed the primary beneficiary, the Group consolidates the VIE. All intercompany balances and transactions and unrealized profit and losses have been eliminated in consolidation.

***VIE Arrangements***

In order to comply with the PRC laws and regulations which prohibit or restrict foreign control of companies involved in provision of internet content and other restricted businesses, the Group operates its websites and other restricted businesses in the PRC through Shanghai Yueyee and its wholly-owned subsidiaries since 2011. On August 31, 2012, the Company, through its wholly-owned foreign invested subsidiary, Shanghai Aihui, entered into contractual arrangements ("VIE agreements") with Shanghai Yueyee and its shareholders. The following is a summary, as amended, of the agreements of which the Company is the primary beneficiary.

Voting Rights Proxy Agreement

Pursuant to the voting rights proxy agreements signed between each of the shareholders of the VIE and Shanghai Aihui, each shareholder irrevocably appointed Shanghai Aihui as its attorney-in-fact to exercise on each shareholder's behalf and all rights that each shareholder has in respect of its equity interest in the VIE (including but not limited to executing the exclusive right to the voting rights, the right to appoint directors and executive officers of the VIE, and the right to determine dividend distribution). The powers of attorney will remain effective until the termination of VIE or otherwise instructed by Shanghai Aihui.

Exclusive Technology Consulting and Management Service Agreement and Business Operation Agreement

Pursuant to the exclusive business cooperation agreement between Shanghai Aihui and the VIE, Shanghai Aihui has the exclusive right to provide the VIE with complete business support and technical and consulting services, including but not limited to software development and maintenance, internet technical support, database and network security services, and other technical consultation and services. Without Shanghai Aihui's prior written consent, the VIE may not accept any consultations and/or services regarding the matters contemplated by this agreement provided by any third party during the term of the agreement. The VIE agrees to pay Shanghai Aihui service fees at an amount equals to all pre-tax income of the VIE. Shanghai Aihui has the exclusive ownership of all the intellectual property rights created as a result of the performance of the exclusive business cooperation agreement. The exclusive business cooperation agreement has an initial term of 10 years and unless terminated by Shanghai Aihui in advance. Before the expiration of these agreements, upon request by Shanghai Aihui, these agreements shall be renewed or replaced by new agreements.

Option Purchase Agreements

Pursuant to the option purchase agreements, each of the shareholders of the VIE has irrevocably granted Shanghai Aihui, or any person designated by Shanghai Aihui, an exclusive option to purchase all or part of its equity interests in the VIE. Shanghai Aihui may exercise such options at a price equal

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**2. Summary of significant accounting policies—(Continued)**

**2.2 Basis of Consolidation—(Continued)**

**VIE Arrangements—(Continued)**

to the lowest price as permitted by applicable PRC laws at the time of transfer of equity. The VIE and the shareholders of the VIE covenant that, without Shanghai Aihui's prior written consent, they will not, among other things, (i) supplement, change or amend the VIE's articles of association and bylaws, (ii) increase or decrease the VIE's registered capital or change its structure of registered capital, (iii) create any pledge or encumbrance on their equity interests in the VIE, other than those created under the equity interest pledge agreement, (iv) sell, transfer, mortgage, or dispose of their legal or beneficial interests in and any assets of the VIE and any legal or beneficial interests, (v) enter into any material contract by the VIE, except in the ordinary course of business, or (vi) merge or consolidate the VIE with any other entity. The option will remain effective unless Shanghai Aihui has purchased all of the VIE's equity.

Powers of Attorney.

Pursuant to the power of attorney, each of the shareholders of the VIE irrevocably authorize Shanghai Aihui to act on his behalf as the only exclusive agent and attorney to exercise all rights as the shareholders of the VIE, including but not limited to, (i) making decisions as shareholders of the VIE, (ii) exercising all rights under relevant PRC laws and the articles of association of the VIE as the shareholders of the VIE, (iii) handling the sale, transfer, pledge or disposal of the shareholder's equity interests in the VIE (in all or in part), including but not limited to signing all necessary equity transfer documents, other documents for disposing of the shareholder's equity interests in the VIE and handling all necessary procedures on behalf of the shareholder, (iv) in the name and on behalf of the shareholder, signing any resolutions and meeting minutes as a shareholder of the VIE, (v) on behalf of the shareholder, nominating, electing, designating, appointing and removing the legal representative, directors, supervisors, general manager, chief financial officer and other senior management personnel of the VIE, (vi) approving the amendment of the articles of association of the VIE, and (vii) other matters agreed in the voting proxy agreement, if any. Without the written consent of Shanghai Aihui, the shareholders of the VIE have no right to increase or decrease, transfer, pledge re-pledge, or otherwise dispose of or change the shareholders' equity interests in the VIE.

Share Pledge Agreements

Pursuant to the share pledge agreements, each of the shareholders of the VIE has pledged the security interest in their respective equity interests in the VIE, representing 100% equity interests in the VIE in aggregate to Shanghai Aihui, to guarantee performance by the shareholders of their obligations under the powers of attorney, the exclusive business cooperation agreement and the exclusive option agreement, as well as the performance by the VIE of its obligations under the exclusive business cooperation agreement and the exclusive option agreement. In the event of a breach by the VIE or any of its shareholders of contractual obligations under these contractual arrangements, Shanghai Aihui, as pledgee, will have the right to dispose of the pledged equity interests in the VIE and get compensated from the proceeds of such disposal. The shareholders of the VIE also covenant that, without the prior written consent of Shanghai Aihui, they shall not transfer or agree to other's transfer of the pledged equity interests, create or allow any new pledge or any other encumbrance on the pledged equity

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**2. Summary of significant accounting policies—(Continued)**

**2.2 Basis of Consolidation—(Continued)**

**VIE Arrangements—(Continued)**

interests. The equity interest pledge agreement will remain effective until the exclusive technology consulting and management service agreement and the business operation agreement and the option purchase agreements are terminated or the VIE and the shareholder of the VIE discharge all their contractual obligations under these agreements. During the equity pledge period, Shanghai Aihui is entitled to all dividends and other distributions generated by the VIE.

Spousal Consent Letters

Pursuant to the Spousal Consent Letters, the signing spouses undertake they will not assert any rights over the equity interests VIEs held by the shareholder of the VIE, and that they will sign any necessary documents and take any necessary actions to ensure the proper performance and implementation of the voting proxy agreement, powers of attorney, share pledge agreements, and option purchase agreements, all of which may be amended or restated from time to time. In addition, in the event that any spouse obtains any equity interests in any VIE held by his or her spouse for any reason, he or she agreed to be bound by the contractual arrangements described above, as may be amended from time to time.

The irrevocable powers of attorney and voting proxy agreement described above have conveyed all shareholder rights held by the VIE's shareholders to Shanghai Aihui, including the right to designate and appoint the VIE's legal representative, director, supervisor, chief executive officer and other senior management members. The exclusive option agreements provide Shanghai Aihui with a substantive kick-out right of the VIE shareholders through an exclusive option to purchase all or any part of the shareholders' equity interest in the VIE at the lowest price permitted under the PRC laws then in effect. In addition, through the exclusive technology consulting and management service agreement and business cooperation agreement, Shanghai Aihui has established the right to receive benefits from the VIE that could potentially be significant to the VIE, and through the share pledge agreement, Shanghai Aihui has, in substance, an obligation to absorb losses of the VIE that could potentially be significant to the VIE. As these contractual arrangements allow the Group to effectively control the VIE and to derive substantially all of the economic benefits from it, the Group has consolidated the VIE.

The Company believes that the contractual arrangements amongst Shanghai Aihui, Shanghai Yueyee and their respective shareholders are in compliance with PRC law and are legally enforceable. However, Shanghai Yueyee and their shareholders may fail to take certain actions required for the Company's business or to follow the Company's instructions despite their contractual obligations to do so. Furthermore, if Shanghai Yueyee or their shareholders do not act in the best interests of the Company under the contractual arrangements and any dispute relating to these contractual arrangements remains unresolved, the Company will have to enforce its rights under these contractual arrangements through the operations of PRC law and courts and therefore will be subject to uncertainties in the PRC legal system. All of these contractual arrangements are governed by PRC law and provided for the resolution of disputes through arbitration in the PRC. Accordingly, these contracts would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. As a result, uncertainties in the PRC legal system could limit the Company's ability to enforce these contractual arrangements, which may make it difficult to exert effective control over Shanghai Yueyee to conduct the Company's business.

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**2. Summary of significant accounting policies—(Continued)**

**2.2 Basis of Consolidation—(Continued)**

**VIE Arrangements—(Continued)**

The following financial statement amounts and balances of the VIE were included in the accompanying consolidated financial statements after elimination of intercompany transactions and balances:

	As of December 31,		
	2018 RMB	2019 RMB	2020 RMB
<b>ASSETS</b>			
Cash and cash equivalents	167,301	201,770	445,531
Amount due from related parties	105,288	265,227	289,156
Inventories, net	71,851	62,973	151,864
Prepayments and other receivables, net	98,856	124,544	185,621
Funds receivable from third party payment service providers	110,400	77,084	122,234
Property and equipment, net	66,217	97,454	68,161
Intangible assets, net	12,816	1,680,450	1,365,847
Investment in equity investees	34,717	41,175	50,149
Goodwill	—	1,799,529	1,799,529
Other non-current assets	12,774	14,762	13,649
<b>Total Assets</b>	<b>680,220</b>	<b>4,364,968</b>	<b>4,491,741</b>
<b>LIABILITIES</b>			
Short-term borrowings	139,983	167,983	339,292
Account payables	41,918	33,678	25,573
Accrued expenses and other current liabilities	138,755	146,850	376,159
Accrued payroll and welfare	56,498	114,332	114,319
Amount due to related parties	41,647	107,863	114,551
Deferred tax liabilities	1,922	388,652	341,462
Convertible bonds	160,000	160,000	160,000
<b>Total Liabilities</b>	<b>580,723</b>	<b>1,119,358</b>	<b>1,471,356</b>

	Years ended December 31,		
	2018 RMB	2019 RMB	2020 RMB
Net revenues	3,213,844	3,889,141	4,683,756
Net loss	(252,796)	(691,638)	(414,238)
Net cash (used in) provided by operating activities	(435,463)	(354,506)	(264,221)
Net cash (used in) provided by investing activities	(81,624)	(166,824)	(6,684)
Net cash (used in) provided by financing activities	(30,868)	(13,885)	354,307

The VIE and its subsidiaries contributed 98.54%, 98.91% and 96.41% of the Group's consolidated revenue for the years ended December 31, 2018, 2019 and 2020, respectively. As of

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**2. Summary of significant accounting policies—(Continued)**

**2.2 Basis of Consolidation—(Continued)**

**VIE Arrangements—(Continued)**

December 31, 2020, the VIE and its subsidiaries accounted for an aggregate of 85.94% of the consolidated total assets, and 94.43% of the consolidated total liabilities. The Group's non-VIE assets as of December 31, 2020 mainly consist of cash, short-term investments and investment in equity investees.

There are no terms in any arrangements, considering both explicit arrangements and implicit variable interests that require the Group or its subsidiaries to provide financial support to the VIE. However, if the VIE was ever to need financial support, the Group or its subsidiaries may, at its option and subject to statutory limits and restrictions, provide financial support to its VIE through loans to the shareholders of the VIE or entrustment loans to the VIE.

The Group believes that there are no assets held in the consolidated VIE that can be used only to settle obligations of the VIE, except for paid-in capital, additional paid-in capital ("APIC") and the PRC statutory reserves. As the consolidated VIE is incorporated as a limited liability Company under the PRC Company Law, creditors of the VIE do not have recourse to the general credit of the Company or any of its subsidiaries for any of the liabilities of the consolidated VIE.

Relevant PRC laws and regulations restrict the VIE from transferring a portion of their net assets, equivalent to the balance of their paid-in capital, APIC and PRC statutory reserve, to the Company in the form of loans and advances or cash dividends.

**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 convertible redeemable preferred shares, assessment for impairment of long-lived assets, including intangible assets, and goodwill, and investments in equity investees, convertible bonds, fair value of share-based compensation, fair value of assets and liabilities acquired in business combination, inventory provision, allowance for doubtful accounts, depreciable lives of Property and equipment, and useful life of intangible assets and realization of deferred tax assets.

**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.

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**2. Summary of significant accounting policies—(Continued)**

**2.4 Fair value measurements—(Continued)**

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.

The Group's financial instruments not measured at fair value including cash and cash equivalents, certain short-term investments, other receivables, amount due from related parties, funds receivable from third party payment service providers, equity investments without readily determinable fair values, short-term borrowings, account payables, amount due to related parties, other current liabilities, convertible bonds and long-term borrowings. The carrying amounts of the short-term financial instruments approximate their costs due to the short-term nature of these assets and liabilities. The carrying amount of the long-term borrowings approximates its fair value as the interest rates are comparable to the prevailing interest rates in the market. The fair value of equity investments without readily determinable fair values and convertible bonds cannot be reasonably estimated without undue costs.

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**2. Summary of significant accounting policies—(Continued)**

**2.4 Fair value measurements—(Continued)**

The Group's assets and liabilities measured at fair value on a recurring basis subsequent initial recognition include certain short-term investments that the Group elects to apply fair value option under ASC 825 (see Note 2.7), which are classified as level 2 within the fair value hierarchy as the key inputs to the valuation model are observable in active markets. The difference between fair value and cost of such short-term investment is immaterial.

The Group's assets and liabilities measured at fair value on a recurring basis also include the fair value of warrant that is exercisable into the Group's convertible redeemable preferred shares (see Note 2.15). The Group estimated the fair value of the warrant with assistance of an independent third party valuer. The valuation of the warrant was categorized as Level 3 within the fair value hierarchy as significant inputs are unobservable. Gain from fair value change recognized in the consolidated statements of operations were RMB23,781, nil, and nil for the years ended December 31, 2018, 2019 and 2020, respectively.

The Group's assets and liabilities measured at fair value on a nonrecurring basis include the fair value of property and equipment, equity method investments, and equity investments without readily determinable fair value when they are deemed to be impaired. The fair values of these investments are determined based on discounted cash flow model or estimated disposal value 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 RMB5,450, RMB4,714, RMB9,949 for the years ended December 31, 2018, 2019 and 2020, respectively.

**2.5 Functional currency and foreign currency translation**

The functional currency of the Company and its subsidiaries and VIE in the PRC is in Renminbi ("RMB"). The functional currency of the Group's entities incorporated in Hong Kong ("HK") is in Hong Kong dollars ("HKD"). The functional currency of the Group's entities incorporated in the United States is in US dollars ("US\$").

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.

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 in the statements of comprehensive loss and the consolidated statements of change in shareholders' deficit.

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**2. Summary of significant accounting policies—(Continued)**

**2.6 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, 2018, 2019 and 2020, all cash and cash equivalents are unrestricted as to withdrawal and use.

**2.7 Short-term investments**

Short-term investments include (i) structured product with unsecured principal purchased from financial institutions which have original maturities of less than one year. The Group elects to adopt the fair value option in accordance with ASC 825 Financial Instruments to record the investments at fair value in short-term investments in the consolidated balance sheets. The instruments are valued using valuation models since they are not traded on an exchange. Foreign exchange rates are the significant inputs into the valuation models. These inputs are observable in active markets over the terms of the instruments the Company holds, and accordingly, the fair value measurements are classified as Level 2 in the hierarchy. The Company considers the effect of its own credit standing and that of its counterparties in valuations of its derivative financial instruments. Changes in the fair value is immaterial in the periods presented. (ii) term deposits with original maturities longer than three months but less than one year.

**2.8 Inventories, net**

Inventories, consisting of pre-owned and new consumer electronics available for sale, are stated at lower of cost or net realizable value. Provision 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, which is determined based upon factors such as historical and forecasted consumer demand. No inventory provision was provided for the years ended December 31, 2018, 2019 and 2020.

**2.9 Property and Equipment, net**

Property 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:

Category	Estimated useful lives
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 years
Motor vehicle	4 years
Software	3-5 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 and equipment are capitalized as additions to the related assets. Retirements, sales and disposals of assets are recorded



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**2. Summary of significant accounting policies—(Continued)**

**2.9 Property and Equipment, net—(Continued)**

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, nil, and RMB6,449 of impairment loss for the years ended December 31, 2018, 2019 and 2020, respectively.

**2.10 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. ("JD") (see Note 3) including Business Cooperation Agreement ("BCA"), Non-Compete Commitment ("NCC"), technology/platform and brand names 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 future growth rates and weighted average cost of capital. 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:

The identifiable intangible assets	Amortization Years
Brand names	10 years
BCA	1-6 years
Technology/platform	5 years
NCC	5 years

**2.11 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.

On January 1, 2018, the Group chose to early adopt Financial Accounting Standards Board ("FASB") revised guidance on ASU 2017-04 "Testing of Goodwill for Impairment". Under this guidance, the Group has the option to choose whether it will apply the qualitative assessment first and then the quantitative assessment, if necessary, or to apply the quantitative assessment directly. If the Group chooses to apply a qualitative assessment first, it starts the goodwill impairment test by assessing qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the Group determines that it is more likely not the fair value of a reporting unit is less than its carrying amount, the quantitative impairment test is mandatory. Otherwise, no further testing is required. The quantitative impairment test consists of comparison of the fair value of a reporting unit to its carrying amount.

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

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**2. Summary of significant accounting policies—(Continued)**

**2.11 Goodwill—(Continued)**

fair value of reporting units includes estimating future cash flows, determining appropriate discount rates and making other assumptions. Changes in these estimates and assumptions could materially affect the determination of fair value for each 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. The Group did not have goodwill prior to 2019. As of December 31, 2019 and 2020, the Group performed qualitative assessment and concluded it was not more likely than not the fair value of the reporting unit was less than the carrying value and therefore no further quantitative assessment was performed.

The Group did not recognize any goodwill impairment losses for the years ended December 31, 2018, 2019 and 2020.

**2.12 Impairment of long-lived assets and intangible assets**

The Group evaluates its long-lived assets and 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. 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. The Group recognizes impairment loss on the amount by which the carrying value exceeds the fair value of the asset.

**2.13 Investment in equity investees**

Investments held by the Group comprised of equity investments in privately-held entities with no control.

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 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 undiscounted cash flows, and other entity-specific information. 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 did not record any impairment loss for the years ended December 31, 2018, 2019 and 2020, respectively.

Equity securities without readily determinable fair value

The Group chose to early adopt ASU 2016-01, "Financial Instruments—Overall: Recognition and Measurement of Financial Assets and Financial Liabilities" (" ") on January 1, 2018 and elected to

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**2. Summary of significant accounting policies—(Continued)**

**2.13 Investment in equity investees—(Continued)**

measure 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). 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 RMB5,450, RMB4,714 and RMB3,500 in other income (loss), net for the years ended December 31, 2018, 2019 and 2020, respectively.

**2.14 Convertible bonds**

Convertible bond is accounted for as a liability or is separated into debt and equity components based on its terms in relation to the conversion feature, call and put options, and beneficial conversion feature. Debt discount, if any, together with related issuance cost are subsequently amortized as interest expense, using the effective interest method, from the issuance date to the earliest conversion date. Interest expenses are recognized in the statement of comprehensive income in the period in which they are incurred. The Group accounts for its convertible bonds in accordance with ASC 815 "Derivatives and Hedging" and ASC 470 "Debt" and classifies it as a liability in its entirety.

**2.15 Warrant liabilities**

Warrant to subscribe for the Group's convertible redeemable preferred shares is accounted for as a liability in accordance with ASC 480 "Distinguishing Liabilities from Equity" and measured at fair value at each balance sheet date. The changes in fair value were recorded in fair value change in warrant liabilities in the consolidated statements of operations. Upon exercise, the carrying value of the warrant liabilities is reclassified into convertible redeemable preferred shares along with the exercise proceeds received.

**2.16 Mezzanine equity**

Mezzanine equity represents the convertible redeemable preferred shares issued by the Company. The convertible redeemable preferred shares are redeemable at the holders' option any time after a certain date and are contingently redeemable upon the occurrence of certain events outside of the Company's control. Therefore, the Group classified all of the convertible redeemable preferred shares as mezzanine equity.

The convertible redeemable preferred shares can be converted either voluntarily before a qualified initial public offering ("Qualified IPO", referring to a public offering of ordinary shares of the Company registered under the Securities Act and with an offer price per ordinary share representing pre-offering market capitalization of the Company of at least US\$3 billion and gross proceeds to the Company in excess of US\$250 million) or automatically upon a Qualified IPO.

According to ASC 480, where fair value at date of issue is less than the mandatory redemption amount, the carrying amount is to be increased by periodic accretions so that the carrying amount will

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**2. Summary of significant accounting policies—(Continued)**

**2.16 Mezzanine equity—(Continued)**

equal the mandatory redemption amount at the mandatory redemption date. The Company uses the current redemption value method in calculating the accretion of the convertible redeemable preferred shares as if these convertible redeemable preferred shares were redeemable at the end of each year. Each increase in carrying amount is to be recorded as charges against retained earnings or, in the absence of retained earnings, as charges against additional paid-in capital until additional paid-in capital is reduced to zero. Once paid-in capital is reduced to zero, the redemption value measurement adjustment is recognized as an increase in accumulated deficit.

**2.17 Revenue recognition**

Revenues are generated primarily from product revenue and service revenue 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.

Net Product Revenue

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) and Paipai Marketplace (“Paipai”) (B2C 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. The Group generated net online product revenues in the amount of RMB3,211,376, RMB3,716,757, and RMB3,927,486 in the years ended December 31, 2018, 2019 and 2020, respectively.

For product sales through offline stores, the Group recognizes revenue at the point of time when customers pay and obtain control of the products. The Group generated RMB38,547, RMB13,449, and RMB316,537 of net product revenues in the year ended December 31, 2018, 2019 and 2020 from its offline channel.

When transactions involving trade-in devices, the purchase of the pre-owned product and the sale of new product are separately settled in cash on a gross basis and accounted for as two separate

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**2. Summary of significant accounting policies—(Continued)**

**2.17 Revenue recognition—(Continued)**

transactions. From July 2020, the Group began to net settle the trade-in transactions, and the fair value of trade-in product is recognized as non-cash consideration for the sale of the new product.

Net Service Revenue

In addition to product sales, the Group's PJT Marketplace and Paipai Marketplace 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 Marketplace, 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 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 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 recognized RMB198, RMB63,467, and RMB276,721 in net service revenue for PJT Marketplace and nil, RMB120,384, and RMB304,965 in net service revenue for Paipai Marketplace for the years ended December 31, 2018, 2019 and 2020, respectively.

The Group provides a one-year warranty for pre-owned consumer electronics sold on Paipai Marketplace, which is not considered as a separate performance obligation. The costs associated with the warranty was immaterial during the years presented.

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 were no contract asset as of December 31, 2018, 2019, and 2020. Accounts receivable was recorded within prepayments and other receivables, net and not material for all periods presented.

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**2. Summary of significant accounting policies—(Continued)**

**2.17 Revenue recognition—(Continued)**

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 mainly consist of payments received from customers before they received the products. As of December 31, 2018 and 2019 and 2020, balances of the contract liabilities were RMB28,383, RMB25,606 and RMB33,884, and were included in accrued expenses and other current liabilities in the consolidated balance sheets. The contract liabilities were recognized in revenue in the next month.

There was no costs of obtaining a contract for the years ended December 31, 2018, 2019 and 2020.

Geographic information

The following is the Group's net product and service revenues by geographical location:

	Years ended December 31,		
	2018	2019	2020
	RMB	RMB	RMB
Mainland China	3,210,048	3,716,757	4,080,229
Hong Kong	39,875	11,588	145,641
Others	—	1,861	18,153
<b>Net product revenue</b>	<b>3,249,923</b>	<b>3,730,206</b>	<b>4,244,023</b>
Mainland China	11,546	195,288	611,975
Hong Kong	51	6,364	2,201
<b>Net service revenue</b>	<b>11,597</b>	<b>201,652</b>	<b>614,176</b>

**2.18 Merchandise costs**

Merchandise costs primarily consists of cost of acquired products and inbound shipping charges.

**2.19 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.

**2.20 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 data center costs. Technology and platform amortization is amortization of platform arising from acquisition of Paipai business (see note 3). Technology and content expenses are expensed as incurred.

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**2. Summary of significant accounting policies—(Continued)**

**2.21 Selling and marketing expenses**

Selling and marketing expenses consist primarily of platform promotion expenses, channel commissions, advertising expenses, amortization expense, and payroll and related expenses for employees involved in marketing and business development activities. Channel commissions consist of commission paid to sales channel providers and collection channel providers. Amortization expense consist of amortization of business cooperation agreement, non-compete commitment, and brand names arising from the acquisition of Paipai business (see note 3). Total advertising expenses were recognized as incurred, and were RMB4,656, RMB10,215, and RMB19,101 for the years ended December 31, 2018, 2019 and 2020.

**2.22 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.

**2.23 Other operating income**

Other operating income consists of government subsidies and tax refund. Government subsidies represent rewards provided by the relevant PRC municipal government authorities to the Group for business achievements made by the Group. Government subsidies are recognized in other operating income in the consolidated statements of operations and comprehensive loss when the government subsidies are received and no further conditions need to be met. Tax refund mainly consists of one-time VAT refund received from government and tax authorities during the year ended December 31, 2020.

**2.24 Share-based compensation**

The Group grants share options to the Founder, its management team and other key 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 using the Binomial option pricing model and recognized as expenses using the straight line method, net of actual forfeitures, if any, over the requisite service period. 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 using the Binomial option pricing model 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.

**2.25 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

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**2. Summary of significant accounting policies—(Continued)**

**2.25 Employee benefit expenses—(Continued)**

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 RMB42,108, RMB85,187 and RMB51,834 for the years ended December 31, 2018, 2019 and 2020, respectively.

**2.26 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, 2018, 2019 and 2020.

**2.27 Operating leases**

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Total rental payments applicable to such operating leases are recognized on a straight-line basis over the lease term. Certain of the operating lease agreements contain lease incentives and rent holidays and are considered in determining the straight-line rent expense to be recorded over the lease term.

**2.28 Comprehensive income (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



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**2. Summary of significant accounting policies—(Continued)**

**2.28 Comprehensive income (loss)—(Continued)**

sheets, represents accumulated foreign currency translation adjustments from its subsidiaries not using the RMB as their functional currency.

**2.29 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. The Company's convertible redeemable preferred shares do not participate in losses. As such, net loss is allocated entirely to ordinary shareholders in the calculation of net loss per share.

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 convertible redeemable preferred shares, share options and convertible bonds 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 convertible redeemable preferred shares and convertible bonds are computed using the as-if-converted method and the effect of the share options is computed using the treasury stock method.

**2.30 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, other receivable, net, short-term investments, amount due from a related party and funds receivable from third party payment service providers. The Group places its cash and cash equivalents, short-term investments with financial institutions with high-credit ratings and quality. Amount due from a related party 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 deposit where the Group paid on behalf of the business buyers for the purchase deposit. The Group conducts credit evaluations on vendors and require certain amounts of security deposits from them to manage its credit risk.

**2.31 Segment reporting**

Based on the criteria established by ASC 280 "Segment Reporting", the Group's chief operating decision maker 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

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**2. Summary of significant accounting policies—(Continued)**

**2.31 Segment reporting—(Continued)**

resources and assessing performance. The Group has internal reporting of revenue, cost and expenses by nature as a whole. Hence, the Group has only one operating segment. The Company is domiciled in the Cayman Islands while the Group mainly operates its businesses in the PRC.

**2.32 Recent accounting pronouncements**

Under the Jumpstart Our Business Startups Act of 2012, as amended (“the JOBS Act”), the Company meets the definition of an emerging growth company, or EGC as of December 31, 2018, December 31, 2019, and December 31, 2020, and has elected the extended transition period for complying with new or revised accounting standards, which delays the adoption of these accounting standards until they would apply to private companies. Once the Company ceases to qualify as EGC, it will immediately adopt the new and revised accounting standards already effective for public companies.

Recently issued accounting pronouncements not yet adopted

In June 2016, the FASB issued ASU 2016-13, Credit Losses, Measurement of Credit Losses on Financial Instruments. This ASU provides more useful information about expected credit losses to financial statement users and changes how entities will measure credit losses on financial instruments and timing of when such losses should be recognized. In May 2019, the FASB issued ASU 2019-05, Financial Instruments—Credit Losses (Topic 326): Targeted Transition Relief. This update adds optional transition relief for entities to elect the fair value option for certain financial assets previously measured at amortized cost basis to increase comparability of similar financial assets. The updates should be applied through a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective (that is, a modified retrospective approach). In November 19, 2019, the FASB issued ASU 2019-10 to amend the effective date for ASU 2016-13 to be fiscal years beginning after December 15, 2022 and interim periods therein. The Group is in the process of evaluating the impact on its consolidated financial statements upon adoption.

In December 2019, the FASB issued ASU No. 2019-12, simplifying the Accounting for Income Taxes, as part of its initiative to reduce complexity in accounting standards. The amendments in the ASU are effective for the Group for fiscal years beginning after December 15, 2021, with interim periods after December 15, 2022. Early adoption of the standard is permitted, including adoption in interim or annual periods for which financial statements have not yet been issued. The Group plans to adopt the ASU prospectively on January 1, 2021. The ASU is currently not expected to have a material impact on the consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance supersedes existing guidance on accounting for leases with the main difference being that operating leases are to be recorded in the statement of financial position as right of use assets and lease liabilities, initially measured at the present value of the lease payments. For operating leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election not to recognize lease assets and liabilities. In transition, entities are required to recognize and measure leases at the beginning of the

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**2. Summary of significant accounting policies—(Continued)**

**2.32 Recent accounting pronouncements—(Continued)**

earliest period presented using a modified retrospective approach. In July 2018 (ASU 2018-11), the FASB further amended the guidance to provide another transition method in addition to the existing transition method by allowing entities to initially apply the new leases standard at the adoption date and recognize an accumulative-effective adjustment to the opening balance of retained earnings in the period of adoption. In June 2020, the FASB issued ASU 2020-05, Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)—Effective Dates for Certain Entities, which defer the effective date of leases for private companies to fiscal year beginning after December 15, 2021. The Group is in the process of evaluating the impact on its consolidated financial statements upon adoption.

In August 2020, the FASB issued ASU 2020-06, Debt with Conversion and Other Options (Subtopic 470-20) and Contracts in Entity's Own Equity (Subtopic 815-40)—Accounting for Convertible Instruments and Contracts in an Entity's Own Equity. The ASU will be effective for the Group on January 1, 2024 and can be early adopted on January 1, 2021. The guidance reduces the number of accounting models for convertible debt instruments and convertible preferred stock. For convertible instruments with conversion features that are not required to be accounted for as derivatives under Topic 815, Derivatives and Hedging, or that do not result in substantial premiums accounted for as paid-in capital, the embedded conversion features no longer are separated from the host contract. The Group is in the process of evaluating the impact on its consolidated financial statements upon adoption.

**3. Business combination**

In order to further grow its business and access to the mass retail consumers, the Group acquired Paipai, a pre-owned retail platform from JD.com, Inc. ("JD") on June 3, 2019 for a net purchase consideration of RMB3,243,036, by issuing 26,379,291 shares of Series E convertible redeemable preferred shares. The Group accounted for this acquisition as business combination.

The Group entered into an exclusive business cooperation agreement with JD in 2017 for a period of three years. In 2019, the Group amended and extended the business cooperation agreement as part of its acquisition of Paipai and recognized an incremental value to the existing business cooperation agreement, together with the newly acquired technologies/platform, non-compete commitment and brand names as identifiable assets. Under the exclusive business cooperation agreement, JD provides the Group with access portals on its own platform that links to the Group's purchasing and selling online marketplaces, including Paipai, and in return the Group pays JD channel commission based on transaction volume and recorded such payments in selling and marketing expenses.

The fair value of the convertible redeemable preferred shares and purchase price allocation were determined by the Group with the assistance of a third party valuation firm. The following table summarizes the consideration paid for Paipai and the amounts of the assets acquired and liabilities assumed recognized at the acquisition date, as well as the depreciation/amortization period for the acquired assets.

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**3. Business combination—(Continued)**

	2019 RMB
<b>Consideration</b>	
26,379,291 shares of convertible redeemable preferred shares	3,243,036
<b>Fair value of total consideration transferred</b>	<u>3,243,036</u>
<b>Recognized amounts of identifiable assets acquired and liabilities assumed</b>	
	Amortization period
<b>Intangible assets:</b>	
Business Cooperation Agreement	5-6 years 1,456,000
Brand names	10 years 321,000
Non-compete commitment	5 years 52,000
Technology and platform	5 years 29,000
Property and equipment, net	3 years 791
Deferred tax liabilities	(415,284)
Goodwill	<u>1,799,529</u>
	<u><b>3,243,036</b></u>

The identifiable assets acquired are required to be recognized and measured at fair value as of the acquisition date. An intangible asset is identified if it meets either the separability criterion or the contractual-legal criteria in accordance with ASC 805, Business Combination. Fair value of fixed assets acquired approximates the net book value of these assets. The assembled workforce did not meet the separation criteria or the contractual-legal criteria and therefore, are not identifiable and not recognized apart from goodwill. Goodwill recognized from the acquisition was assigned to the entire group and is not expected to be deductible for income tax purposes. The acquisition cost incurred and expensed for the business combination was immaterial.

The following table summarizes unaudited pro forma results of operations for the years ended December 31, 2018 and 2019 assuming that all acquisitions occurred as of the beginning of period. The pro forma results have been prepared for comparative purpose only based on management's best estimate and do not purport to be indicative of the results of operations which actually would have resulted had the acquisitions occurred as of the beginning of period:

	Year ended December 31,	
	2018	2019
	RMB	RMB
Pro forma revenue	3,355,011	3,976,874
Pro forma loss from operations	(594,043)	(863,624)
Pro forma net loss attributable to the Group	(545,522)	(836,704)

Since the date of acquisition, revenues of Paipai recognized in the Group's consolidated statements of operations and comprehensive loss for years ended December 31, 2019 was RMB120,384. The Group determined it is impracticable to disclose net earnings of Paipai since acquisition because it was fully integrated into the Group's business upon acquisition.

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**4. Prepayments and other receivables, net**

Prepayments and other receivables, net consist of the following:

	As of December 31,		
	2018 RMB	2019 RMB	2020 RMB
Deposits	7,587	16,836	17,557
Customer deposits (1)	28,566	55,059	121,419
Account receivables	6,883	1,788	12,336
Advance to suppliers	29,765	36,699	33,058
VAT recoverables	21,685	32,329	50,239
Others	4,323	3,422	27,661
Cash advanced to staff	2,202	3,606	6,014
Less: allowance	(669)	(390)	—
<b>Total</b>	<b>100,342</b>	<b>149,349</b>	<b>268,284</b>

(1) The amount relates to the refundable deposits paid to merchants to whom the Group provides platform service.

The movements in the allowance for doubtful accounts are as follows:

	As of December 31,		
	2018 RMB	2019 RMB	2020 RMB
Balance as of January 1	—	669	390
Current period provision	669	6,959	4,600
Current period write-off	—	(7,238)	(4,990)
<b>Balance as of December 31</b>	<b>669</b>	<b>390</b>	<b>—</b>

**5. Property and equipment, net**

Property and equipment, net consists of the following:

	As of December 31,		
	2018 RMB	2019 RMB	2020 RMB
<b>Cost</b>			
Machinery	15,185	36,773	31,098
Electronic equipment	26,249	49,812	55,491
Leasehold improvement	37,069	64,934	79,111
Furniture and office equipment	23	232	260
Motor vehicles	806	1,423	1,423
Software	1,098	3,651	4,045
Total	80,430	156,825	171,428
Less: accumulated depreciation	(26,192)	(58,635)	(102,002)
Construction in progress	13,300	1,028	136
<b>Property and equipment, net</b>	<b>67,538</b>	<b>99,218</b>	<b>69,562</b>

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**5. Property and equipment, net—(Continued)**

Depreciation expense was RMB14,458, RMB38,044 and RMB45,659 for the years ended December 31, 2018, 2019 and 2020, respectively. The Group recorded RMB 6,449 impairment during the year ended December 31, 2020.

**6. Intangible assets, net**

Intangible assets consists of the following:

	As of December 31,		
	2018	2019	2020
	RMB	RMB	RMB
Business Cooperation Agreement	79,017	1,535,017	1,535,017
Brand names	—	321,000	321,000
Non-compete commitment	27,141	79,141	79,141
Technology/platform	—	31,600	31,600
<b>Total</b>	<b>106,158</b>	<b>1,966,758</b>	<b>1,966,758</b>
Less: accumulated amortization	(87,167)	(283,795)	(598,917)
<b>Intangible assets</b>	<b>18,991</b>	<b>1,682,963</b>	<b>1,367,841</b>

Amortization expenses related to intangible assets were RMB23,663, RMB196,628, and RMB315,122 for the years ended December 31, 2018, 2019 and 2020, respectively. The Group expects to record amortization expenses of RMB310,300, RMB310,300, RMB310,300, RMB229,781, RMB89,257 for the years ending December 31, 2021, 2022, 2023, 2024 and 2025, respectively.

**7. Investment in equity investees**

The Group's investments in equity investees comprise the following:

Investments accounted for under equity method where the Group can exert significant influence but does not own a majority equity interest or otherwise control:

	As of December 31,		
	2018	2019	2020
	RMB	RMB	RMB
Shanghai Yueqing Information Technology Co., Ltd. ("Yueqing")	74	874	1,349
Other (1)	—	—	12,000
<b>Total investments accounted for under equity method</b>	<b>74</b>	<b>874</b>	<b>13,349</b>

The Group can exercise significant influence through board representation and as such accounted for the investments using equity method of accounting. The Group did not recognized any impairment in investments accounted for under equity method during the years ended December 31, 2018, 2019 and 2020.

- (1) The Group made other investments where it has a significant influence to at amount of RMB3,000 and RMB8,000 during the year ended December 31, 2019 and 2020, respectively. They Group

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**7. Investment in equity investees—(Continued)**

recorded proportionately share of loss of RMB3,000 and RMB8,000 for the year ended December 31, 2019 and 2020, respectively. The Group made other investments of RMB12,000 in Qingdao Qingle Venture Capital Partnership as its limited partner, holding equity interest of 11.95% during the year ended December 31, 2020, and accounted as an equity method investee.

Below are primarily equity investments that are in substance common stock and the Group does not have significant influence or control. Since these investees are private companies that do not have readily determinable fair value, the Group accounted these investments under measurement alternative method:

	<b>As of December 31,</b>		
	<b>2018</b>	<b>2019</b>	<b>2020</b>
	<b>RMB</b>	<b>RMB</b>	<b>RMB</b>
Jinsong (Shanghai) Network Information Technology CO. Ltd (“Jinsong”) (1)	26,430	36,800	36,800
Manak Waste Management Pvt Ltd (“Manak”)	13,749	17,570	16,507
Trocafone, Inc. (“Trocafane”)	13,749	14,057	13,206
Chongqing Tianji Cloud Service Technology Co., Ltd (“Tianjiyun”)	9,000	9,000	9,000
AiFenLei Global Co., Ltd. (“AiFenLei”) (2)	—	—	—
Others	13,664	21,164	21,164
Impairment	<u>(5,450)</u>	<u>(10,164)</u>	<u>(13,664)</u>
Total investments accounted for under measurement alternative method	<u>71,142</u>	<u>88,427</u>	<u>83,013</u>

For years ended December 31, 2018, 2019 and 2020, the Group recorded impairment loss of RMB5,450, RMB4,714 and RMB3,500, respectively, for these alternative measurement investments.

- (1) 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, 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 RMB10,370 investment in Jinsong.
- (2) 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.

**8. Goodwill**

Changes in the carrying amount of goodwill were as follows:

	<b>Total</b>
	<b>RMB</b>
<b>Balance as of December 31, 2018</b>	<b>—</b>
Acquisition of Paipai	1,799,529
Other acquisition	3,886
<b>Balance as of December 31, 2019 and 2020</b>	<b><u>1,803,415</u></b>

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**8. Goodwill—(Continued)**

There were no change in the carrying amount of goodwill for the years ended December 31, 2019 and 2020.

**9. Short-term borrowings**

As of December 31, 2018, 2019 and 2020, the Group had unused one-year revolving credit facilities with several Chinese commercial banks to borrow up to RMB40,000, RMB112,017 and RMB33,708 respectively for working capital.

In 2018, the Group borrowed RMB239,983 at the weighted average interest rate of 7.00% per annum. The Group repaid the short-term borrowings in the amount of RMB172,413.

In 2019, the Group borrowed RMB376,383 at the weighted average interest rate of 4.15% per annum. The Group repaid the short-term borrowings in the amount of RMB348,383.

In 2020, the Group borrowed RMB764,143 at the weighted average interest rate of 5.33% per annum. The Group repaid the short-term bank borrowings in the amount of RMB592,375.

In 2020, the Group entered into a US\$ denominated two-year loan agreement with an independent third party for RMB65,200 at an interest rate of 9% per annum with current portion of RMB29,906 as of December 31, 2020 and repaid RMB2,719 during the year.

The Group is subject to certain financial covenants under its credit facilities and the Group was in compliance with all of its debt covenants for the years ended December 31, 2018, 2019 and 2020.

**10. Accrued expenses and other current liabilities**

Accrued expenses and other current liabilities consist of the following:

	As of December 31,		
	2018	2019	2020
	RMB	RMB	RMB
Deposits from business partner	3,654	36,372	47,399
Contract liabilities	28,383	25,606	33,884
Other tax payable	13,476	21,680	45,507
Others (1)	97,744	83,991	269,822
<b>Total</b>	<b>143,257</b>	<b>167,649</b>	<b>396,612</b>

- (1) The balance as of December 31, 2020 included RMB150,000 prepaid subscription received by the Group in September and November 2020 from certain investors subscribing for Series E convertible redeemable preferred shares. The payment was in the legal form of a loan agreement but did not have a maturity date or bear interest. The issuance of the preferred shares is contingent upon the investors obtaining the approval of Overseas Direct Investment (the "ODI"), otherwise the amount will be refunded to the investors.



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**11. 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 17% prior to May 1, 2018, 16% from May 1, 2018 to March 31, 2019 and 13% from April 1, 2019 for sales of other products in the PRC.

The Group is subject to VAT at the rate of 6% for service revenue.

**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 for the year of assessment 2017/2018. Commencing from the year of assessment 2018/2019, the first Hong Kong dollars (“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 standard enterprise income tax rate for domestic enterprises and foreign invested enterprises is 25%. All of the Group’s PRC subsidiaries, consolidated VIE and VIE’s subsidiaries are subject to the statutory income tax rate of 25% except for Shanghai Yueyee which obtained qualification as High and New Technologies Enterprises, or HNTE in 2018 and was entitled to a preferential EIT rate of 15% from 2018 to 2020.

*Loss by tax jurisdictions*

	Years ended December 31,		
	2018	2019	2020
	RMB	RMB	RMB
Loss from Mainland China operations	257,560	722,687	456,596
(Income) loss from non-Mainland China operations	(48,196)	10,122	53,816
<b>Total loss before tax and share of loss of equity-method investees</b>	<b>209,364</b>	<b>732,809</b>	<b>510,412</b>

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**11. Taxation—(Continued)**

**b) Income tax—(Continued)**

The reconciliation of total tax expenses computed by applying the respective statutory income tax rate to pre-tax income is as follows:

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,		
	2018 RMB	2019 RMB	2020 RMB
Current tax expenses	—	—	—
Deferred tax benefits	(1,922)	(30,120)	(47,320)
Total income tax expense (benefit)	<u>(1,922)</u>	<u>(30,120)</u>	<u>(47,320)</u>

The Group did not incur any current income tax expenses for the years ended December 31, 2018, 2019 and 2020. 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,		
	2018 RMB	2019 RMB	2020 RMB
PRC income tax rate	25.00%	25.00%	25.00%
Expenses not deductible for tax purposes	(2.31%)	(1.03%)	(2.75%)
Super deduction on technology and content expenses	3.97%	2.87%	3.52%
Effect of preferential tax rate for high-tech enterprises	0.23%	(2.69%)	(6.16%)
Effect of different tax rates of a subsidiary operating in other jurisdiction	6.80%	(0.12%)	(1.33%)
Future tax rate change	(1.48%)	—	0.20%
Change in valuation allowance	(31.29%)	(20.03%)	(9.42%)
True up	—	0.11%	0.21%
Total	<u>0.92%</u>	<u>4.11%</u>	<u>9.27%</u>

If the preferential tax rate granted to an entity of the Group were not available, the Group's income tax benefit would have increased by RMB2,310, RMB19,037, and RMB31,460 for the years ended December 31, 2018, 2019 and 2020, respectively. The basic and diluted net loss per share attributable to the Company would decrease by RMB0.12, RMB1.01, and RMB1.68 for the years ended December 31, 2018, 2019 and 2020, respectively.

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**11. Taxation—(Continued)**

**b) Income tax—(Continued)**

Deferred tax assets and deferred tax liabilities:

	As of December 31,		
	2018 RMB	2019 RMB	2020 RMB
<b>Deferred tax assets</b>			
Tax loss carried forward	106,222	229,955	283,378
Deductible temporary differences	12,717	38,481	32,982
Allowance for doubtful receivables	167	98	—
<b>Total deferred tax assets</b>	<b>119,106</b>	<b>268,534</b>	<b>316,360</b>
Less: valuation allowance	(119,106)	(268,534)	(316,360)
<b>Net deferred tax assets</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Deferred tax liabilities</b>			
Identifiable intangible assets acquired	3,466	389,280	341,960
<b>Total deferred tax liabilities</b>	<b>3,466</b>	<b>389,280</b>	<b>341,960</b>

The movement of deferred tax valuation allowance is as follows:

	As of December 31,		
	2018 RMB	2019 RMB	2020 RMB
Balance at beginning of the year	52,936	119,106	268,534
Additions	66,170	149,428	47,826
<b>Balance at end of the year</b>	<b>119,106</b>	<b>268,534</b>	<b>316,360</b>

As of December 31, 2018, 2019 and 2020, the Group had net operating loss carry forwards of approximately RMB429,381, RMB926,237 and RMB1,155,441, respectively, which arose from the subsidiaries, VIE and VIE's subsidiaries established in the PRC, Hong Kong. The loss carry forwards will expire during the period from 2020 to notice from local tax authorities. The Group has provided a full valuation allowance for the deferred tax assets as of December 31, 2018, 2019 and 2020, 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 are related to the amortization of deferred tax liabilities resulting from the intangible assets acquired.

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

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**11. Taxation—(Continued)**

**b) Income tax—(Continued)**

Company's subsidiaries and VIE located in the PRC and Hong Kong were in accumulated deficit as of December 31, 2018, 2019 and 2020. 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, 2018, 2019 and 2020.

**12. Convertible bonds**

On November 28, 2016, the Group's PRC subsidiary, Shanghai Yueyee, issued non-interest bearing convertible bonds (the "2016 Notes") with an aggregate principal amount of RMB200,000 and a maturity date of June 2018. Upon approval of ODI, the holders can at their option, to redeem the 2016 Notes in RMB and to purchase Series C-3 convertible redeemable preferred shares from the Company at US\$2.6532 per share in US dollars for an amount equivalent to the principal of the 2016 Notes. This option to subscribe for the convertible redeemable preferred shares is not a free-standing financial instrument, but in essence a conversion option embedded in the 2016 Notes as it can only be exercised together with the redemption of the Notes.

The Group determined the conversion feature of the convertible bond is not an embedded derivative and therefore bifurcation from the convertible bonds is not required. Further, there's no beneficial conversion feature associated with the conversion option as the effective conversion price was higher than the fair value of the underlying shares. The 2016 Notes were recorded as a liability in their entirety at amortized cost on the consolidated balance sheets.

Among 2016 Notes, RMB40,000 was converted into 2,255,380 Series C-3 convertible redeemable preferred shares at the contractual conversion price in 2018.

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**13. Convertible redeemable preferred shares**

The following table summarizes changes in the carrying amount of the convertible redeemable preferred shares for the years ended December 31, 2018, 2019 and 2020:

	Series A Convertible redeemable preferred shares		Series B Convertible redeemable preferred shares		Series C Convertible redeemable preferred shares		Series D Convertible redeemable preferred shares		Series E Convertible redeemable preferred shares		Total	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
<b>Balance as of January 1, 2018</b>	<b>9,497,040</b>	<b>83,565</b>	<b>7,586,836</b>	<b>78,445</b>	<b>23,615,873</b>	<b>475,106</b>	—	—	—	—	<b>40,699,749</b>	<b>637,116</b>
Issuance	—	—	—	—	7,819,871	171,863	7,952,405	801,801	—	—	15,772,276	973,664
Subscription receivables	—	—	—	—	—	(16,697)	—	—	—	—	—	(16,697)
Exercise of the warrant	—	—	—	—	1,884,512	15,704	2,115,755	3,950	—	—	4,000,267	19,654
Accretion	—	154,939	—	123,143	—	395,947	—	204,290	—	—	—	878,319
<b>Balance as of January 1, 2019</b>	<b>9,497,040</b>	<b>238,504</b>	<b>7,586,836</b>	<b>201,588</b>	<b>33,320,256</b>	<b>1,041,923</b>	<b>10,068,160</b>	<b>1,010,041</b>	—	—	<b>60,472,292</b>	<b>2,492,056</b>
Issuance	—	—	—	—	—	—	—	—	30,021,942	3,693,326	30,021,942	3,693,326
Collection of Subscription Receivables	—	—	—	—	—	16,697	—	—	—	—	—	16,697
Accretion	—	123,459	—	94,078	—	335,372	—	(4,189)	—	329,279	—	877,999
<b>Balance as of January 1, 2020</b>	<b>9,497,040</b>	<b>361,963</b>	<b>7,586,836</b>	<b>295,666</b>	<b>33,320,256</b>	<b>1,393,992</b>	<b>10,068,160</b>	<b>1,005,852</b>	<b>30,021,942</b>	<b>4,022,605</b>	<b>90,494,234</b>	<b>7,080,078</b>
Issuance	—	—	—	—	—	—	—	—	4,203,072	495,318	4,203,072	495,318
Accretion	—	83,312	—	65,967	—	311,443	—	147,741	—	696,035	—	1,304,498
<b>Balance as of December 31, 2020</b>	<b>9,497,040</b>	<b>445,275</b>	<b>7,586,836</b>	<b>361,633</b>	<b>33,320,256</b>	<b>1,705,435</b>	<b>10,068,160</b>	<b>1,153,593</b>	<b>34,225,014</b>	<b>5,213,958</b>	<b>94,697,306</b>	<b>8,879,894</b>

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**13. Convertible redeemable preferred shares—(Continued)**

The following table summarizes the issuance of convertible redeemable preferred shares up to December 31, 2020:

Series	Issuance date	Share Issued	Issue Price per Share	Proceeds from Issuance
A, B, C-1, C-2	August 31, 2012 – November 11, 2016	44,887,552	US\$0.21–US\$2.65	US\$63,902
C-3	June 26, 2018	1,884,512	US\$2.65	US\$5,000
C-3	December 7, 2018	7,819,871	US\$2.65	RMB138,688
D	July 5, 2018	2,115,755	US\$10.83	US\$22,917
D	July 5, 2018	7,952,405	US\$12.74	US\$101,340
E	June 3 – September 16, 2019	2,521,844	US\$17.84	US\$45,000
E	June 3, 2019	27,500,098	US\$0.70	US\$20,115
E+	September 4 – September 14, 2020	4,203,072	US\$17.84	US\$75,000

Key terms of the Series A, B, C-1, C-2, C-3, D, E convertible redeemable preferred shares are summarized as follows:

**Dividend Rights**

Each preferred share shall have the right to receive cumulative dividends, on an as-converted basis, when, as and if declared by the Board.

The order of distribution shall be made from holders of Series E convertible redeemable preferred shares, holders of Series D convertible redeemable preferred shares, holders of Series C-3 convertible redeemable preferred shares and holders of Series C-1 and C-2 convertible redeemable preferred shares, holders of Series B convertible redeemable preferred shares to holders of Series A convertible redeemable preferred shares. No dividend shall be paid on the ordinary shares at any time unless and until all dividends on the convertible redeemable preferred shares have been paid in full.

In the event the Company declares dividends, for holder of Series A convertible redeemable preferred shares, the non-cumulative is at the rate of 8% of issue price, for holder of Series B, C-1, C-2, C-3, D and E convertible redeemable preferred shares, the cumulative dividend is at the rate of 8% of issue price.

No dividends have been declared on the convertible redeemable preferred shares.

**Liquidation Rights**

Upon the occurrence of any liquidation or deemed liquidation event, whether voluntary or involuntary, all assets and funds of the Company legally available for distribution shall be distributed to the shareholders in the following order and manner:

Holders of convertible redeemable preferred shares of later series have preference to the distribution of assets or funds over holders of convertible redeemable preferred shares of earlier series and holders of ordinary shares, in the following sequence: Series E convertible redeemable preferred

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**13. Convertible redeemable preferred shares—(Continued)**

***Liquidation Rights—(Continued)***

shares, holders of Series D convertible redeemable preferred shares, holders of Series C-3 convertible redeemable preferred shares and holders of Series C-1 and C-2 convertible redeemable preferred shares, holders of Series B convertible redeemable preferred shares to holders of Series A convertible redeemable preferred shares. The amount of preference will be equal to 150% of the issuance price plus any and all declared but unpaid dividends.

After distribution to the holder of convertible redeemable preferred shares the amount of preference, all remaining assets and funds of the Company available for distribution to the shareholders shall be distributed ratably among all the shareholders on a fully diluted basis.

***Conversion Rights***

The holders of the convertible redeemable preferred shares have the rights to convert of the preferred shares into ordinary shares at an initial conversion ratio of one for one at the option of the holders at any time. The initial conversion price is the issuance price of preferred shares, subject to adjustment in the event of (1) share split, share consolidation, share dividend or other similar event, and (2) issuance of new securities at a price per share less than the conversion price in effect on the date of or immediately prior to such issuance. In that case, the conversion price shall be reduced concurrently to the subscription price of such issuance. Each preferred share shall automatically be converted, into ordinary shares upon the closing of a Qualified IPO.

***Voting rights***

Each preferred share confers the right to receive notice of, attend and vote at any general meeting of members on an as-converted basis. The holders of the convertible redeemable preferred shares vote together with the ordinary shareholders, and not as a separate class or series, on all matters put before the shareholders.

***Redemption rights***

At the option of a holder of the convertible redeemable preferred shares, the Company shall redeem at the redemption price all or any part of the outstanding convertible redeemable preferred shares, upon breach of contract, or at any time after the redemption start date for each series of convertible redeemable preferred shares. The redemption start date is December 31, 2022 for all series of convertible redeemable preferred shares.

The redemption price equals to the greater of (1) the issue price with an twenty percent compound per annum for Series A and Series B, or ten percent simple per annum return for Series C-1, C-2 and C-3, Series D and Series E (if the period is less than one year, such return shall be calculated pro rata) to the redemption price payment date, plus all accrued or declared but unpaid dividends or (2) the fair market value of preferred shares.

***Accounting of Convertible Redeemable Preferred Shares***

The Company classified all preferred shares as mezzanine equity in the consolidated balance sheets because they are redeemable at the holders' option any time after a certain date and are

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**13. Convertible redeemable preferred shares—(Continued)**

***Accounting of Convertible Redeemable Preferred Shares—(Continued)***

contingently redeemable upon the occurrence of certain liquidation events outside of the Company's control. The convertible redeemable preferred shares are recorded initially at fair value, net of issuance costs.

The Company records accretion on the convertible redeemable preferred shares to the redemption value from the issuance dates to the earliest redemption dates. The accretion, calculated as the current redemption value, is recorded against retained earnings, or in the absence of retained earnings, by charging against additional paid-in capital. Once additional paid-in capital has been exhausted, additional charges are recorded by increasing the accumulated deficit. The accretion of convertible redeemable preferred shares was RMB878,319, RMB877,999 and RMB1,304,498 for the years ended December 31, 2018, 2019 and 2020, respectively.

The Company determined that the embedded conversion features and the redemption features do not require bifurcation as they either are clearly and closely related to the convertible redeemable preferred shares or do not meet the definition of a derivative.

The Company has determined that there was no beneficial conversion feature attributable to all convertible redeemable preferred shares because the initial effective conversion prices of these convertible redeemable preferred shares were higher than the fair value of the Company's ordinary shares determined by the Company taking into account independent valuations.

**14. Share based compensation**

In order to provide additional incentives to employees and to promote the success of the Group's business, the Group adopted the share incentive plan since 2010, which permits the granting of share options to employees, and management of the Group. Additionally, the share incentive plan includes a condition where employees can only exercise vested options upon the occurrence of the Company's ordinary shares becoming listed securities, which substantially creates a performance condition ("IPO Condition") that has not been met. Therefore, since the adoption of the share incentive plan, the Group has not recognized any stock-based compensation expenses related to the options granted. The Group granted 4,696,068, 4,074,384 and 1,726,988 share options to certain of its employees in the 2018, 2019 and 2020, respectively. The options expire in ten years from the date of grant.



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**14. Share based compensation—(Continued)**

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 2018, 2019 and 2020 were as follows:

	For the years ended December 31,		
	2018	2019	2020
Expected volatility	47.59%–50.39%	45.98%–46.55%	47.28%–48.09%
Risk-free interest rate (per annum)	2.69%–3.06%	1.67%–2.41%	0.66%–0.92%
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	RMB8.66– RMB24.79	RMB24.37– RMB39.06	RMB36.02– RMB47.16
Fair value of share option	RMB5.11– RMB24.15	RMB23.68– RMB38.40	RMB35.37– RMB46.53

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. As the Group has had no option exercise history, it 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 Group determined the fair value of ordinary shares underlying each share option grant based on estimated equity value and allocation of it to each element of its capital structure.

The following table summarized the Group's share option activities under the Option Plans:

	Number of options	Weighted average exercise price RMB	Weighted average grant date fair value RMB	Weighted average remaining contractual life Years	Aggregate intrinsic value RMB
<b>Outstanding as of December 31, 2017</b>	<b>9,837,147</b>	<b>0.96</b>	<b>2.09</b>	<b>7.81</b>	<b>73,759</b>
Granted	4,696,068	0.83	11.79		
Forfeited	(1,056,146)	2.85	7.09		
<b>Outstanding as of December 31, 2018</b>	<b>13,477,069</b>	<b>0.80</b>	<b>5.24</b>	<b>7.54</b>	<b>323,268</b>
Granted	4,074,384	0.69	32.12		
Forfeited	(1,608,313)	2.06	9.04		
<b>Outstanding as of December 31, 2019</b>	<b>15,943,140</b>	<b>0.66</b>	<b>11.88</b>	<b>7.16</b>	<b>593,890</b>
Granted	1,726,988	0.68	40.90		
Forfeited	(3,681,447)	0.67	9.90		
<b>Outstanding as of December 31, 2020</b>	<b>13,988,681</b>	<b>0.61</b>	<b>14.74</b>	<b>6.38</b>	<b>651,182</b>
Expect to vest at December 31, 2020	13,988,681	0.61	14.74	6.38	651,182
Exercisable at December 31, 2020	—	—	—	—	—

As of December 31, 2020, share-based compensation of RMB91,755 would be recognized immediately if the IPO Condition had been met.

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**14. Share based compensation—(Continued)**

As of December 31, 2020, there were RMB124,150 of total unrecognized compensation expenses related to options for the future period.

**15. Net loss per share attributable to ordinary shareholders**

Basic and diluted net loss per share for each of the year presented were calculated as follows. The Group had convertible redeemable preferred shares (Note 13), share options (Note 13) and convertible bonds (Note 12) 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, conversions of convertible bonds and convertible redeemable preferred shares at total 84,855,392, 117,343,405 and 119,874,641 shares as for years ended December 31, 2018, 2019 and 2020 as the effect of the inclusion was anti-dilutive.

	Years ended December 31,		
	2018	2019	2020
	RMB	RMB	RMB
<b>Numerator:</b>			
Net loss	(207,941)	(704,888)	(470,618)
Accretion to convertible redeemable preferred shares redemption value	(878,319)	(877,999)	(1,304,498)
Net loss attributable to ordinary shareholders of the Company	<u>(1,086,260)</u>	<u>(1,582,887)</u>	<u>(1,775,116)</u>
<b>Denominator:</b>			
Weighted average number of ordinary shares used in computing basic and diluted loss per ordinary share	19,405,981	18,782,620	18,782,620
<b>Net loss per ordinary share basic and diluted</b>	<b>(55.98)</b>	<b>(84.27)</b>	<b>(94.51)</b>

**16. Statutory reserves and net restrictive 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, VIE and VIE 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 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. In addition, the paid-in capital of the PRC entities is also restricted.

The balance of restricted net assets was RMB183,429, RMB186,629 and RMB207,206 as of December 31, 2018, 2019 and 2020, respectively.

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**17. Related party transactions**

The table below sets forth major related parties and their relationships with the Group:

<b>Company Name</b>	<b>Relationship with the Group</b>
JD and its subsidiaries (“JD Group”)	A shareholder of the Group
Morningside China and its subsidiaries (“Morningside”)	A shareholder of the Group
Baowu (Beijing) Technology Co., Ltd (“Baowu”)	An investee of the Group
Beijing Xichen Technology Co., Ltd and its subsidiaries (“Xichen Group”)	An investee of the Group
Fuzhou Ruifeng Renewable resources Co., Ltd (“Ruifeng”)	An investee of the Group
Jinsong (Shanghai) Network Information Technology Co., Ltd (“Jinsong”)	An investee of the Group
Manak Waste Management Private Limited (“Manak”)	An investee of the Group
Shanghai Meda Information Technology Co., Ltd (“Meda”)	An investee of the Group
Shanghai Yuekun Environmental Protection Technology Co., Ltd (“Yuekun”)	A Subsidiary of an investee of the Group
Shanghai Yueqing Information Technology Co., Ltd (“Yueqing”)	An investee of the Group
Shenzhen Aileyou Information Technology Co., Ltd (“Aileyou”)	An investee of the Group
Shanghai Yueyie Network Information Technology Co., Ltd (“Yueyie”)	An investee of the Group

For the years ended December 31, 2018, 2019 and 2020, significant related party transactions were as follows:

	<b>Years ended December 31,</b>		
	<b>2018</b>	<b>2019</b>	<b>2020</b>
	<b>RMB</b>	<b>RMB</b>	<b>RMB</b>
<b>Net Service Revenue</b>			
Consultation service provided to Manak	—	6,364	—
<b>Net Product Revenue</b>			
Products sold to Xichen Group	16,356	—	—
<b>Merchandise costs</b>			
Purchase from JD Group	—	8,073	25,440
<b>Selling and marketing expenses</b>			
Commission service received from JD Group	21,049	82,637	166,079
Service received from Aileyou	—	—	2,019
<b>Interest income</b>			
Interest income from loans provided to related parties	668	672	1,750

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**17. Related party transactions—(Continued)**

	Years ended December 31,		
	2018	2019	2020
	RMB	RMB	RMB
<b>Amount due from related parties</b>			
Loan to Jinsong	32,866	75,000	—
Loan to Yueqing	6,000	3,500	—
Loan to Meda	600	—	—
Loan to Yuekun	—	81,600	138,332
Loan to Aileyou	—	3,900	2,400
Repayments from Jinsong	26,069	81,797	—
Repayments from Yuekun	—	20,062	175,755
Repayments from Aileyou	—	1,520	2,911

As of December 31, 2018, 2019 and 2020, the amount due from/to related parties are as follows:

	As of December 31,		
	2018	2019	2020
	RMB	RMB	RMB
Due from JD Group (3)	32,350	115,395	165,626
Due from Jinsong			
Loans provided to Jinsong	6,797	—	—
Other receivables from Jinsong	44,941	45,407	45,661
Due from Yueqing			
Loans provided to Yueqing (1)	6,000	9,500	9,500
Due from Xichen Group	10,000	7,000	3,500
Due from Ruifeng			
Loans provided to Ruifeng (1)	4,000	4,000	—
Due from Baowu	2,500	—	—
Due from Meda			
Loans provided to Meda (1)	1,200	600	—
Due from Yuekun			
Loans provided to Yuekun (1)	—	61,538	24,115
Other receivables from Yuekun	—	16,177	26,668
Due from Aileyou			
Loans provided to Aileyou	—	2,380	1,869
Other receivables from Aileyou	—	3,230	12,217
	<u>107,788</u>	<u>265,227</u>	<u>289,156</u>
Due to JD Group			
Prepaid subscription from JD Group (4)	—	—	35,000
Other payables to JD Group (2)	7,975	74,218	44,688
Due to Morningside			
Convertible loan due to Morningside	33,423	33,423	33,423
Loan from Jinsong	250	223	—
Due to Manak	6,177	—	—
Due to Aileyou	—	—	1,384
Due to Yuekun	—	—	118
Due to Yueyie	—	—	56
	<u>47,825</u>	<u>107,864</u>	<u>114,669</u>

**AIHUI SHOU INTERNATIONAL CO. LTD.**  
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**17. Related party transactions—(Continued)**

- (1) In relation to the loans provided to Yueqing, Ruifeng and Yuekun, the Group signed one year agreement and charged them with interest rate of 8%, 12% and 7% respectively. Loans to other related parties are interest free and due on demand. The Founder has provided guarantee on loans to Yuekun, and the loans were collateralized by his shareholdings in the Company. The Group recorded provision of allowance for amount due from Ruifeng and Meda of RMB4,000 and RMB600, respectively, for the year ended December 31, 2020.
- (2) Other payables to JD Group mainly includes channel commissions payable to JD Group.
- (3) Amount due from JD Group includes funds receivables from payment service providers of JD Group, and cash collected by JD Group from third party merchants on behalf of the Group.
- (4) The amount represents RMB35,000 prepaid subscription from an entity of JD Group for Series E convertible redeemable preferred shares. The issuance of preferred shares is upon ODI approval, otherwise the amount will be refunded to the investor.

**18. Commitments and contingencies**

Operating lease commitments

The Group has leased office and store premises under operating lease agreements for the periods from 2021 to 2023.

Rental expenses amounted to RMB44,571, RMB83,093 and RMB87,681 for the years ended December 31, 2018, 2019 and 2020, respectively. Rental expenses are charged to the consolidated statements of operations and comprehensive loss when incurred.

Future minimum lease payment under non-cancelable operating lease agreements are as follow:

	<u>As of December 31,</u> <u>2020</u>
	<u>RMB</u>
2021	9,808
2022	5,011
2023	2,588
	<u>17,407</u>

The Group has no future minimum lease payments in 2024 and thereafter.

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.

**19. Subsequent events**

The Group has evaluated subsequent events through March 17, 2021, which is the date when the consolidated financial statements were issued.

**AIHUSHOU INTERNATIONAL CO. LTD.**  
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**19. Subsequent events—(Continued)**

On February 8, 2021, some of the 2016 and 2017 Notes holders have obtained ODI approval and accordingly, RMB103,423 has been redeemed and the Group has issued an aggregated of 5,831,426 shares of Series C-3 convertible redeemable preferred shares for consideration of US dollar equivalent to RMB103,423.

On February 8, 2021, the Group issued 403,747 shares of Series E convertible redeemable preferred shares for an aggregate consideration of US dollar equivalent of RMB50,000 to Refresher Limited, upon its ODI approval. The amount was prepaid to the Group and included in the balance of accrued expenses and other current liabilities (Note 10) as of December 31, 2020.

**SCHEDULE I—ADDITIONAL INFORMATION OF THE PARENT COMPANY**  
**AIHUI SHOU INTERNATIONAL CO. LTD.**  
**CONDENSED BALANCE SHEETS**  
(Amounts in thousands, except for share, per share data or otherwise noted)

	Year ended December 31,		
	2018	2019	2020
	RMB	RMB	RMB
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	117,342	2,220	76,865
Prepayments and other receivables	—	—	3,500
<b>Total current assets</b>	<b>117,342</b>	<b>2,220</b>	<b>80,365</b>
<b>Non-current assets:</b>			
Investments in subsidiaries' and VIE's subsidiaries	518,965	3,638,854	3,654,880
<b>Total Non-current assets</b>	<b>518,965</b>	<b>3,638,854</b>	<b>3,654,880</b>
<b>Total ASSETS</b>	<b>636,307</b>	<b>3,641,074</b>	<b>3,735,245</b>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Short-term borrowings	—	—	29,906
Other payable	—	—	4,500
<b>Total current liabilities</b>	<b>—</b>	<b>—</b>	<b>34,406</b>
<b>Non-current liabilities:</b>			
Long-term borrowings	—	—	32,624
<b>Total non-current liabilities</b>	<b>—</b>	<b>—</b>	<b>32,624</b>
<b>Total LIABILITIES</b>	<b>—</b>	<b>—</b>	<b>67,030</b>
<b>CONVERTIBLE REDEEMABLE PREFERRED SHARES (total redemption value of, RMB3,251,753, and RMB9,834,318 and RMB10,886,220 as of December 31, 2018, 2019 and 2020, respectively)</b>			
	<b>2,492,056</b>	<b>7,080,078</b>	<b>8,879,894</b>
<b>Shareholders' deficit</b>			
Ordinary shares (US\$0.001 par value, 89,527,708, 209,505,766 and 192,499,052 shares authorized, 18,782,620 shares issued and outstanding as of December 31, 2018, 2019 and 2020, respectively)	11	11	11
Accumulated deficit	(1,855,770)	(3,438,657)	(5,213,773)
Accumulated other comprehensive income	10	(358)	2,083
<b>Total shareholders' deficit</b>	<b>(1,855,749)</b>	<b>(3,439,004)</b>	<b>(5,211,679)</b>
<b>TOTAL LIABILITIES, CONVERTIBLE REDEEMABLE PREFERRED SHARES AND SHAREHOLDERS' DEFICIT</b>	<b>636,307</b>	<b>3,641,074</b>	<b>3,735,245</b>

**SCHEDULE I—ADDITIONAL INFORMATION OF THE PARENT COMPANY**  
**AIHUI SHOU INTERNATIONAL CO. LTD.**  
**CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
(Amounts in thousands, except for share, per share data or otherwise noted)

	Year ended December 31,		
	2018	2019	2020
	RMB	RMB	RMB
<b>Net revenues</b>	—	—	—
<b>Expenses and income (loss)</b>			
General and administrative expenses	—	—	(1,000)
Interest income	141	1,929	6
Other (loss) income, net	(1,024)	3,971	(19,844)
Fair value change in warrant liabilities	23,781	—	—
Equity in losses of subsidiaries, VIE and VIE's subsidiaries	(230,839)	(710,788)	(449,780)
<b>Net loss attributable to the Company</b>	<b>(207,941)</b>	<b>(704,888)</b>	<b>(470,618)</b>
Accretion of convertible redeemable preferred shares	(878,319)	(877,999)	(1,304,498)
<b>Net loss available to ordinary shareholders</b>	<b>(1,086,260)</b>	<b>(1,582,887)</b>	<b>(1,775,116)</b>



**SCHEDULE I—ADDITIONAL INFORMATION OF THE PARENT COMPANY**  
**AIHUI SHOU INTERNATIONAL CO. LTD.**  
**CONDENSED STATEMENTS OF CASH FLOWS**  
(Amounts in thousands, except for share, per share data or otherwise noted)

	Year ended December 31,		
	2018	2019	2020
	RMB	RMB	RMB
<b>Cash used in operating activities</b>	—	—	—
<b>Cash flows from investing activities:</b>			
Investment in subsidiaries' and VIE's subsidiaries	(817,875)	(584,758)	(500,551)
<b>Cash used in investing activities</b>	<b>(817,875)</b>	<b>(584,758)</b>	<b>(500,551)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from long-term borrowings	—	—	65,200
Repayment for short-term borrowings	—	—	(2,719)
Proceeds from issuance of convertible redeemable preferred shares	979,539	469,636	512,715
Payment for convertible redeemable preferred shares issuance costs	(22,572)	—	—
Repurchase of ordinary shares	(22,077)	—	—
<b>Cash provided by financing activities</b>	<b>934,890</b>	<b>469,636</b>	<b>575,196</b>
<b>Net increase (decrease) in cash, cash equivalents</b>	<b>117,015</b>	<b>(115,122)</b>	<b>74,645</b>
<b>Cash, cash equivalent at the beginning of the year</b>	<b>327</b>	<b>117,342</b>	<b>2,220</b>
<b>Cash, cash equivalent at the end of the year</b>	<b>117,342</b>	<b>2,220</b>	<b>76,865</b>
<b>Supplemental disclosure of non-cash investing and financing activities:</b>			
Issuance of convertible redeemable preferred shares in connection with Paipai acquisition from JD Group (Note 3), accounted for as deemed contribution to the subsidiaries, VIE and VIE' subsidiaries	—	3,242,245	—

**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 VIE. For the parent company, the Company records its investments in subsidiaries and 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 and VIE” or and the subsidiaries and VIE’ profit or loss as “Loss from equity in earnings of subsidiaries and VIE” 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 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. Besides the long-term borrowings entered during the year ended December 31, 2020, there were no other material contingencies, significant provisions of long-term obligations, guarantees of the Company for the years ended December 31, 2018, 2019 and 2020.

**AIHUI SHOU INTERNATIONAL CO. LTD.**  
**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS**  
**AS OF DECEMBER 31, 2020 and MARCH 31, 2021**  
(Amounts in thousands, except for share, per share data or otherwise noted)

	Note	As of December 31, 2020 RMB	As of March 31, 2021 RMB
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents		918,076	657,218
Short-term investments (including the fair value measured structured products of RMB 71,775 and nil as of December 31, 2020 and March 31, 2021)		97,866	—
Amount due from related parties	10	289,156	295,094
Inventories, net		176,994	317,762
Funds receivable from third party payment service providers		124,262	78,876
Prepayments and other receivables, net	3	268,284	522,973
<b>Total current assets</b>		<b><u>1,874,638</u></b>	<b><u>1,871,923</u></b>
<b>Non-current assets:</b>			
Investment in equity investees		96,362	104,877
Property and equipment, net		69,562	64,986
Intangible assets, net		1,367,841	1,290,002
Goodwill		1,803,415	1,803,415
Other non-current assets		14,520	16,417
<b>Total non-current assets</b>		<b><u>3,351,700</u></b>	<b><u>3,279,697</u></b>
<b>TOTAL ASSETS</b>		<b><u>5,226,338</u></b>	<b><u>5,151,620</u></b>
<b>LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' DEFICIT</b>			
<b>Current liabilities:</b> (including amounts of the consolidated VIE without recourse to AiHuiShou International Co. Ltd.) (See Note 2.2)			
Short-term borrowings	4	369,657	352,079
Accounts payable		27,201	43,954
Accrued expenses and other current liabilities		396,612	400,550
Accrued payroll and welfare		115,400	122,108
Convertible bonds	6	160,000	90,000
Amount due to related parties	10	114,669	71,046
<b>Total current liabilities</b>		<b><u>1,183,539</u></b>	<b><u>1,079,737</u></b>
<b>Non-current liabilities:</b>			
Long-term borrowings		32,624	22,155
Deferred tax liabilities		341,960	322,501
<b>Total non-current liabilities</b>		<b><u>374,584</u></b>	<b><u>344,656</u></b>
<b>TOTAL LIABILITIES</b>		<b><u>1,558,123</u></b>	<b><u>1,424,393</u></b>

**AIHUSHOU INTERNATIONAL CO. LTD.**  
**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS—(Continued)**  
**AS OF DECEMBER 31, 2020 and MARCH 31, 2021**  
**(Amounts in thousands, except for share, per share data or otherwise noted)**

	Note	As of December 31, 2020 RMB	As of March 31, 2021 RMB
<b>Commitments and contingencies</b>	11		
<b>MEZZANINE EQUITY</b>	7		
Series A convertible redeemable preferred shares (US\$0.001 par value, 9,497,040 shares authorized, issued and outstanding as of December 31, 2020 and March 31, 2021, respectively)		445,275	467,173
Series B convertible redeemable preferred shares (US\$0.001 par value, 7,586,836 shares authorized, issued and outstanding as of December 31, 2020 and March 31, 2021, respectively)		361,633	378,840
Series C convertible redeemable preferred shares (US\$0.001 par value, 44,226,287 shares authorized, 33,320,256 and 39,151,682 issued and outstanding as of December 31, 2020 and March 31, 2021, respectively)		1,705,435	2,054,873
Series D convertible redeemable preferred shares (US\$0.001 par value, 10,068,160 shares authorized, issued and outstanding as of December 31, 2020 and March 31, 2021, respectively)		1,153,593	1,190,676
Series E convertible redeemable preferred shares (US\$0.001 par value, 36,122,625 shares authorized, 34,225,014 and 34,628,761 issued and outstanding as of December 31, 2020 and March 31, 2021, respectively)		5,213,958	5,451,027
<b>TOTAL MEZZANINE EQUITY</b>		<b>8,879,894</b>	<b>9,542,589</b>
<b>SHAREHOLDERS' DEFICIT</b>			
Ordinary shares (US\$0.001 par value, 192,499,052 shares authorized, 18,782,620 shares issued and outstanding as of December 31, 2020 and March 31, 2021, respectively)		11	11
Accumulated deficit		(5,213,773)	(5,817,181)
Accumulated other comprehensive income		2,083	1,808
<b>TOTAL SHAREHOLDERS' DEFICIT</b>		<b>(5,211,679)</b>	<b>(5,815,362)</b>
<b>TOTAL LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' DEFICIT</b>		<b>5,226,338</b>	<b>5,151,620</b>

The accompanying notes are an integral part of these condensed consolidated financial statements.

**AIHUSHOU INTERNATIONAL CO. LTD.**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2021**  
(Amounts in thousands, except for share, per share data or otherwise noted)

	Note	Three months ended	
		March 31,	
		2020	2021
		RMB	RMB
<b>Net revenues</b>			
Net product revenues		606,103	1,310,547
Net service revenues		86,109	203,884
<b>Operating expenses</b>			
Merchandise costs		(500,800)	(1,095,696)
Fulfillment expenses		(157,954)	(223,019)
Selling and marketing expenses		(144,150)	(222,580)
General and administrative expenses		(53,900)	(29,408)
Technology and content expenses		(40,165)	(55,499)
<b>Total operating expenses</b>		<b>(896,969)</b>	<b>(1,626,202)</b>
Other operating income		5,811	361
<b>Loss from operations</b>		<b>(198,946)</b>	<b>(111,410)</b>
Interest expense		(3,535)	(6,552)
Interest income		1,910	3,420
Other income, net		6,559	914
<b>Loss before income taxes</b>		<b>(194,012)</b>	<b>(113,628)</b>
Income tax benefits	5	12,028	19,459
Share of loss in equity method investments		(4,281)	(612)
<b>Net loss</b>		<b>(186,265)</b>	<b>(94,781)</b>
Accretion of convertible redeemable preferred shares	7	(326,123)	(508,627)
<b>Net loss attributable to ordinary shareholders of the Company</b>		<b>(512,388)</b>	<b>(603,408)</b>
<b>Net loss per share attributable to ordinary shareholders:</b>			
Basic	9	(27.28)	(32.13)
Diluted		(27.28)	(32.13)
<b>Weighted average number of shares used in calculating net loss per ordinary share</b>			
Basic		18,782,620	18,782,620
Diluted		18,782,620	18,782,620
<b>Net loss</b>		<b>(186,265)</b>	<b>(94,781)</b>
Foreign currency translation adjustments		(630)	(275)
<b>Total comprehensive loss</b>		<b>(186,895)</b>	<b>(95,056)</b>
Accretion of convertible redeemable preferred shares		(326,123)	(508,627)
<b>Total comprehensive loss attributable to ordinary shareholders</b>		<b>(513,018)</b>	<b>(603,683)</b>

The accompanying notes are an integral part of these condensed consolidated financial statements.

**AIHUSHOU INTERNATIONAL CO. LTD.**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2021**  
 (Amounts in thousands, except for share, per share data or otherwise noted)

	Ordinary shares (par value US\$0.001)		Accumulated Deficit	Accumulated other comprehensive income (loss)	Total shareholders' deficit
	Number of shares	RMB	RMB	RMB	RMB
<b>Balance as of January 1, 2020</b>	<b>18,782,620</b>	<b>11</b>	<b>(3,438,657)</b>	<b>(358)</b>	<b>(3,439,004)</b>
Net loss	—	—	(186,265)	—	(186,265)
Accretion on convertible redeemable preferred shares	—	—	(326,123)	—	(326,123)
Foreign currency translation adjustments	—	—	—	(630)	(630)
<b>Balance as of March 31, 2020</b>	<b>18,782,620</b>	<b>11</b>	<b>(3,951,045)</b>	<b>(988)</b>	<b>(3,952,022)</b>
<b>Balance as of January 1, 2021</b>	<b>18,782,620</b>	<b>11</b>	<b>(5,213,773)</b>	<b>2,083</b>	<b>(5,211,679)</b>
Net loss	—	—	(94,781)	—	(94,781)
Accretion on convertible redeemable preferred shares	—	—	(508,627)	—	(508,627)
Foreign currency translation adjustments	—	—	—	(275)	(275)
<b>Balance as of March 31, 2021</b>	<b>18,782,620</b>	<b>11</b>	<b>(5,817,181)</b>	<b>1,808</b>	<b>(5,815,362)</b>

The accompanying notes are an integral part of these condensed consolidated financial statements.

**AIHUI SHOU INTERNATIONAL CO. LTD.**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2021**  
(Amounts in thousands, except for share, per share data or otherwise noted)

	Three months ended	
	March 31,	
	2020	2021
	RMB	RMB
<b>Cash flows from operating activities:</b>		
Net loss	(186,265)	(94,781)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	94,116	86,922
Loss on the disposal of property and equipment	944	38
Provision for allowance for doubtful accounts	8,536	208
Share of loss in equity method investments	4,281	612
Foreign exchange (gains) losses	(5,870)	(1,769)
Changes in operating assets and liabilities:		
Inventories, net	(41,725)	(140,768)
Prepayments and other receivables	25,888	(251,092)
Amount due from related parties	(23,111)	(8,743)
Funds receivable from third party payment service provider	17,000	45,386
Other non-current assets	2,424	(1,897)
Account payables	882	16,753
Accrued expenses and other current liabilities	(13,460)	69,556
Accrued payroll and welfare	(27,866)	6,708
Amount due to related parties	(46,855)	(10,200)
Deferred tax liabilities	(12,028)	(19,459)
<b>Net cash used in operating activities</b>	<b>(203,109)</b>	<b>(302,526)</b>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(14,091)	(4,773)
Proceeds from disposal of property and equipment	5,225	227
Purchases of short-term investments	(27,701)	(246,110)
Proceeds from short-term investments	70,851	343,696
Payment for investments in equity investees	(8,000)	(9,000)
Repayment for loan to related parties	15,816	72,205
Loan to related parties	(34,312)	(69,400)
<b>Cash provided by investing activities</b>	<b>7,788</b>	<b>86,845</b>
<b>Cash flows from financing activities:</b>		
Proceeds from short-term borrowings	131,240	124,004
Repayment for short-term borrowings	(44,040)	(152,489)
Repayment of related party loan	(223)	—
Payment for convertible redeemable preferred shares issuance costs	—	(15,618)
<b>Cash provided by (used in) financing activities</b>	<b>86,977</b>	<b>(44,103)</b>
Effect of foreign exchange rate changes on cash and cash equivalents	2,008	2,731
<b>Net decrease in cash, cash equivalents and restricted cash</b>	<b>(106,336)</b>	<b>(257,053)</b>
<b>Cash, cash equivalent and restricted cash at the beginning of the period</b>	<b>411,083</b>	<b>918,376</b>
<b>Cash, cash equivalent and restricted cash at the end of the period</b>	<b>304,747</b>	<b>661,323</b>
<b>Reconciliation in amounts on the condensed consolidated balance sheets:</b>		
Cash and cash equivalents	304,447	657,218
Restricted cash, included in the prepayments and other receivables, net	300	4,105
<b>Total cash, cash equivalents, and restricted cash</b>	<b>304,747</b>	<b>661,323</b>
<b>Supplemental cash flow disclosures of continuing operations:</b>		
Interest expenses paid	3,535	6,552
<b>Supplemental disclosure of non-cash investing and financing activities:</b>		
Accretion of convertible redeemable preferred shares	326,123	508,627

The accompanying notes are an integral part of these condensed consolidated financial statements.

**AIHUI SHOU INTERNATIONAL CO. LTD.**  
**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF AND FOR THE THREE MONTHS ENDED MARCH 31, 2021**  
(Amounts in thousands, except for share, per share data or otherwise noted)

**1. Organization and principal activities**

**Description of Business**

AiHuiShou International Co. Ltd. (the “Company”) was incorporated under the laws of the Cayman Islands on November 22, 2011. The Company through its wholly-owned subsidiaries, variable interest entity (“VIE”) and VIE’s subsidiaries (collectively, the “Group”) primarily sell pre-owned consumer electronics through its online platforms and offline stores, 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”).

As of March 31, 2021, the Company’s major subsidiaries, VIE and VIE’s subsidiaries are as follows:

		Date of incorporation/ establishment	Place of incorporation/ establishment	Percentage of direct/ indirect ownership
Subsidiaries	AiHuiShou International Company Limited	January 13, 2012	Hong Kong	100%
	Shanghai Aihui Trading Co., Ltd (“Shanghai Aihui”)	August 16, 2012	Mainland China	100%
	AHS Device Hong Kong Limited	March 8, 2017	Hong Kong	100%
VIE and VIE’s subsidiaries	Shanghai Yueyee Network Information Technology Co., Ltd (“Shanghai Yueyee”)	May 21, 2010	Mainland China	VIE
	Shanghai Yueyi Network Information Technology Co., Ltd (“Shanghai Yueyi”)	September 6, 2015	Mainland China	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 condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and applicable rules and regulations of the Securities and Exchange Commission (“SEC”), regarding interim financial reporting, and include all normal and recurring adjustments that management of the Group considers necessary for a fair presentation of its financial position and operating results. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. Accordingly, these financial statements should be read in conjunction with the Group’s annual consolidated financial statements and notes thereto.



**AIHUI SHOU INTERNATIONAL CO. LTD.**  
**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**  
**AS OF AND FOR THE THREE MONTHS ENDED MARCH 31, 2021**  
(Amounts in thousands, except for share, per share data or otherwise noted)

**2. Summary of significant accounting policies—(Continued)**

**2.2 Basis of Consolidation**

The condensed consolidated financial statements include the financial statements of the Company, its subsidiaries, VIE and VIE's subsidiaries in which the Company is the primary beneficiary. The results of the subsidiaries, VIE and VIE's subsidiaries are consolidated from the date which the Company obtained the control and continue to be consolidated until the date that such control ceases. All intercompany balances and transactions and unrealized profit and losses have been eliminated in consolidation.

The following financial statement amounts and balances of the VIE were included in the condensed consolidated financial statements after elimination of intercompany transactions and balances:

	As of December 31, 2020 RMB	As of March 31, 2021 RMB
<b>ASSETS</b>		
Cash and cash equivalents	445,531	218,207
Amount due from related parties	289,156	295,087
Inventories, net	151,864	273,613
Funds receivable from third party payment service providers	122,234	72,477
Prepayments and other receivables, net	185,621	344,543
Investment in equity investees	50,149	58,537
Property and equipment, net	68,161	63,468
Intangible assets, net	1,365,847	1,290,002
Goodwill	1,799,529	1,799,529
Other non-current assets	13,649	16,410
<b>Total Assets</b>	<b>4,491,741</b>	<b>4,431,873</b>
<b>LIABILITIES</b>		
Short-term borrowings	339,292	318,992
Account payables	25,573	42,098
Accrued expenses and other current liabilities	376,159	349,612
Accrued payroll and welfare	114,319	121,622
Convertible bonds	160,000	90,000
Amount due to related parties	114,551	70,929
Deferred tax liabilities	341,462	322,035
<b>Total Liabilities</b>	<b>1,471,356</b>	<b>1,315,288</b>
	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2020</b>	<b>2021</b>
	<b>RMB</b>	<b>RMB</b>
Net revenues	663,416	1,473,947
Net loss	(187,074)	(88,250)
Net cash used in operating activities	(84,547)	(323,109)
Net cash used in investing activities	(35,362)	(10,740)
Net cash provided by (used in) financing activities	86,977	(20,300)

**AIHUI SHOU INTERNATIONAL CO. LTD.**  
**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**  
**AS OF AND FOR THE THREE MONTHS ENDED MARCH 31, 2021**  
**(Amounts in thousands, except for share, per share data or otherwise noted)**

**2. Summary of significant accounting policies—(Continued)**

**2.2 Basis of Consolidation—(Continued)**

The VIE and its subsidiaries contributed 95.8% and 97.3% of the Group's consolidated revenue for the three months ended March 31, 2020 and 2021, respectively.

As of March 31, 2021, the VIE and its subsidiaries accounted for an aggregate of 86.0% of the consolidated total assets, and 92.3% of the consolidated total liabilities. The Group's non-VIE assets as of March 31, 2021 mainly consist of cash, prepayments and other receivables, net and investment in equity investees.

**2.3 Use of Estimates**

The preparation of condensed consolidated 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 condensed consolidated financial statements include valuation of convertible redeemable preferred shares, assessment for impairment of long-lived assets, including intangible assets, and goodwill, and investments in equity investees, convertible bonds, fair value of share-based compensation, fair value of assets and liabilities acquired in business combination, inventory provision, allowance for doubtful accounts, depreciable lives of Property and equipment, and useful life of intangible assets and realization of deferred tax assets.

**2.4 Fair value measurements**

The Group's financial instruments not measured at fair value include cash and cash equivalent, certain short-term investments, other receivables, amount due from related parties, funds receivable from third party payment service providers, equity investments without readily determinable fair values, short-term borrowings, account payables, amount due to related parties, other current liabilities, convertible bonds and long-term borrowings. The carrying amounts of the short-term financial instruments approximate their fair value due to their short-term nature. The carrying amount of the long-term borrowings approximates its fair value as the interest rates are comparable to the prevailing interest rates in the market. The fair value of equity investments without readily determinable fair values and convertible bonds cannot be reasonably estimated without undue costs.

As of December 31, 2020 and March 31, 2021, the Group's certain short-term investments are measured at fair value on a recurring basis subsequent to their initial recognition, using significant observable inputs classified as Level 2 in the fair value hierarchy. The difference between fair value and cost of such short-term investment is immaterial.

During the three months ended March 31, 2020 and 2021, the Group did not have assets or liabilities measured at fair value on a non-recurring basis.

**AIHUI SHOU INTERNATIONAL CO. LTD.**  
**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**  
**AS OF AND FOR THE THREE MONTHS ENDED MARCH 31, 2021**  
**(Amounts in thousands, except for share, per share data or otherwise noted)**

**2. Summary of significant accounting policies—(Continued)**

**2.5 Functional currency and foreign currency translation**

The functional currency of the Company and its subsidiaries and VIE in the PRC is in Renminbi (“RMB”). The functional currency of the Group’s entities incorporated in Hong Kong (“HK”) is in Hong Kong dollars (“HKD”). The functional currency of the Group’s entities incorporated in the United States is in US dollars (“US\$”).

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 condensed consolidated statements of operations and comprehensive loss.

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 in the statements of comprehensive loss and the condensed consolidated statements of change in shareholders’ deficit.

**2.6 Revenue recognition**

Revenues are generated primarily from product revenue and service revenue 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”).

AIHUI SHOU INTERNATIONAL CO. LTD.  
 NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)  
 AS OF AND FOR THE THREE MONTHS ENDED MARCH 31, 2021  
 (Amounts in thousands, except for share, per share data or otherwise noted)

2. Summary of significant accounting policies—(Continued)

2.6 Revenue recognition—(Continued)

Disaggregation of revenues

For the three months ended March 31, 2020 and 2021, the disaggregated revenues by revenue streams were as follows:

	Three months ended March 31,	
	2020	2021
	RMB	RMB
Net online product revenue	582,272	1,240,824
Net product revenue from offline channel	23,831	69,723
<b>Net product revenue</b>	<b>606,103</b>	<b>1,310,547</b>
Net service revenue for PJT marketplace	39,959	104,364
Net service revenue for Paipai marketplace	45,546	95,242
Net service revenue from other channel	604	4,278
<b>Net service revenue</b>	<b>86,109</b>	<b>203,884</b>

Geographic information

The following is the Group's net product and service revenues by geographical location:

	Three months ended March 31,	
	2020	2021
	RMB	RMB
Mainland China	582,272	1,270,502
Hong Kong	20,310	35,566
Others	3,521	4,479
<b>Net product revenue</b>	<b>606,103</b>	<b>1,310,547</b>
Mainland China	85,992	203,629
Hong Kong	117	255
<b>Net service revenue</b>	<b>86,109</b>	<b>203,884</b>

Contract balances

The Group receives advance payments from customers pursuant to the agreements with certain customers before the services or products are provided, which is recorded as contract liabilities included in accrued expenses and other current liabilities in the condensed consolidated balance sheets. As of December 31, 2020, the Group's total contract liabilities were RMB33,884, of which RMB28,045 was recognized as revenues in current period. All contract liabilities as of March 31, 2021 are expected to be realized in the following twelve months.

There was no costs of obtaining a contract as of December 31, 2020 and March 31, 2021.

**AIHUI SHOU INTERNATIONAL CO. LTD.**  
**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**  
**AS OF AND FOR THE THREE MONTHS ENDED MARCH 31, 2021**  
(Amounts in thousands, except for share, per share data or otherwise noted)

**2. Summary of significant accounting policies—(Continued)**

**2.7 Segment reporting**

Based on the criteria established by ASC 280 “Segment Reporting”, the Group’s chief operating decision maker 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. The Group has internal reporting of revenue, cost and expenses by nature as a whole. Hence, the Group has only one operating segment. The Company is domiciled in the Cayman Islands while the Group mainly operates its businesses in the PRC.

**3. Prepayments and other receivables, net**

Prepayments and other receivables, net consist of the following:

	As of <u>December 31, 2020</u> RMB	As of <u>March 31, 2021</u> RMB
Deposits	17,557	14,782
Deposits to merchants (1)	121,419	302,564
Account receivables	12,336	8,730
Advance to suppliers	33,058	74,731
VAT recoverables	50,239	75,184
Others	27,661	43,595
Cash advanced to staff	6,014	3,387
Less: allowance	—	—
<b>Total</b>	<u>268,284</u>	<u>522,973</u>

(1) The amount relates to the refundable deposits paid to merchants to whom the Group provides platform service.

**4. Short-term borrowings**

	As of <u>December 31, 2020</u> RMB	As of <u>March 31, 2021</u> RMB	Weighted- average Interest rate
Short-term bank borrowings	339,751	319,455	4.46%
Current portion of long-term borrowings	29,906	32,624	9%
<b>Total</b>	<u>369,657</u>	<u>352,079</u>	

**AIHUI SHOU INTERNATIONAL CO. LTD.**  
**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**  
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**(Amounts in thousands, except for share, per share data or otherwise noted)**

**5. Taxation**

The current and deferred portion of income tax expenses included in the condensed consolidated statements of operations and comprehensive loss are as follows:

	Three months ended March 31,	
	2020	2021
	RMB	RMB
Current tax expenses	—	—
Deferred tax benefits	(12,028)	(19,459)
<b>Total income tax benefit</b>	<b>(12,028)</b>	<b>(19,459)</b>

The effective tax rate (“ETR”) is based on expected income and statutory tax rates. For interim financial reporting, the Group estimates the annual tax rate based on projected taxable income for the full year and records a quarterly income tax provision in accordance with the guidance on accounting for income taxes in an interim period. As the year progresses, the Group refines the estimates of the year’s taxable income as new information becomes available. This continual estimation process often results in a change to the expected effective tax rate for the year. When this occurs, the Group adjusts the income tax provision during the quarter in which the change in estimate occurs so that the year-to-date provision reflects the expected annual tax rate.

The Group’s estimated ETR for the three months ended March 31, 2020 and 2021 was 6.20% and 17.12%, respectively.

The deferred tax benefits are related to the amortization of deferred tax liabilities resulting from the intangible assets acquired from business acquisitions.

The Group recorded a full valuation allowance against deferred tax assets of all its consolidated entities because all entities were in a cumulative loss position as of December 31, 2020 and March 31, 2021. No unrecognized tax benefits and related interest and penalties were recorded in any of the periods presented.

**6. Convertible bonds**

On November 28, 2016, the Group’s PRC subsidiary, Shanghai Yueyee, issued non-interest bearing convertible bonds (the “2016 Notes”) with an aggregate principal amount of RMB200,000 and a maturity date of June 2018. Upon approval of ODI, the holders can at their option, to redeem the 2016 Notes in RMB and to purchase Series C-3 convertible redeemable preferred shares from the Company at US\$2.6532 per share in US dollars for an amount equivalent to the principal of the 2016 Notes. This option to subscribe for the convertible redeemable preferred shares is not a free-standing financial instrument, but in essence a conversion option embedded in the 2016 Notes as it can only be exercised together with the redemption of the Notes.

The Group determined the conversion feature of the convertible bond is not an embedded derivative and therefore bifurcation from the convertible bonds is not required. Further, there’s no beneficial conversion feature associated with the conversion option as the effective conversion price was higher than the fair value of the underlying shares. The 2016 Notes were recorded as a liability in their entirety at amortized cost on the condensed consolidated balance sheets.

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**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**  
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**6. Convertible bonds—(Continued)**

In 2018, RMB40,000 of the 2016 Notes was converted into 2,255,380 Series C-3 convertible redeemable preferred shares at the contractual conversion price.

During the first quarter of 2021, another RMB70,000 of the 2016 Notes was converted into 3,946,915 Series C-3 convertible redeemable preferred shares at the contractual conversion price.

**7. Convertible redeemable preferred shares**

The following table summarizes changes in the carrying amount of the convertible redeemable preferred shares for the three months ended March 31, 2020 and 2021:

	Series A Convertible redeemable preferred shares RMB	Series B Convertible redeemable preferred shares RMB	Series C Convertible redeemable preferred shares RMB	Series D Convertible redeemable preferred shares RMB	Series E Convertible redeemable preferred shares RMB	Total RMB
Balance as of January 1, 2020	361,963	295,666	1,393,992	1,005,852	4,022,605	7,080,078
Accretion	20,828	16,492	77,861	36,935	174,007	326,123
<b>Balance as of March 31, 2020</b>	<b>382,791</b>	<b>312,158</b>	<b>1,471,853</b>	<b>1,042,787</b>	<b>4,196,612</b>	<b>7,406,201</b>
	Series A Convertible redeemable preferred shares RMB	Series B Convertible redeemable preferred shares RMB	Series C Convertible redeemable preferred shares RMB	Series D Convertible redeemable preferred shares RMB	Series E Convertible redeemable preferred shares RMB	Total RMB
Balance as of January 1, 2021	445,275	361,633	1,705,435	1,153,593	5,213,958	8,879,894
Issuance upon conversion	—	—	103,423	—	50,645	154,068
Accretion	21,898	17,207	246,015	37,083	186,424	508,627
<b>Balance as of March 31, 2021</b>	<b>467,173</b>	<b>378,840</b>	<b>2,054,873</b>	<b>1,190,676</b>	<b>5,451,027</b>	<b>9,542,589</b>

The following table summarizes the issuance of convertible redeemable preferred shares from January 1, 2021 to March 31, 2021:

Series	Issuance date	Share Issued	Issue Price per Share	Proceeds from Issuance
C-3	February 8, 2021	5,831,426	US\$ 2.65	RMB103,423
E+	February 8, 2021	403,747	US\$ 17.84	RMB50,645

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**7. Convertible redeemable preferred shares—(Continued)**

***Accounting of Convertible Redeemable Preferred Shares***

The Company classified all preferred shares as mezzanine equity in the condensed consolidated balance sheets because they are redeemable at the holders' option any time after a certain date and are contingently redeemable upon the occurrence of certain liquidation events outside of the Company's control. The convertible redeemable preferred shares are recorded initially at fair value, net of issuance costs.

The Company records accretion on the convertible redeemable preferred shares to the redemption value from the issuance dates to the earliest redemption dates. The accretion, calculated as the current redemption value, is recorded against retained earnings, or in the absence of retained earnings, by charging against additional paid-in capital. Once additional paid-in capital has been exhausted, additional charges are recorded by increasing the accumulated deficit. The accretion of convertible redeemable preferred shares was RMB326,123 and RMB508,627 for the three months ended March 31, 2020 and 2021, respectively.

The Company determined that the embedded conversion features and the redemption features do not require bifurcation as they either are clearly and closely related to the convertible redeemable preferred shares or do not meet the definition of a derivative.

The Company has determined that there was no beneficial conversion feature attributable to all convertible redeemable preferred shares because the initial effective conversion prices of these convertible redeemable preferred shares were higher than the fair value of the Company's ordinary shares determined by the Company taking into account independent valuations.

**8. Share based compensation**

The Group granted 981,847 share options with weighted average exercise price RMB0.70 (equivalent to US\$0.10) and weighted average grant date fair value RMB38.12 for the three months ended March 31, 2020. The Group did not grant any share option to its employees for the three months ended March 31, 2021.

For the three months ended March 31, 2020, there were 2,635,495 share options forfeited with weighted average exercise price RMB0.70 (equivalent to US\$0.10) and weighted average grant date fair value RMB9.09. For the three months ended March 31, 2021, there were 53,545 share options forfeited with weighted average exercise price RMB0.65 (equivalent to US\$0.10) and weighted average grant date fair value RMB29.39.



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**9. Net loss per share attributable to ordinary shareholders**

The calculation of diluted net loss per share does not include the effect of share options, conversions of convertible bonds and convertible redeemable preferred shares at total 115,689,757 and 120,224,843 shares as for the three months ended March 31, 2020 and 2021 as the effect of the inclusion was anti-dilutive.

	Three months ended	
	March 31,	
	2020	2021
	RMB	RMB
<b>Numerator:</b>		
Net loss	(186,265)	(94,781)
Accretion to convertible redeemable preferred shares redemption value	(326,123)	(508,627)
Net loss attributable to ordinary shareholders of the Company	(512,388)	(603,408)
<b>Denominator:</b>		
Weighted average number of ordinary shares used in computing basic and diluted loss per ordinary share	18,782,620	18,782,620
<b>Net loss per ordinary share basic and diluted</b>	(27.28)	(32.13)

**10. Related party transactions**

The table below sets forth major related parties and their relationships with the Group:

<u>Company Name</u>	<u>Relationship with the Group</u>
JD and its subsidiaries ("JD Group")	A shareholder of the Group
Morningside China and its subsidiaries ("Morningside")	A shareholder of the Group
Baowu (Beijing) Technology Co., Ltd ("Baowu")	An investee of the Group
Beijing Xichen Technology Co., Ltd and its subsidiaries ("Xichen Group")	An investee of the Group
Fuzhou Ruifeng Renewable resources Co., Ltd ("Ruifeng")	An investee of the Group
Jinsong (Shanghai) Network Information Technology Co., Ltd ("Jinsong")	An investee of the Group
Manak Waste Management Private Limited ("Manak")	An investee of the Group
Shanghai Meda Information Technology Co., Ltd ("Meda")	An investee of the Group
Shanghai Yuekun Environmental Protection Technology Co., Ltd ("Yuekun")	A subsidiary of an investee of the Group
Shanghai Yueqing Information Technology Co., Ltd ("Yueqing")	An investee of the Group
Shenzhen Aileyou Information Technology Co., Ltd ("Aileyou")	An investee of the Group
Shanghai Yueyie Network Information Technology Co., Ltd ("Yueyie")	An investee of the Group

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**10. Related party transactions—(Continued)**

For the three months ended March 31, 2020 and 2021, significant related party transactions were as follows:

	Three months ended March 31,	
	2020 RMB	2021 RMB
<b>Merchandise costs</b>		
Purchase from JD Group	13,378	—
<b>Selling and marketing expenses</b>		
Commission service received from JD Group	19,816	55,409
Service received from Aileyou	—	1,273
<b>Interest income</b>		
Interest income from loans provided to related parties	1,330	1,170
<b>Amount due from related parties</b>		
Loan to Yuekun	31,912	69,400
Loan to Aileyou	2,400	—
Repayments from Yuekun	13,268	72,205
Repayments from Aileyou	2,548	—

As of December 31, 2020 and March 31, 2021, the amount due from/to related parties are as follows:

	As of December 31, 2020 RMB	As of March 31, 2021 RMB
	Due from JD Group (3)	165,626
Due from Jinsong		
Other receivables from Jinsong	45,661	48,872
Due from Yueqing		
Loans provided to Yueqing (1)	9,500	9,500
Due from Xichen Group	3,500	3,500
Due from Yuekun		
Loans provided to Yuekun (1)	24,115	21,310
Other receivables from Yuekun	26,668	28,768
Due from Aileyou		
Loans provided to Aileyou	1,869	1,869
Other receivables from Aileyou	12,217	30,237
	<u>289,156</u>	<u>295,094</u>
Due to JD Group		
Prepaid subscription from JD Group (4)	35,000	35,000
Other payables to JD Group (2)	44,688	35,928
Due to Morningside		
Convertible loan due to Morningside (5)	33,423	—
Due to Aileyou	1,384	—
Due to Yuekun	118	118
Due to Yueyie	56	—
	<u>114,669</u>	<u>71,046</u>

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**10. Related party transactions—(Continued)**

- (1) In relation to the loans provided to Yueqing and Yuekun, the Group signed one year agreement and charged them with interest rate of 8% and 7% respectively. Loans to other related parties are interest free and due on demand. The Founder has provided guarantee on loans to Yuekun, and the loans were collateralized by his shareholdings in the Company.
- (2) Other payables to JD Group mainly includes channel commissions payable to JD Group.
- (3) Amount due from JD Group includes funds receivables from payment service providers of JD Group, and cash collected by JD Group from third party merchants on behalf of the Group.
- (4) The amount represents RMB35,000 prepaid subscription from an entity of JD Group for Series E convertible redeemable preferred shares. The issuance of preferred shares is upon ODI approval, otherwise the amount will be refunded to the investor.
- (5) The convertible loan was converted into Series C convertible redeemable preferred shares in February 2021 according to the contractual terms (see Note 7).

**11. Commitments and contingencies**

Operating lease commitments

The Group has leased office and store premises under operating lease agreements for the periods from 2021 to 2024.

Rental expenses amounted to RMB23,546 and RMB20,905 for the three months ended March 31, 2020 and 2021, respectively. Rental expenses are charged to the condensed consolidated statements of operations and comprehensive loss when incurred.

Future minimum lease payment under non-cancelable operating lease agreements are as follow:

<u>Years ending</u>	<u>As of March 31, 2021</u>
	RMB
2021*	45,004
2022	15,625
2023	9,285
2024	2,923
	<u>72,837</u>

\* Represents the nine months ended December 31, 2021.

The Group has no future minimum lease payments in 2025 and thereafter.

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.

**AIHUI SHOU INTERNATIONAL CO. LTD.**  
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**12. Subsequent events**

The Group has evaluated subsequent events through May 28, 2021, which is the date when the condensed consolidated financial statements were issued.

In April 2021, the Company granted a total of 2,964,091 ordinary shares to the Founder of the Company and is in process of estimating the fair value with assistance of an independent third party valuer.

In April and May 2021, RMB90,000 of the 2016 Notes were converted into 5,074,605 shares of Series C-3 convertible redeemable preferred shares according to the contractual conversion terms.

On May 25, 2021, the Group issued 1,493,864 Series E convertible redeemable preferred shares at consideration of RMB185,000, of which RMB135,000 was received in 2020 and recorded in Accrued expenses and other current liabilities and amount due to related parties as prepaid subscription as of March 31, 2021.

In April and May 2021, the Group issued a total of 9,777,383 Series F convertible redeemable preferred shares to certain third party investors ('Series F investors') for an aggregate consideration of US dollar equivalent of RMB1,234,537. Among which, 2,572,995 Series F preferred shares were issued to Cosmic Blue Investments Limited for a consideration of US dollar equivalent of RMB180,149 in cash and RMB141,546 in form of business resources. The key terms of Series F convertible redeemable preferred shares are the same as those of Series E other than the seniority in redemption and liquidation. As part of the Series F equity financing, the Series F investors also directly purchased 2,255,380 shares of Series C-3 convertible redeemable preferred shares from the Series C-3 shareholders and 1,604,113 ordinary shares from the Founder, respectively. The transfer of these shares was realized through a repurchase of the shares by the Group followed by a reissuance of the same shares to the Series F investors.

In connection with the Series F equity financing, the Group also issued to a third-party financial advisor warrants to purchase 153,570 shares of ordinary shares at US\$2.65 per share during a four-year period. The warrants can be exercised at any time for cash, or on a net cashless basis if the fair value of ordinary shares is greater than the exercise price. The warrants will be automatically exercised on a net cashless basis on the expiration date if the fair value of ordinary shares is greater than the exercise price.

On May 12, 2021, the Group issued 56,041 Series E convertible redeemable preferred shares to certain third party investor at a purchase price of US\$1,000,000.

## PART II

## Information not Required in Prospectus

**Item 6. Indemnification of Directors and Officers.**

Cayman Islands law does not limit the extent to which a company's 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.

The post-offering memorandum and articles of association that we expect to adopt and to become effective immediately prior to the completion of this offering provide that we shall indemnify our directors and officers (each an indemnified person) against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such indemnified person, other than by reason of such person's own dishonesty, willful default or fraud, in or about the conduct of our company's business or affairs (including as a result of any mistake of judgment) or in the execution or discharge of his duties, powers, authorities or discretions, including, without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by such indemnified person in defending (whether successfully or otherwise) any civil proceedings concerning our company or its affairs in any court whether in the Cayman Islands or elsewhere.

Pursuant to the indemnification agreements, the form of which is filed as Exhibit 10.2 to this registration statement, 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 such a director or officer.

The underwriting agreement, the form of which will be filed as Exhibit 1.1 to this registration statement, will also provide indemnification for us and our officers and directors for certain liabilities.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us pursuant to 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.

**Item 7. Recent Sales of Unregistered Securities.**

In the past three years, we have issued the following securities (including options to acquire our ordinary shares and restricted share units). We believe that each of the following issuances was exempt from registration under the Securities Act pursuant to Section 4(2) of the Securities Act regarding transactions not involving a public offering or in reliance on Regulation S under the Securities Act regarding sales by an issuer in offshore transactions. No underwriters were involved in these issuances of securities.

<u>Securities/Purchaser</u>	<u>Date of Issuance</u>	<u>Number of Securities</u>	<u>Consideration</u>
<b>Series C-3 preferred shares</b>			
Euro Eco Limited	June 26, 2018	1,884,512	US\$5,000,000
YYT Capital Inc.	December 7, 2018	563,845	US\$ equivalent of RMB10,000,000
Qianhai Ark (Cayman) Investment Co. Limited	December 7, 2018	1,691,535	US\$ equivalent of RMB30,000,000
JD.com Development Limited	December 7, 2018	5,564,491	US\$ equivalent of RMB98,688,292

<b>Securities/Purchaser</b>	<b>Date of Issuance</b>	<b>Number of Securities</b>	<b>Consideration</b>
Shanghai Chenxi Venture Capital Center (Limited Partnership)	February 8, 2021	1,884,511	US\$ equivalent of RMB33,422,500
Shenzhen Tiantu Xingli Investment Enterprise (Limited Partnership)	February 8, 2021	3,383,070	US\$ equivalent of RMB60,000,000
Shanghai Jinglin Jinghui Equity Investment Center (Limited Partnership)	February 8, 2021	563,845	US\$ equivalent of RMB10,000,000
Qianhai Fund of Fund Equity Investment (Shenzhen) Co., Ltd.	February 8, 2021	1,262,446	US\$ equivalent of RMB22,389,948
Design Time Limited	May 5, 2021	225,538	US\$3,506,233
Pluto Connection Limited	April 28, 2021	563,845	US\$8,765,581
YIHENG CAPITAL PARTNERS, L.P.	April 28, 2021	225,538	US\$3,506,233
Tiger Pacific Master Fund LP	April 28, 2021	225,538	US\$3,506,233
Tian Zhan Investment Limited	May 12, 2021	169,153	US\$2,629,674
Being Capital Fund I LP	April 30, 2021	338,307	US\$5,259,349
JD.com Development Limited	April 30, 2021	225,538	US\$3,506,233
INTERNET FUND IV PTE. LTD.	April 30, 2021	281,923	US\$4,382,791
<b>Series D-1 preferred shares</b>			
JD.com Development Limited	July 5, 2018	2,115,755	US\$22,917,594
<b>Series D-2 preferred shares</b>			
Internet Fund IV Pte. Ltd.	July 5, 2018	7,952,405	US\$101,340,522
<b>Series E preferred shares</b>			
Generation Mu HK Investment Limited	June 3, 2019	560,410	US\$10,000,000
Internet Fund IV Pte. Ltd.	June 3, 2019	560,410	US\$10,000,000
JD.com Development Limited	June 3, 2019	27,500,098	US\$20,114,688, JD Group's Paipai secondhand business, and certain exclusive traffic resources
Fresh Capital Fund I, L.P.	August 24, 2019	280,205	US\$5,000,000
Tiantu China Consumer Fund II, L.P.	August 16, 2019	280,205	US\$5,000,000
Morningside China TMT Fund II, L.P.	September 16, 2019	840,614	US\$15,000,000
Guotai Junan Finance (Hong Kong) Limited	September 9, 2020	1,401,024	US\$25,000,000
JD.com Development Limited	September 14, 2020	2,802,048	US\$50,000,000
Refresher Limited	February 8, 2021	403,747	US\$ equivalent of RMB50,000,000
<b>Series F preferred shares</b>			
Design Time Limited	May 5, 2021	720,439	US\$14,000,000
Pluto Connection Limited	April 28, 2021	1,801,097	US\$35,000,000
YIHENG CAPITAL PARTNERS, L.P.	April 28, 2021	720,439	US\$14,000,000
Tiger Pacific Master Fund LP	April 28, 2021	720,439	US\$14,000,000
Tian Zhan Investment Limited	May 12, 2021	540,329	US\$10,500,000
Being Capital Fund I LP	April 30, 2021	1,080,658	US\$21,000,000

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<b>Securities/Purchaser</b>	<b>Date of Issuance</b>	<b>Number of Securities</b>	<b>Consideration</b>
JD.com Development Limited	April 30, 2021	720,439	US\$14,000,000
INTERNET FUND IV PTE. LTD.	April 30, 2021	900,548	US\$17,500,000
Cosmic Blue Investments Limited	May 25, 2021	2,572,995	US\$50,000,000 in the form of cash and business resources
<b>Series E Convertible Loans</b>			
Tianjin Huihe Haihe Intelligent Logistics Industry Fund Partnership (Limited Partnership)	September 4, 2020	Convertible to 282,623 Series E preferred shares	RMB35,000,000
Ningbo Qingyu Investment Management Co., Ltd.	September 4, 2020	Convertible to 403,747 Series E preferred shares	RMB50,000,000
Zibo Minsheng Ouming Equity Investment Partnership (Limited Partnership)	November 19, 2020	Convertible to 807,494 Series E preferred shares	RMB100,000,000
<b>Ordinary Shares</b>			
Shanghai Jinglin Jinghui Equity Investment Center (Limited Partnership)	February 8, 2021	992,513	US\$ equivalent of RMB30,000,000
Design Time Limited	May 5, 2021	160,411	US\$2,493,767
Pluto Connection Limited	April 28, 2021	401,028	US\$6,234,419
YIHENG CAPITAL PARTNERS, L.P.	April 28, 2021	160,411	US\$2,493,767
Tiger Pacific Master Fund LP	April 28, 2021	160,412	US\$2,493,767
Tian Zhan Investment Limited	May 12, 2021	120,309	US\$1,870,326
Being Capital Fund I LP	April 30, 2021	240,617	US\$3,740,651
JD.com Development Limited	April 30, 2021	160,411	US\$2,493,767
INTERNET FUND IV PTE. LTD.	April 30, 2021	200,514	US\$3,117,209
<b>Warrant</b>			
InnoVen Capital China Pte. Ltd.	December 9, 2020	Certain number of Series E preferred shares depending on the subscription price	US\$1,000,000
China Equities HK Limited	May 10, 2021	153,570 ordinary shares	US\$2.65 per share, subject to certain price adjustments
<b>Options</b>			
Certain directors, officers and employees	May 11, 2010 to April 13, 2021	Options to purchase 19,728,141 ordinary shares and 2,964,091 restricted share units	Exercise prices ranging from US\$0.03 per share to US\$2.8 per share

**Item 8. Exhibits and Financial Statement Schedules.**

**(a) Exhibits**

See Exhibit Index beginning on page II-5 of this registration statement.

The agreements included as exhibits to this registration statement contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties were made solely for the benefit of the other parties to the applicable agreement and (i) were not intended to be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate; (ii) may have been qualified in such agreement by disclosure that was made to the other party in connection with the negotiation of the applicable agreement; (iii) may apply contract standards of "materiality" that are different from "materiality" under the applicable securities laws; and (iv) were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement.

We acknowledge that, notwithstanding the inclusion of the foregoing cautionary statements, we are responsible for considering whether additional specific disclosure of material information regarding material contractual provisions is required to make the statements in this registration statement not misleading.

**(b) Financial Statement Schedules**

Schedules have been omitted because the information required to be set forth therein is not applicable or is shown in the Consolidated Financial Statements or the Notes thereto.

**Item 9. Undertakings.**

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions described in Item 6, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

- (1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.
- (2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.



AIHUI SHOU INTERNATIONAL CO. LTD.

Exhibit Index

<u>Exhibit Number</u>	<u>Description of Document</u>
1.1*	Form of Underwriting Agreement
3.1	<a href="#">Amended and Restated Memorandum and Articles of Association of the Registrant, as currently in effect</a>
3.2	<a href="#">Form of Amended and Restated Memorandum and Articles of Association of the Registrant, effective immediately prior to the closing of this offering</a>
4.1*	Registrant's Specimen American Depositary Receipt (included in Exhibit 4.3)
4.2	<a href="#">Registrant's Specimen Certificate for Class A Ordinary Shares</a>
4.3*	Form of Deposit Agreement, among the Registrant, the depository and the holders and beneficial owners of American Depositary Shares issued thereunder
4.4	<a href="#">Eighth Amended and Restated Shareholders Agreement among the Registrant and other parties thereto dated April 16, 2021</a>
5.1	<a href="#">Opinion of Maples and Calder (Hong Kong) LLP regarding the validity of the ordinary shares being registered and certain Cayman Islands tax matters</a>
8.1	<a href="#">Opinion of Maples and Calder (Hong Kong) LLP regarding certain Cayman Islands tax matters (included in Exhibit 5.1)</a>
8.2	<a href="#">Opinion of Han Kun Law Offices regarding certain PRC tax matters (included in Exhibit 99.2)</a>
10.1	<a href="#">Amended and Restated Share Incentive Plan</a>
10.2	<a href="#">2021 Share Incentive Plan</a>
10.3	<a href="#">Form of Indemnification Agreement between the Registrant and its directors and executive officers</a>
10.4	<a href="#">Form of Employment Agreement between the Registrant and its executive officers</a>
10.5	<a href="#">English translation of the Exclusive Technology Consulting and Management Service Agreement dated August 31, 2012 between Shanghai Aihui and Shanghai Wanwuxinsheng</a>
10.6	<a href="#">English translation of the Fifth Supplemental Agreement to the Exclusive Technology Consulting and Management Service Agreement dated March 12, 2021 between Shanghai Aihui and Shanghai Wanwuxinsheng</a>
10.7	<a href="#">English translation of the Business Operation Agreement dated August 31, 2012 among Shanghai Aihui, Shanghai Wanwuxinsheng and the shareholders of Shanghai Wanwuxinsheng</a>
10.8	<a href="#">English translation of the Third Amended and Restated Option Purchase Agreement dated December 7, 2020 among Shanghai Aihui, Shanghai Wanwuxinsheng and Mr. Kerry Xuefeng Chen</a>
10.9	<a href="#">English translation of the Third Amended and Restated Option Purchase Agreement dated December 7, 2020 among Shanghai Aihui, Shanghai Wanwuxinsheng and Mr. Wenjun Sun</a>
10.10	<a href="#">English translation of the Third Amended and Restated Share Pledge Agreement dated December 7, 2020 among Shanghai Aihui and the shareholders of Shanghai Wanwuxinsheng</a>

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<u>Exhibit Number</u>	<u>Description of Document</u>
10.11	<a href="#">English translation of the Voting Proxy Agreement dated August 31, 2012 among Shanghai Aihui, Shanghai Wanwuxinsheng and the shareholders of Shanghai Wanwuxinsheng</a>
10.12	<a href="#">English translation of the Amended and Restated Power of Attorney dated March 12, 2021 executed by Mr. Kerry Xuefeng Chen</a>
10.13	<a href="#">English translation of the Amended and Restated Power of Attorney dated March 12, 2021 executed by Mr. Wenjun Sun</a>
10.14	<a href="#">English translation of the Exclusive Business Cooperation Agreement between Shanghai Aihui and Shenzhen Lvchuang dated June 19, 2019</a>
10.15	<a href="#">English translation of the Share Pledge Agreement among Shanghai Aihui, Shenzhen Lvchuang and the shareholder of Shenzhen Lvchuang dated June 19, 2019.</a>
10.16	<a href="#">English translation of the Exclusive Option Purchase Agreement among Shanghai Aihui, Shenzhen Lvchuang and the shareholder of Shenzhen Lvchuang dated June 19, 2019.</a>
10.17	<a href="#">English translation of the Power of Attorney executed by the shareholder of Shenzhen Lvchuang on June 19, 2019</a>
10.18	<a href="#">Amended and Restated Business Cooperation Agreement dated April 20, 2021 between JD.com, Inc. and the Registrant</a>
10.19	<a href="#">Series E Preferred Share Purchase Agreement dated June 3, 2019 among Generation Mu HK Investment Limited, Internet Fund IV Pte. Ltd., Tiantu China Consumer Fund II, L.P., Fresh Capital Fund I, L.P. and Morningside China TMT Fund II, L.P., the Registrant and other parties thereto</a>
10.20	<a href="#">Series E Preferred Share Purchase Agreement dated June 3, 2019 among JD.com, Inc., JD.com Development Limited, the Registrant and other parties thereto</a>
10.21	<a href="#">Follow-on Series E Preferred Share Purchase Agreement dated September 4, 2020 among Guotai Junan Finance (Hong Kong) Limited, JD.com Development Limited, Tianjin Huihe Haihe Intelligent Logistics Industry Fund Partnership (Limited Partnership), Shanghai Zhengmu Investment Center (Limited Partnership) and Ningbo Qingyu Investment Management Co., Ltd., the Registrant and other parties thereto</a>
10.22	<a href="#">Convertible Loan Agreement dated September 4, 2020 among Tianjin Huihe Haihe Intelligent Logistics Industry Fund Partnership (Limited Partnership), Shanghai Wanwuxinsheng and the Registrant</a>
10.23	<a href="#">Convertible Loan Agreement dated September 4, 2020 among Shanghai Zhengmu Investment Center (Limited Partnership), Shanghai Wanwuxinsheng and the Registrant</a>
10.24	<a href="#">Convertible Loan Agreement dated September 4, 2020 among Ningbo Qingyu Investment Management Co., Ltd., Shanghai Wanwuxinsheng and the Registrant</a>
10.25	<a href="#">Amendment to the Follow-On Series E Preferred Share Purchase Agreement dated as of November 19, 2020 among Zibo Minsheng Ouming Equity Investment Partnership (Limited Partnership), Guotai Junan Finance (Hong Kong) Limited, JD.com Development Limited, Tianjin Huihe Haihe Intelligent Logistics Industry Fund Partnership (Limited Partnership), Shanghai Zhengmu Investment Center (Limited Partnership) and Ningbo Qingyu Investment Management Co., Ltd., the Registrant and other parties thereto</a>
10.26	<a href="#">Convertible Loan Agreement dated November 19, 2020 among Zibo Minsheng Ouming Equity Investment Partnership (Limited Partnership), the Registrant and Shanghai Wanwuxinsheng</a>

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<u>Exhibit Number</u>	<u>Description of Document</u>
10.27	<a href="#">Warrant Instrument dated November 19, 2020 between InnoVen Capital China Pte. Ltd. and the Registrant</a>
10.28	<a href="#">Share Repurchase Agreement dated February 8, 2021 between C&amp;XF Group Limited and the Registrant</a>
10.29	<a href="#">Share Repurchase Agreement dated February 8, 2021 between Qianhai Ark (Cayman) Investment Co. Limited and the Registrant</a>
10.30	<a href="#">Share Purchase Agreement dated April 16, 2021 between the Registrant and Series F investors</a>
10.31	<a href="#">Warrant dated May 10, 2021 between China Equities HK Limited and the Registrant</a>
10.32	<a href="#">Share Purchase Agreement dated May 25, 2021 between the Registrant and Cosmic Blue Investments Limited</a>
10.33	<a href="#">English translation of Business Cooperation Framework Agreement dated May 25, 2021 between the Registrant and Chengdu Kuaigou Technology Co., Ltd.</a>
21.1	<a href="#">Principal Subsidiaries of the Registrant</a>
23.1	<a href="#">Consent of Deloitte Touche Tohmatsu, an independent registered public accounting firm</a>
23.2	<a href="#">Consent of Maples and Calder (Hong Kong) LLP (included in Exhibit 5.1)</a>
23.3	<a href="#">Consent of Han Kun Law Offices (included in Exhibit 99.2)</a>
23.4	<a href="#">Consent of Jingbo Wang</a>
23.5	<a href="#">Consent of Guoxing Jiang</a>
24.1	<a href="#">Powers of Attorney (included on signature page)</a>
99.1	<a href="#">Code of Business Conduct and Ethics of the Registrant</a>
99.2	<a href="#">Opinion of Han Kun Law Offices regarding certain PRC law matters</a>
99.3	<a href="#">Consent of China Insights Consultancy</a>

\* To be filed by amendment.

**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-1 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Shanghai, China, on May 28, 2021.

AiHuiShou International Co. Ltd.

By: /s/ Kerry Xuefeng Chen

Name: Kerry Xuefeng Chen  
Title: Chairman of the Board of Directors and  
Chief Executive Officer

**POWER OF ATTORNEY**

Each person whose signature appears below constitutes and appoints each of Kerry Xuefeng Chen and Chen Chen as attorney-in-fact with full power of substitution for him or her in any and all capacities to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the registrant to comply with the Securities Act of 1933, as amended (the "Securities Act"), and any rules, regulations and requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Securities Act of ordinary shares of the registrant (the "Shares"), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form F-1 (the "Registration Statement") to be filed with the Securities and Exchange Commission with respect to such Shares, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462(b) under the Securities Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on May 28, 2021.

<u>Signature</u>	<u>Title</u>
<u>/s/ Kerry Xuefeng Chen</u> Kerry Xuefeng Chen	Co-founder, Chairman of the Board of Directors and Chief Executive Officer (Principal Executive Officer)
<u>/s/ Yongliang Wang</u> Yongliang Wang	Director and President
<u>/s/ Lei Xu</u> Lei Xu	Director
<u>/s/ Wei Tang</u> Wei Tang	Director
<u>/s/ Chen Chen</u> Chen Chen	Director and Chief Financial Officer (Principal Financial and Accounting Officer)

**SIGNATURE OF AUTHORIZED REPRESENTATIVE IN THE UNITED STATES**

Pursuant to the Securities Act of 1933, the undersigned, the duly authorized representative in the United States of AiHuiShou International Co. Ltd., has signed this registration statement or amendment thereto in New York, New York on May 28, 2021.

Authorized U.S. Representative  
Cogency Global Inc.

By: /s/ Colleen A. De Vries  
Name: Colleen A. De Vries  
Title: Senior President on behalf of Cogency  
Global Inc.

COMPANY NUMBER: 264412

**TERRITORY OF CAYMAN ISLANDS  
THE COMPANIES ACT**

**AMENDED AND RESTATED  
MEMORANDUM AND ARTICLES**

**OF ASSOCIATION**

**OF**

**AiHuiShou International Co. Ltd.**  
*(Adopted by Special Resolution on May 21, 2021)*

**A COMPANY LIMITED BY SHARES**

**Incorporated on 22nd day of November, 2011**

**INCORPORATED IN THE CAYMAN ISLANDS**

TERRITORY OF THE CAYMAN ISLANDS  
THE COMPANIES ACT (AS REVISED)

AMENDED AND RESTATED

MEMORANDUM OF ASSOCIATION

OF

**AiHuiShou International Co. Ltd.**  
(Adopted by Special Resolution on May 21, 2021)

**A COMPANY LIMITED BY SHARES**

**1. DEFINITIONS AND INTERPRETATION**

1.1. In this Memorandum of Association and the attached Articles of Association, if not inconsistent with the subject or context:

“**5Y Capital**” means, collectively or individually, MORNINGSIDE CHINA TMT TOP UP FUND, L.P., a Cayman Islands exempted limited partnership, and MORNINGSIDE CHINA TMT FUND II, L.P., a Cayman Islands exempted limited partnership;

“**Acceptance Notice**” has the meaning set forth in Regulation 6A.4;

“**Additional Consideration**” has the meaning set forth in Clause 7.3(i);

“**Additional Number**” has the meaning set forth in Regulation 6A.4;

“**Additional Ordinary Shares**” has the meaning set forth in Clause 7.4A(a)(iii);

“**Affiliate**” of a given Person means, (i) in the case of a Person other than a natural person, any other Person that directly, or indirectly through one or more intermediaries, Controls, is Controlled by or is under common Control with, such given Person, or (ii) in the case of a natural person, any other Person that directly or indirectly is Controlled by such given Person or is a Relative of such given Person. For the avoidance of doubt, none of the Preferred Holders and their Affiliates shall be deemed as an Affiliate of any Group Company and *vice versa*;

“**Articles**” means the attached Articles of Association of the Company;

“**Auditors**” means one of KPMG, Deloitte Touche Tohmatsu, Pricewaterhouse Coopers and Ernst & Young or an internationally recognised independent public accounting firm acceptable to the Supermajority Preferred Holders under Regulation 7A.1;

“**Being Capital**” means Being Capital Fund I LP and Tian Zhan Investment Limited(天展投资有限公司);

“**Board**” means the board of directors of the Company;

“**Business Day**” means a day (other than a Saturday or a Sunday) that the banks in the Cayman Islands, Hong Kong and the PRC are generally open for business;



“**Cathay**” means EURO ECO LIMITED (欧之碧有限公司);

“**Chairman**” has the meaning set forth in Regulation 7.11;

“**Chairman of the Board**” has the meaning set forth in Regulation 10.5;

“**Co-Sale Notice**” has the meaning set forth in Regulation 6C.1;

“**Co-Sale Pro Rata Portion**” means the product obtained by multiplying (x) the aggregate number of the Offered Shares subject to the co-sale right under Regulation 6C by (y) a fraction, the numerator of which is the number of Ordinary Share Equivalents (on an as-converted basis) owned by such Co-Sale Right Holder at the time of the sale or transfer and the denominator of which is the aggregate number of Ordinary Share Equivalents (on an as-converted basis) at the time owned by all the Co-Sale Right Holders who have exercised their co-sale rights and the Selling Shareholder;

“**Co-Sale Right Holder**” has the meaning set forth in Regulation 6C.1;

“**Co-Sale Right Period**” has the meaning set forth in Regulation 6C.1;

“**Cosmic Blue**” means Cosmic Blue Investments Limited;

“**Cosmic Blue Share Purchase Agreement**” means the share purchase agreement dated May 25, 2021 and entered into among the Company, the HK Subsidiary, the WFOE, the WFOE Subsidiary, the HK Co, the Domestic Enterprise, the Domestic Subsidiaries, the Founders, the Founder Holding Companies, and the Cosmic Blue;

“**Company**” means the above named company;

“**Company Notice**” has the meaning set forth in Regulation 6B.3;

“**Company Option Period**” has the meaning set forth in Regulation 6B.2;

“**Companies Act**” means the Companies Act of the Cayman Islands (as amended);

“**Control**” of a given Person means the power or authority, whether exercised or not, to direct the business, management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, contractual arrangement or otherwise, which power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such Person or power to control the composition of the board of directors or similar governing body of such Person; and the terms “**Controlled**”, “**Controlling**” and “**change of Control**” shall have the meaning correlative to the foregoing;

“**Conversion Price**” means the Series A Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series D Conversion Price, the Series E Conversion Price or the Series F Conversion Price, as applicable;

“**Conversion Shares**” means the Ordinary Shares issued or issuable upon conversion of the Preferred Shares (with each of such Conversion Shares being referred to as a “**Conversion Share**”);

“**Convertible Securities**” has the meaning set forth in Clause 7.4A(a)(ii);

“**Design Time**” means Design Time Limited;

“**Directors**” means the directors for the time being of the Company;

“**Distribution**” in relation to a distribution by the Company to a Shareholder means the direct or indirect transfer of an asset, other than Shares, to or for the benefit of the Shareholder, or the incurring of a debt to or for the benefit of a Shareholder, in relation to Shares held by a Shareholder, and whether by means of the purchase of an asset, the purchase, redemption or other acquisition of Shares, a transfer of indebtedness or otherwise, and includes a dividend;

“**Domestic Enterprise**” means Shanghai Wanwuxinsheng Environmental Protection Technology Group Co., Ltd. (上海万物新生环保科技有限公司) (formerly known as Shanghai Yueyi Network Information Technology Co., Ltd. (上海悦易网络信息技术有限公司)), a limited liability company organized under the laws of the PRC;

“**Domestic Subsidiaries**” means, collectively, Shanghai Yueyi Network Information Technology Co., Ltd. (上海悦亿网络信息技术有限公司), Yueyi Commercial Factoring (Shenzhen) Co., Ltd. (乐易商业保理(深圳)有限公司) and Changzhou Yueyi Network Information Technology Co., Ltd. (常州悦亿网络信息技术有限公司), each a limited liability company organized under the laws of the PRC;

“**Drag-Along Notice**” has the meaning set forth in Regulation 6D.4;

“**Drag-Along Sale**” has the meaning set forth in Regulation 6D.1;

“**Drag-Along Sale Date**” has the meaning set forth in Regulation 6D.4;

“**Drag-Along Shareholders**” has the meaning set forth in Regulation 6D.1;

“**Dragged Shareholders**” has the meaning set forth in Regulation 6D.1;

“**Eligible Person**” means individuals, corporations, trusts, the estates of deceased individuals, partnerships and unincorporated associations of persons;

“**Equity Interests**” has the meaning set forth in Regulation 6D.1;

“**Equity Securities**” means, with respect to a given Person, any share, share capital, registered capital, ownership interest, partnership interest, equity interest, joint venture or other ownership interest of such Person, or any option, warrant, or right to subscribe for, acquire or purchase any of the foregoing, or any other security or instrument convertible into or exercisable or exchangeable for any of the foregoing, or any equity appreciation, phantom equity, equity plan or similar right with respect to such Person, or any contract of any kind for the purchase or acquisition from such Person of any of the foregoing, either directly or indirectly;

“**ESOP**” means such share option plans, share incentive scheme or other schemes and agreements of similar nature adopted by the Company pursuant to which shares or options for shares are issued or granted to the directors, the officers, the employees, consultants or advisers of the Company and other Group Companies;

“**Financial Debt**” means any indebtedness of the Company or any other Group Company or in respect of:

- (i) borrowed money;
- (ii) the outstanding principal amount of any bonds, debentures, notes, loan stock, commercial paper, acceptance credits, bills or promissory notes drawn, accepted, endorsed or issued by the Company or any other Group Company;
- (iii) the deferred purchase price of assets or services (except trade accounts incurred and payable in the ordinary course of business to trade creditors within ninety (90) days of the date they are incurred and which are not overdue);

- (iv) non-contingent obligations of the borrower to reimburse any other person for amounts payable by that person under a letter of credit or similar instrument (excluding any letter of credit or similar instrument issued for the account of the Company or any other Group Company with respect to trade accounts incurred and payable in the ordinary course of business to trade creditors within ninety (90) days of the date they are incurred and which are not overdue);
- (v) the amount of any obligation in respect of any lease or hire purchase contract which would, under the IFRS and GAAP, be treated as a finance or capital lease;
- (vi) amounts raised under any other transaction having the financial effect of a borrowing and which would be classified as a borrowing (and not as an off-balance sheet financing) under the IFRS and GAAP;
- (vii) the amount of the Company's or any other Group Company's obligations under derivative transactions entered into in connection with the protection against or benefit from fluctuation in any rate or price (but only the net amount owing by the Company or any other Group Company after marking the relevant derivative transactions to market);
- (viii) any premium payable on a redemption or replacement of any of the foregoing items; and
- (ix) the amount of any obligation in respect of any guarantee or indemnity given by the Company or any other Group Company for any of the foregoing items incurred by any other person;

“**First Refusal Allocation**” has the meaning set forth in Regulation 6B.3(a);

“**First Refusal Expiration Notice**” has the meaning set forth in Regulation 6B.3(a); “**First Refusal Notice**” has the meaning set forth in Regulation 6B.2;

“**First Refusal Second Allocation Notice**” has the meaning set forth in Regulation 6B.3(a);

“**Follow-On Series E Preferred Share Purchase Agreement**” means the Follow-On Series E Preferred Share Purchase Agreement dated as of September 4, 2020 by and among the Company, the HK Subsidiary, the WFOE, the WFOE Subsidiary, the HK Co, the Domestic Enterprise, the Domestic Subsidiaries, the Founders, the Founder Holding Companies, Jing Dong, GTJA,

Tianjin Huihe Haihe Intelligent Logistics Industry Fund Partnership (Limited Partnership) (天津汇禾海河智能物流产业基金合伙企业 (有限合伙)), Ningbo Qingyu Investment Management Co., Ltd. (宁波清宇投资管理有限公司), Refresher Limited, Shanghai Qingxin Investment Management Co., Ltd. (上海清新投资管理有限公司), Zibo Minsheng Ouming Equity Investment Partnership (Limited Partnership) (淄博民生欧明股权投资合伙企业 (有限合伙)) and certain other parties thereto, as amended.

“**Founders**” means, together, SUN Wenjun (孙文俊) and CHEN Xuefeng (陈雪峰);

“**Founder Holdco**” has the meaning set forth in Regulation 6E;

“**Founder Holding Companies**” means S&WJ Group Limited and C&XF Group Limited, and “**Founder Holding Company**” means any of them;

“**fully diluted and as-converted basis**” means, in relation to an allotment, issuance or grant of shares or options, warrants, rights or other securities of the Company in question (for purpose of this definition, the “**issuance**”), on the assumption that the prevailing issued share capital would comprise (i) all shares that all outstanding options, warrants, rights and other securities of the Company would be converted into had all such options, warrants, rights and securities been duly exercised, and (ii) all shares of the Company after the issuance, including without limitation all Ordinary Shares and all series of Preferred Shares and, if such Preferred Shares are convertible into Ordinary Shares, such number of Ordinary Shares that such Preferred Shares would be converted into at the then prevailing conversion price;

“**GAAP**” means the generally accepted accounting principles of a jurisdiction agreed by the Supermajority Preferred Holders;

“**Greenwoods**” means EAGLE INTELLIGENCE LIMITED;

“**Group Companies**” or “**Group Company**” has the meaning set forth in the Shareholders Agreement;

“**GTJA**” means Guotai Junan Finance (Hong Kong) Limited 國泰君安財務（香港）有限公司;

“**GTJA Director**” has the meaning set forth in Regulation 8.1(a)(vi);

“**HK Co**” means AHS DEVICE HONG KONG LIMITED, a company limited by shares incorporated under the laws of Hong Kong;

“**HK Subsidiary**” means AiHuiShou International Company Limited, a limited liability company incorporated under the laws of Hong Kong;

“**Hong Kong**” means the Hong Kong Special Administrative Region of the People’s Republic of China;

“**IFC**” means International Finance Corporation, an international organisation established by Articles of Agreement among its member countries including the Cayman Islands;

“**IFRS**” means the International Financial Reporting Standards;

“**Initial Consideration**” has the meaning set forth in Clause 7.3(i);

“**InnoVen Warrant Exercise**” has the meaning set forth in the Series F Preferred Share Purchase Agreement;

“**Investors**” or “**Investor**” has the meaning set forth in the Shareholders Agreement;

“**Jing Dong**” means JD.COM DEVELOPMENT LIMITED;

“**JD Directors**” or “**JD Director**” has the meaning set forth in Regulation 8.1(a)(ii);

“**Liquidation Event**” means a Trade Sale or liquidation, winding up or dissolution of the Company or any other Major Group Company;

“**Major Group Company**” has the meaning set forth in the Shareholders Agreement;

“**Majority Ordinary Holder(s)**” means the holder(s) holding more than fifty percent (50%) of the issued Ordinary Shares (other than Conversion Shares);

“**Majority Series A Preferred Holder(s)**” means, subject to Regulation 7A.2 of the Articles and other restrictions otherwise agreed by the Shareholders, the holder(s) holding more than fifty percent (50%) of the issued Series A Preferred Shares;

“**Majority Series B Preferred Holder(s)**” means, subject to Regulation 7A.2 of the Articles and other restrictions otherwise agreed by the Shareholders, the holder(s) holding more than fifty percent (50%) of the issued Series B Preferred Shares;

“**Majority Series C Preferred Holder(s)**” means, subject to Regulation 7A.2 of the Articles and other restrictions otherwise agreed by the Shareholders, the holder(s) holding more than fifty percent (50%) of the issued Series C Preferred Shares;

“**Majority Series D Preferred Holder(s)**” means, subject to Regulation 7A.2 of the Articles and other restrictions otherwise agreed by the Shareholders, the holder(s) holding more than fifty percent (50%) of the issued Series D Preferred Shares;

“**Majority Series E Preferred Holder(s)**” means, subject to Regulation 7A.2 of the Articles and other restrictions otherwise agreed by the Shareholders, the holder(s) holding more than fifty percent (50%) of the issued Series E Preferred Shares;

“**Majority Series F Preferred Holder(s)**” means, subject to Regulation 7A.2 of the Articles and other restrictions otherwise agreed by the Shareholders, the holder(s) holding more than fifty percent (50%) of the issued Series F Preferred Shares;

“**Member**” means an Eligible Person who holds Shares;

“**Memorandum**” means this Memorandum of Association of the Company;

“**New Securities**” has the meaning set forth in Regulation 6A.2;

“**Offered Shares**” means, for purpose of Clauses 6B and 6C, the Ordinary Share Equivalents to be sold or transferred by the Selling Shareholder (with each of such Offered Shares Equivalents being referred to as an “**Offered Share**”);

“**Options**” has the meaning set forth in Clause 7.4A(a)(i);

“**Option Period**” has the meaning set forth in Regulation 6B.3;

“**Ordinary Resolution**” means, subject to the quorum requirement set forth in Regulation 7.8, a resolution passed by a simple majority of votes cast by such Members as, being entitled to do so, vote in person or, in the case of any Member being a corporation, by its duly authorized representative or, where proxies are allowed, by proxy at a general meeting, and includes a written resolution by all Members being entitled to receive notice of and to attend and vote at a general meeting of the Company in one or more instruments each signed by one or more of the Members, and the effective date of the resolution so adopted shall be the date on which the instrument or the last of such instruments, if more than one, is executed. Unless a poll is demanded by at least one Member, a declaration of the chairman of the meeting that the resolution has been carried shall be conclusive evidence of the fact, without proof of the number or proportion of votes recorded in favour of or against the same. In computing the majority when a poll is demanded regard shall be had to the number of votes to which each Member is entitled by the Articles;

“**Ordinary Holders**” means the holders of Ordinary Shares from time to time; and an “**Ordinary Holder**” means any one of them;

“**Ordinary Share Equivalents**” means, for purpose of Regulations 6B, 6C and 6D, (i) the Company’s outstanding Ordinary Shares, (ii) the Ordinary Shares issued or issuable upon conversion of the Company’s outstanding preferred shares, (iii) the Ordinary Shares issuable upon exercise of outstanding options or warrants and (iv) the Ordinary Shares issuable upon conversion of any outstanding convertible securities;

“**Ordinary Shares**” means the ordinary shares, par value US\$0.001 per share, of the Company (with each of such Ordinary Shares being referred to as an “**Ordinary Share**”);

“**Oversubscription Participants**” has the meaning set forth in Regulation 6A.4;

“**Pluto Connection**” means Pluto Connection Limited ;

“**Participation Period**” has the meaning set forth in Regulation 6A.4;

“**Participation Rights Holder**” has the meaning set forth in Regulation 6A.1;

“**Permitted Transferee**” has the meaning set forth in Regulation 6E;

“**Person**” means any individual, corporation, partnership, limited partnership, proprietorship, association, limited liability company, firm, trust, estate or other enterprise, entity or legal person;

“**PRC**” means the People’s Republic of China, for the purpose of the Memorandum and the Articles, excluding Hong Kong, Macau Special Administrative Region and Taiwan;

“**Preferred Holders**” means collectively the holders of the Preferred Shares and applicable Conversion Shares and their respective permitted transferees to which rights have been duly assigned pursuant to the Shareholders Agreement; and a “**Preferred Holder**” means any one of them;

“**Preferred Issue Price**” means the Series A Issue Price, the Series B Issue Price, the Series C Issue Price, the Series D Issue Price, the Series E Issue Price or the Series F Issue Price, as the case may be;

“**Preferred Shares**” means collectively the Series A Preferred Shares, the Series B Preferred Shares, the Series C Preferred Shares, the Series D Preferred Shares, the Series E Preferred Shares and the Series F Preferred Shares (with each of such Preferred Shares being referred to as a “**Preferred Share**”);

“**Pro Rata Share**” of a Participation Rights Holder means, for purpose of Regulation 6A, the ratio of (a) the number of Ordinary Shares (calculated on a fully diluted and as-converted basis) held by such Participation Rights Holder, to (b) the total number of outstanding Ordinary Shares (calculated on a fully diluted and as-converted basis) held by all Participation Rights Holders;

“**Put Option Agreement**” means the Third Amended and Restated Put Option Agreement dated as of June 26, 2018 and entered into between the Company, the Founders, the Founder Holding Companies, 5Y Capital, IFC, Tiantu, Jing Dong, Greenwoods and Cathay;

“**Qualified Public Offering**” has the meaning set forth in the Shareholders Agreement;

“**Redemption Price**” shall mean the Series A Redemption Price, the Series B Redemption Price, the Series C-1/C-2 Redemption Price, the Series C-3 Redemption Price, the Series D Redemption Price, the Series E Redemption Price or the Series F Redemption Price, as the case may be;

“**Redemption Request**” has the meaning set forth in Clause 7.6(b);

“**Redemption Shares**” has the meaning set forth in Clause 7.6(b);

“**Related Party**” means, in respect of a company, any Person; (i) that holds a Material Interest in that company; (ii) in which that company holds a Material Interest; (iii) that is otherwise an Associate of that company; (iv) who serves as a director or officer of that company or has within twelve (12) months served as a director or senior officer of that company; or (v) who is a Relative of any individual included in any of the foregoing. For the purpose of this definition, “Material Interest” shall mean a direct or indirect ownership of shares representing at least five percent (5%) of the outstanding voting power or equity of that company; and “Associate” means, with respect to any specified Person, (i) any other Person who or which, directly or indirectly, controls, is controlled by, or is under common control with such specified Person, including, without limitation, any general partner, officer, director or manager of such Person or any venture capital fund now or hereafter existing that is controlled by one or more general partners or managing members of, or is under common investment management with, such Person, or (ii) any other Person in which such specified Person or any general partner, managing member or any venture capital fund now or hereafter existing which is controlled by one or more general partners or managing members of, or shares the same management company with such Person owns more than twenty percent (20%) of the outstanding equity of such Person;

“**Relatives**” of a natural person means such person’s spouse, parents, grandparents, children, the spouse of the children, grandchildren, siblings or the spouse of the siblings (with each of such Relatives being referred to as a “Relative”);

“**Register of Members**” has the meaning set forth in Regulation 2.5;

“**Registrar**” means the Registrar of Corporate Affairs of the Cayman Islands;

“**Resolution of Directors**” means either:

- (a) a resolution approved at a duly convened and constituted meeting of Directors of the Company or of a committee of Directors of the Company by the affirmative vote of a majority of the Directors present at the meeting who voted except that where a Director is given more than one vote, he shall be counted by the number of votes he casts for the purpose of establishing a majority; or
- (b) a resolution consented to in writing by all Directors or by all Members of a committee of Directors of the Company, as the case may be;

“**Restructuring Documents**” has the meaning set forth in the Series F Preferred Share Purchase Agreement;

“**Right of Participation**” has the meaning set forth in Regulation 6A.1;

“**Seal**” means any seal which has been duly adopted as the common seal of the Company;

“**Second Option Period**” has the meaning set forth in Regulation 6B.3(a);

“**Second Participation Period**” has the meaning set forth in Regulation 6A.4;

“**Secretary**” any person, firm or corporation appointed by the Board to perform any of the duties of secretary of the Company and includes any assistant, deputy, temporary or acting secretary;

“**Selling Shareholder**” means, for purpose of Regulation 6, any Ordinary Holder other than an Investor or any successor or permitted assign of an Investor that proposes to sell or transfer any Ordinary Share Equivalents; provided that in no event shall Jing Dong (or any Affiliate, successor or permitted assign of Jing Dong) be deemed as a Selling Shareholder;

“**Series A Conversion Price**” means the price at which the Ordinary Shares shall be issuable upon conversion of the Series A Preferred Shares;

“**Series A Director**” has the meaning set forth in Regulation 8.1(a)(i);

“**Series A Issue Price**” means US\$0.210592 per Series A Preferred Share, as appropriately adjusted for any share dividend, share sub-division, combination of shares, reorganization, recapitalization, reclassification or other similar event affecting the Series A Preferred Shares;

“**Series A Original Issue Date**” with respect to each Series A Preferred Share, means the date of the first sale and issuance of such Series A Preferred Share;

“**Series A Preferred Amount**” has the meaning set forth in Clause 7.3(g);

“**Series A Preferred Holder**” means a holder of Series A Preferred Shares and applicable Conversion Shares and its permitted assignee;

“**Series A Preferred Shares**” means the series A preferred shares in the capital of the Company carrying the preferred rights and privileges as set out in the Memorandum and the Articles (with each of such Series A Preferred Shares being referred to as a “**Series A Preferred Share**”);

“**Series A Redemption Price**” means the redemption price per Series A Preferred Share calculated in accordance with the mathematical formula set forth in Clause 7.6(a)(vii);

“**Series A Redemption Start Date**” means (i) December 31, 2022 (if the Company fails to consummate a Qualified Public Offering before such date); (ii) the date on which another series of Preferred Shares is requested to be redeemed pursuant to Clause 7.6;

“**Series B Conversion Price**” means the price at which the Ordinary Shares shall be issuable upon conversion of the Series B Preferred Shares;

“**Series B Issue Price**” means the Series B-1 Issue Price, the Series B-2 Issue Price or the Series B-3 Issue Price (as applicable);

“**Series B-1 Issue Price**” means US\$0.57 per Series B-1 Preferred Share, as appropriately adjusted for any share dividend, share sub-division, combination of shares, reorganization, recapitalization, reclassification or other similar event affecting the Series B-1 Preferred Shares;

“**Series B-2 Issue Price**” means US\$0.6945 per Series B-2 Preferred Share, as appropriately adjusted for any share dividend, share sub-division, combination of shares, reorganization, recapitalization, reclassification or other similar event affecting the Series B-2 Preferred Shares;

“**Series B-3 Issue Price**” means US\$0.7007 per Series B-3 Preferred Share, as appropriately adjusted for any share dividend, share sub-division, combination of shares, reorganization, recapitalization, reclassification or other similar event affecting the Series B-3 Preferred Shares;



“**Series B Original Issue Date**” means, with respect to each Series B Preferred Share, the date of the first sale and issuance of such Series B Preferred Share;

“**Series B Redemption Price**” means the redemption price per Series B Preferred Share calculated in accordance with the mathematical formula set forth in Clause 7.6(a)(vi);

“**Series B Redemption Start Date**” means (i) December 31, 2022 (if the Company fails to consummate a Qualified Public Offering before such date), (ii) the date on which another series of Preferred Shares is requested to be redeemed pursuant to Clause 7.6, or (iii) the date on which a material breach (in the opinion of the Majority Series B Preferred Holder(s)) of Section 1.1 (*Information Right and Inspection Right*), Section 1.2(a) (*Board of Directors*), Section 3 (*Right of Participation*), Section 4 (*Transfer Restrictions*) or Section 7 (*Protective Provisions*) of the Shareholders Agreement or Section 4.02(f) (*Undertaking in relation to ICP License*), Section 4.02(g) (*Use of Proceeds*) and Section 4.02(h)(ii) of the Subscription Agreement dated July 9, 2014 and entered into between the Company, the Founders, 5Y Capital and IFC in relation to the subscription of Series B Preferred Shares, and, in each case, such failure is incapable of remedy (in the opinion of the Majority Series B Preferred Holder(s)) or, where such failure is capable of remedy (in the opinion of the Majority Series B Preferred Holder(s)), it has not been remedied within seven (7) days following notice of such failure from the Majority Series B Preferred Holder(s);

“**Series B Preferred Amount**” has the meaning set forth in Clause 7.3(f);

“**Series B Preferred Shares**” means collectively the Series B-1 Preferred Shares, the Series B-2 Preferred Shares and the Series B-3 Preferred Shares (with each of such Series B Preferred Shares being referred to as a “**Series B Preferred Share**”);

“**Series B-1 Preferred Shares**” means the series B-1 preferred shares in the capital of the Company carrying the preferred rights and privileges as set out in the Memorandum and the Articles (with each of such Series B-1 Preferred Shares being referred to as a “**Series B-1 Preferred Share**”);

“**Series B-2 Preferred Shares**” means the series B-2 preferred shares in the capital of the Company carrying the preferred rights and privileges as set out in the Memorandum and the Articles (with each of such Series B-2 Preferred Shares being referred to as a “**Series B-2 Preferred Share**”);

“**Series B-3 Preferred Shares**” means the series B-3 preferred shares in the capital of the Company carrying the preferred rights and privileges as set out in the Memorandum and the Articles (with each of such Series B-3 Preferred Shares being referred to as a “**Series B-3 Preferred Share**”);

“**Series C Conversion Price**” means the price at which Ordinary Shares shall be issuable upon conversion of the Series C Preferred Shares;

“**Series C Director**” has the meaning set forth in Regulation 8.1(a)(iii);

“**Series C Issue Price**” means the Series C-1 Issue Price, the Series C-2 Issue Price or the Series C-3 Issue Price (as applicable);

“**Series C-1 Issue Price**” means US\$1.8199 per Series C-1 Preferred Share, as appropriately adjusted for any share dividend, share sub-division, combination of shares, reorganization, recapitalization, reclassification or other similar event affecting the Series C-1 Preferred Shares;

“**Series C-2 Issue Price**” means US\$2.2749 per Series C-2 Preferred Share, as appropriately adjusted for any share dividend, share sub-division, combination of shares, reorganization, recapitalization, reclassification or other similar event affecting the Series C-2 Preferred Shares;

“**Series C-3 Issue Price**” means US\$2.6532 per Series C-3 Preferred Share, as appropriately adjusted for any share dividend, share sub-division, combination of shares, reorganization, recapitalization, reclassification or other similar event affecting the Series C-3 Preferred Shares;

“**Series C-1/C-2 Original Issue Date**” means, with respect to each Series C-2 Preferred Share or Series C-1 Preferred Share, the date of the first sale and issuance of such Series C-2 Preferred Share or Series C-1 Preferred Share, as applicable;

“**Series C-3 Original Issue Date**” means, with respect to each Series C-3 Preferred Share, the date of the first sale and issuance of such Series C-3 Preferred Share;

“**Series C-1/C-2 Preferred Amount**” has the meaning set forth in Clause 7.3(e);

“**Series C-3 Preferred Amount**” has the meaning set forth in Clause 7.3(d);

“**Series C Preferred Shares**” means collectively the Series C-1 Preferred Shares, the Series C-2 Preferred Shares and the Series C-3 Preferred Shares (with each of such Series C Preferred Shares being referred to as a “**Series C Preferred Share**”);

“**Series C-1 Preferred Shares**” means the series C-1 Preferred shares in the capital of the Company carrying the preferred rights and privileges as set out in the Memorandum and the Articles (with each of such Series C-1 Preferred Shares being referred to as a “**Series C-1 Preferred Share**”);

“**Series C-2 Preferred Shares**” means the series C-2 Preferred shares in the capital of the Company carrying the preferred rights and privileges as set out in the Memorandum and the Articles (with each of such Series C-2 Preferred Shares being referred to as a “**Series C-2 Preferred Share**”);

“**Series C-3 Preferred Shares**” means the series C-3 Preferred shares in the capital of the Company carrying the preferred rights and privileges as set out in the Memorandum and the Articles (with each of such Series C-3 Preferred Shares being referred to as a “**Series C-3 Preferred Share**”);

“**Series C-1/C-2 Redemption Price**” means, in the case of the Series C-1 Preferred Share, the redemption price per Series C-1 Preferred Share calculated in accordance with the mathematical formula set forth in Clause 7.6(a)(v), in the case of the Series C-2 Preferred Share, the redemption price per Series C-2 Preferred Share calculated in accordance with the mathematical formula set forth in Clause 7.6(a)(v), as applicable;

“**Series C-3 Redemption Price**” means the redemption price per Series C-3 Preferred Share calculated in accordance with the mathematical formula set forth in Clause 7.6(a)(iv);

“**Series C-1/C-2 Redemption Start Date**” means (i) December 31, 2022 (if the Company fails to consummate a Qualified Public Offering before such date), (ii) the date on which another series of Preferred Shares is requested to be redeemed pursuant to Clause 7.6, or (iii) the date on which a material breach (in the opinion of the Supermajority Series C-1/C-2 Preferred Holder(s)) of Section 1.1 (*Information Right and Inspection Right*), Section 1.2(a) (*Board of Directors*), Section 3 (*Right of Participation*), Section 4 (*Transfer Restrictions*) or Section 7 (*Protective Provisions*) of the Shareholders Agreement or Section 4.2 (*Warranties*), Section 6.1 (*Use of Proceeds*), Section 6.16 (*Change registration of Value-added Telecommunications Service Operating Permit*), Section 6.8.1 (*Compliance with Law*) or 6.10.1 (*Non-Competition*) of the Series C Preferred Share Purchase Agreement entered into among the Company, the Founders, 5Y Capital, IFC, Jing Dong, Tiantu, Greenwoods and other parties named therein dated August 10, 2015, and, in each case, such failure is incapable of remedy (in the opinion of the Supermajority Series C Preferred Holder(s)) or, where such failure is capable of remedy (in the opinion of the Supermajority Series C-1/C-2 Preferred Holder(s)), it has not been remedied within seven (7) days following notice of such failure from the Supermajority Series C-1/C-2 Preferred Holder(s);

“**Series C-3 Redemption Start Date**” means (i) December 31, 2022 (if the Company fails to consummate a Qualified Public Offering before such date), (ii) the date on which another series of Preferred Shares is requested to be redeemed pursuant to Clause 7.6, or (iii) the date on which a material breach (in the opinion of the Supermajority Series C-3 Preferred Holder(s)) of Section 1.1 (*Information Right and Inspection Right*), Section 1.2(a) (*Board of Directors*), Section 3 (*Right of Participation*), Section 4 (*Transfer Restrictions*) or Section 7 (*Protective Provisions*) of the Shareholders Agreement; or (ii) either (x) Section 4.2 (*Warranties*), Section 6.1 (*Use of Proceeds*), Section 6.7.1 (*Compliance with Law*), Section 6.10.1 (*Non-Competition*) of the Series C-3 Preferred Share Purchase Agreement entered into among the Company, the Founders, the Founder Holding Companies, Cathay and other parties named therein on or November 11, 2016, (y) Section 4.2 (*Warranties*), Section 6.1 (*Use of Proceeds*), Section 6.8.1 (*Compliance with Law*), Section 6.9.1 (*Non-Competition*) of the Follow-On Series C-3 Preferred Share Purchase Agreement dated as of June 26, 2018 by and among the Company, the HK Subsidiary, the WFOE, the WFOE Subsidiary, the Domestic Enterprise, the Founders, the Founder Holding Companies, Cathay and certain other parties named therein, or (z) Section 4 (*Representations and Warranties of the Warrantors*), Section 6.1 (*Use of Proceeds from the Sale of Purchased Shares*), Section 6.5 (*Compliance*), Section 6.8(a) (*Non-Competition*) of the Series F Preferred Share Purchase Agreement (in the case of Jing Dong, Tiger, Tiger Pacific Master Fund LP, Yiheng Capital Partners, L.P., Being Capital, Pluto Connection and Design Time) and, in each case, such failure is incapable of remedy (in the opinion of the Supermajority Series C-3 Preferred Holder(s)) or, where such failure is capable of remedy (in the opinion of the Supermajority Series C-3 Preferred Holder(s)), it has not been remedied within seven (7) days following notice of such failure from the Supermajority Series C-3 Preferred Holder(s);

“**Series D Conversion Price**” means the price at which Ordinary Shares shall be issuable upon conversion of the Series D Preferred Shares;

“**Series D Director**” has the meaning set forth in Regulation 8.1(a)(iv);

“**Series D Issue Price**” means collectively the Series D-1 Issue Price and the Series D-2 Issue Price (as applicable);

“**Series D-1 Issue Price**” means US\$10.8319 per Series D-1 Preferred Share, as appropriately adjusted for any share dividend, share sub-division, combination of shares, reorganization, recapitalization, reclassification or other similar event affecting the Series D-1 Preferred Shares;

“**Series D-2 Issue Price**” means US\$12.7439 per Series D-2 Preferred Share, as appropriately adjusted for any share dividend, share sub-division, combination of shares, reorganization, recapitalization, reclassification or other similar event affecting the Series D-2 Preferred Shares;

“**Series D Original Issue Date**” means, with respect to each Series D Preferred Share, the date of the first sale and issuance of such Series D Preferred Share;

“**Series D Preferred Amount**” has the meaning set forth in Clause 7.3(c);

“**Series D Preferred Shares**” means collectively the Series D-1 Preferred Shares and the Series D-2 Preferred Shares (with each of such Series D Preferred Shares being referred to as a “**Series D Preferred Share**”);

“**Series D-1 Preferred Shares**” means the series D-1 preferred shares in the capital of the Company carrying the preferred rights and privileges as set out in the Memorandum and the Articles (with each of such Series D-1 Preferred Shares being referred to as a “**Series D-1 Preferred Share**”);

“**Series D-2 Preferred Shares**” means the series D-2 preferred shares in the capital of the Company carrying the preferred rights and privileges as set out in the Memorandum and the Articles (with each of such Series D-2 Preferred Shares being referred to as a “**Series D-2 Preferred Share**”);

“**Series D Redemption Price**” means the redemption price per Series D Preferred Share calculated in accordance with the mathematical formula set forth in Clause 7.6(a)(iii);

“**Series D Redemption Start Date**” means (i) July 5, 2023 (if the Company fails to consummate a Qualified Public Offering before such date), (ii) the date on which another series of Preferred Shares is requested to be redeemed pursuant to Clause 7.6, or (iii) the date on which a material breach (in the opinion of the Supermajority Series D Preferred Holder(s)) of Section 1.1 (*Information Right and Inspection Right*), Section 1.2(a) (*Board of Directors*), Section 3 (*Right of Participation*), Section 4 (*Transfer Restrictions*) or Section 7 (*Protective Provisions*) of the Shareholders Agreement; or (ii) Section 4.2 (*Warranties*), Section 6.1 (*Use of Proceeds*), Section 6.8.1 (*Compliance with Law*), Section 6.10.1 (*Non-Competition*) of the Series D Preferred Share Purchase Agreement dated July 5, 2018 and entered into among the Company, the Founders, Tiger, Jing Dong and other parties named therein, and, in each case, such failure is incapable of remedy (in the opinion of the Supermajority Series D Preferred Holder(s)) or, where such failure is capable of remedy (in the opinion of the Supermajority Series D Preferred Holder(s)), it has not been remedied within seven (7) days following notice of such failure from the Supermajority Series D Preferred Holder(s);

“**Series E Conversion Price**” means the price at which Ordinary Shares shall be issuable upon conversion of the Series E Preferred Shares;

“**Series E Issue Price**” means US\$17.8441 per Series E Preferred Share, as appropriately adjusted for any share dividend, share sub-division, combination of shares, reorganization, recapitalization, reclassification or other similar event affecting the Series E Preferred Shares;

“**Series E Original Issue Date**” means, with respect to each Series E Preferred Share, the date of the first sale and issuance of such Series E Preferred Share;

“**Series E Preferred Amount**” has the meaning set forth in Clause 7.3(b);

“**Series E Preferred Shares**” means the series E preferred shares in the capital of the Company carrying the preferred rights and privileges as set out in the Memorandum and the Articles (with each of such Series E Preferred Shares being referred to as a “**Series E Preferred Share**”);

“**Series E Redemption Price**” means the redemption price per Series E Preferred Share calculated in accordance with the mathematical formula set forth in Clause 7.6(a)(ii);

“**Series E Redemption Start Date**” means (i) December 31, 2022 (if the Company fails to consummate a Qualified Public Offering before such date), (ii) the date on which another series of Preferred Shares is redeemable, or (iii) the date on which a material breach (in the opinion of the Supermajority Series E Preferred Holder(s)) of Section 1.1 (*Information Right and Inspection Right*), Section 1.2(a) (*Board of Directors*), Section 3 (*Right of Participation*), Section 4 (*Transfer Restrictions*) or Section 7 (*Protective Provisions*) of the Shareholders Agreement or Section 4 (*Representations and Warranties of the Warrantors*), Section 6.1(a) (*Use of Proceeds from the Sale of Purchased Shares*), Section 6.1(f) (*Compliance*), Section 6.1(i)(i) (*Non-Compete*) of the Series E Preferred Share Purchase Agreement dated June 3, 2019 and entered into among the Company, the HK Subsidiary, the WFOE, the WFOE Subsidiary, the HK Co, the Domestic Enterprise, the Domestic Subsidiaries, the Founders, the Founder Holding Companies, Jing Dong and certain other parties thereto (in case of Jing Dong) or Section 4 (*Representations and Warranties of the Warrantors*), Section 6.1 (*Use of Proceeds from the Sale of Purchased Shares*), Section 6.6 (*Compliance*), Section 6.9(a) (*Non-Competition*) of the Series E Preferred Share Purchase Agreement dated June 3, 2019 and entered into among the Company, the HK Subsidiary, the WFOE, the WFOE Subsidiary, the HK Co, the Domestic Enterprise, the Domestic Subsidiaries, the Founders, the Founder Holding Companies, Morningside China TMT Fund II, L.P., Fresh Capital Fund I, L.P., Tiger, Generation Mu HK Investment Limited, Tiantu China Consumer Fund II L.P. and certain other parties thereto (in the case of Morningside China TMT Fund II, L.P., Fresh Capital Fund I, L.P., Tiger, Generation Mu HK Investment Limited, Tiantu China Consumer Fund II L.P.), or Section 4 (*Representations and Warranties of the Warrantors*), Section 6.1 (*Use of Proceeds from the Sale of Purchased Shares*), Section 6.6 (*Compliance*), Section 6.8(a) (*Non-Competition*) of the Follow-On Series E Preferred Share Purchase Agreement (in the case of Jing Dong, GTJA, Tianjin Huihe Haihe Intelligent Logistics Industry Fund Partnership (Limited Partnership) (天津汇禾海河智能物流产业基金合伙企业 (有限合伙)), Ningbo Qingyu Investment Management Co., Ltd. (宁波清宇投资管理有限公司), Refresher Limited, Zibo Minsheng Ouming Equity Investment Partnership (Limited Partnership) (淄博民生欧明股权投资合伙企业 (有限合伙))) and, in each case, such failure is incapable of remedy (in the opinion of the Supermajority Series E Preferred Holder(s)) or, where such failure is capable of remedy (in the opinion of the Supermajority Series E Preferred Holder(s)), it has not been remedied within seven (7) days following notice of such failure from the Supermajority Series E Preferred Holder(s);

“**Series F Conversion Price**” means the price at which Ordinary Shares shall be issuable upon conversion of the Series F Preferred Shares;

“**Series F Issue Price**” means US\$19.43 per Series F Preferred Share, as appropriately adjusted for any share dividend, share sub-division, combination of shares, reorganization, recapitalization, reclassification or other similar event affecting the Series F Preferred Shares;

“**Series F Preferred Amount**” has the meaning set forth in Clause 7.3(a);

“**Series F Original Issue Date**” means, with respect to each Series F Preferred Share, the date of the first sale and issuance of such Series F Preferred Share;

“**Series F Preferred Shares**” means the series F preferred shares in the capital of the Company carrying the preferred rights and privileges as set out in the Memorandum and the Articles (with each of such Series F Preferred Shares being referred to as a “**Series F Preferred Share**”);

“**Series F Preferred Share Purchase Agreement**” means the Share Purchase Agreement dated April 16, 2021 and entered into among the Company, the HK Subsidiary, the WFOE, the WFOE Subsidiary, the HK Co, the Domestic Enterprise, the Domestic Subsidiaries, the Founders, the Founder Holding Companies, Being Capital, Jing Dong, Tiger, Tiger Pacific Master Fund LP, YIHENG CAPITAL PARTNERS, L.P., Pluto Connection, Design Time;

“**Series F Redemption Price**” means the redemption price per Series F Preferred Share calculated in accordance with the mathematical formula set forth in Clause 7.6(a)(i);

“**Series F Redemption Start Date**” means (i) December 31, 2022 (if the Company fails to consummate a Qualified Public Offering before such date), (ii) the date on which another series of Preferred Shares is requested to be redeemed pursuant to Clause 7.6, or (iii) the date on which a material breach (in the opinion of the Majority Series F Preferred Holder(s)) of Section 1.1 (*Information Right and Inspection Right*), Section 1.2(a) (*Board of Directors*), Section 3 (*Right of Participation*), Section 4 (*Transfer Restrictions*) or Section 7 (*Protective Provisions*) of the Shareholders Agreement; or (ii) Section 4 (*Representations and Warranties of the Warrantors*), Section 6.1 (*Use of Proceeds from the Sale of Purchased Shares*), Section 6.5 (*Compliance*), Section 6.8(a) (*Non-Competition*) of the Series F Preferred Share Purchase Agreement and the Cosmic Blue Share Purchase Agreement, in each case, such failure is incapable of remedy (in the opinion of the Majority Series F Preferred Holder(s)) or, where such failure is capable of remedy (in the opinion of the Majority Series F Preferred Holder(s)), it has not been remedied within seven (7) days following notice of such failure from the Majority Series F Preferred Holder(s);

“**Shareholders**” means the holders of any Share (with each of such Shareholders being referred to as a “**Shareholder**”);

“**Shareholders Agreement**” means the Eighth Amended and Restated Shareholders Agreement dated April 16, 2021 and entered into among the Company, the HK Subsidiary, the HK Co, the WFOE, the WFOE Subsidiary, the Domestic Enterprise, the Domestic Subsidiaries, the Founders, the Founder Holding Companies, and certain other parties named therein and as further amended, supplemented, restated or replaced from time to time (including the Joinder and Amendment to the Eighth Amended and Restated Shareholders Agreement dated May 25, 2021 made by the Company and Cosmic Blue).

“**Shares**” means, collectively, the Ordinary Shares, the Series A Preferred Shares, the Series B Preferred Shares, the Series C Preferred Shares, the Series D Preferred Shares, the Series E Preferred Shares, the Series F Preferred Shares and any other shares issued by the Company from time to time (with each of such Shares being referred to as a “**Share**”);

“**Special Resolution**” means, subject to the quorum requirement set forth in Regulation 7.8, a Members’ resolution expressed to be a special resolution (i) passed by a majority of not less than two-thirds (2/3) of votes cast by such Members as, being entitled to do so, vote in person or, in the case of any Member being a corporation, by its duly authorized representative or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given; or (ii) approved in writing by all of the Members entitled to receive notice of and to attend and vote at a general meeting of the Company in one or more instruments each signed by one or more of the Members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments, if more than one, is executed. Unless a poll is demanded by at least one Member, a declaration of the chairman of the meeting that the resolution has been carried shall be conclusive evidence of the fact, without proof of the number or proportion of votes recorded in favour of or against the same. In computing the majority when a poll is demanded regard shall be had to the number of votes to which each Member is entitled by the Articles;

“**Subsidiary**” means, with respect to any given Person, any Person of which the given Person, directly or indirectly, Controls, including but not limited through the ownership of more than fifty percent (50%) of the issued and outstanding authorized capital, share capital, voting interests or registered capital, for the avoidance of doubt, the branch of any Group Company shall not be regarded as a Subsidiary of such Group Company;

“**Supermajority Directors**” means the Directors holding more than two-thirds (2/3) of the voting rights among all the voting rights entitled to the directors of the Board;

“**Supermajority Preferred Holders**” means, subject to Regulation 7A.2 of the Articles and other restrictions otherwise agreed by the Shareholders, the holder(s) holding more than two-thirds (2/3) of the issued Preferred Shares, which must include the Supermajority Series E Preferred Holder(s);

“**Supermajority Series A Preferred Holder(s)**” means, subject to Regulation 7A.2 of the Articles and other restrictions otherwise agreed by the Shareholders, the holder(s) holding more than two-thirds (2/3) of the issued Series A Preferred Shares;

“**Supermajority Series B Preferred Holder(s)**” means, subject to Regulation 7A.2 of the Articles and other restrictions otherwise agreed by the Shareholders, the holder(s) holding more than two-thirds (2/3) of the issued Series B Preferred Shares;

“**Supermajority Series C Preferred Holder(s)**” means, subject to Regulation 7A.2 of the Articles and other restrictions otherwise agreed by the Shareholders, the Supermajority Series C-1/C-2 Preferred Holder(s) and the Supermajority Series C-3 Preferred Holder(s);

“**Supermajority Series C-1/C-2 Preferred Holder(s)**” means, subject to Regulation 7A.2 of the Articles and other restrictions otherwise agreed by the Shareholders, the holder(s) holding more than two-thirds (2/3) of the issued Series C-1 Preferred Shares and Series C-2 Preferred Shares;

“**Supermajority Series C-3 Preferred Holder(s)**” means, subject to Regulation 7A.2 of the Articles and other restrictions otherwise agreed by the Shareholders, the holder(s) holding more than two-thirds (2/3) of the issued Series C-3 Preferred Shares;

“**Supermajority Series D Preferred Holder(s)**” means, subject to Regulation 7A.2 of the Articles and other restrictions otherwise agreed by the Shareholders, the holder(s) holding more than two-thirds (2/3) of the issued Series D Preferred Shares;

“**Supermajority Series E Preferred Holder(s)**” means, subject to Regulation 7A.2 of the Articles and other restrictions otherwise agreed by the Shareholders, the holder(s) holding more than two-thirds (2/3) of the issued Series E Preferred Shares;

“**Supermajority Series F Preferred Holder(s)**” means, subject to Regulation 7A.2 of the Articles and other restrictions otherwise agreed by the Shareholders, the holder(s) holding more than two-thirds (2/3) of the issued Series F Preferred Shares;

“**Tiantu**” means Tiantu China Consumer Fund I, L.P., a Cayman Islands exempted limited partnership, Tiantu China Consumer Fund II, L.P., a Cayman Islands exempted limited partnership and Shenzhen Tiantu Xingli Investment Enterprise (Limited Partnership), a PRC limited partnership;

“**Tiger**” means INTERNET FUND IV PTE. LTD., a company duly incorporated and validly existing under the Laws of Singapore;

“**Trade Sale**” means (i) a sale, conveyance, lease, transfer or other disposition of all or substantially all of the assets of the Group Companies taken as a whole, (ii) a transfer or an exclusive licensing of all or substantially all of the intellectual property of the Group Companies taken as a whole, (iii) a sale, transfer or other disposition of a majority of the issued and outstanding share capital of the Company or a majority of the voting power of the Company; or (iv) a merger, consolidation, amalgamation or other business combination of the Company with or into any other business entity in which the Shareholders of the Company, immediately after such merger, amalgamation, consolidation or business combination, hold shares representing less than a majority of the voting power of the outstanding share capital of the surviving business entity;

“**Transfer Notice**” has the meaning set forth in Regulation 6B.1;

“**Treasury Share**” means a Share that was previously issued but was repurchased, redeemed or otherwise acquired by the Company and not cancelled;

“**written**” or any term of like import includes information generated, sent, received or stored by electronic, electrical, digital, magnetic, optical, electromagnetic, biometric or photonic means, including electronic data interchange, electronic mail, telegram, telex or telecopy, and “**in writing**” shall be construed accordingly;

“**WFOE**” means Shanghai Aihui Trading Co., Ltd (上海艾慧商贸有限公司), a wholly foreign-owned enterprise established by HK Subsidiary in the PRC;

“**WFOE Subsidiary**” means Shanghai Yueou Information Technology Co., Ltd (上海悦欧信息技术有限公司), a wholly owned subsidiary established by WFOE in the PRC.

1.2. In the Memorandum and the Articles, unless the context otherwise requires a reference to:

- (a) a “**Regulation**” is a reference to a Regulation of the Articles;
- (b) a “**Clause**” is a reference to a Clause of the Memorandum;
- (c) voting by Shareholders is a reference to the casting of the votes attached to the Shares held by the Shareholder voting;
- (d) the singular includes the plural and *vice versa*.

1.3. Headings are inserted for convenience only and shall be disregarded in interpreting the Memorandum and the Articles.

## 2. **NAME**

The name of the Company is AiHuiShou International Co. Ltd.

## 3. **STATUS**

The Company is a company limited by Shares. The liability of each Member is limited to the amount from time to time unpaid on such Member’s Shares.

## 4. **REGISTERED OFFICE**

- 4.1. The registered office of the Company is at the offices of Maples Corporate Services Limited (“MCS”) at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands or at such other place as the Directors may from time to time decide.
- 4.2. Subject to the provisions in this Memorandum and Articles, the Company may by Resolution of Directors change the location of its registered office.

## 5. **CAPACITY AND POWERS**

5.1. Subject to the Companies Act and any other Cayman Islands legislation, the Company has, irrespective of corporate benefit:

- (a) full capacity to carry on or undertake any business or activity, do any act or enter into any transaction; and
- (b) for the purposes of paragraph (a), full rights, powers and privileges.



**6. NUMBER AND CLASSES OF SHARES**

- 6.1. Shares in the Company shall be issued in the currency of the United States of America.
- 6.2. The authorized capital of the Company is US\$300,000 divided into 300,000,000 shares of par value of US\$0.001 which is comprised of (i) 182,665,628 Ordinary Shares each with a par value of US\$0.001; (ii) 9,497,040 Series A Preferred Shares each with a par value of US\$0.001; (iii) 7,586,836 Series B Preferred Shares each with a par value of US\$0.001, including (a) 1,758,711 Series B-1 Preferred Shares, (b) 2,879,784 Series B-2 Preferred Shares and (c) 2,948,341 Series B-3 Preferred Shares; (iv) 44,226,287 Series C Preferred Shares each with a par value of US\$0.001, including (a) 2,747,350 Series C-1 Preferred Shares, (b) 17,099,501 Series C-2 Preferred Shares and (c) 24,379,436 Series C-3 Preferred Shares; (v) 10,068,160 Series D Preferred Shares each with a par value of US\$0.001, including (a) 2,115,755 Series D-1 Preferred Shares and (b) 7,952,405 Series D-2 Preferred Shares; (vi) 36,178,666 Series E Preferred Shares each with a par value of US\$0.001; (vii) 9,777,383 Series F Preferred Shares each with a par value of US\$0.001, each with power for the Company insofar as is permitted by Companies Act.
- 6.3. The Company may not issue fractional Shares which have the corresponding fractional rights, obligations and liabilities of a whole Share of the same class or series of Shares.
- 6.4. Shares may be issued in one or more series of Shares as the Directors may by Resolution of Directors determine from time to time.

**7. RIGHTS OF SHARES**

**7.1. Attendance at General Meetings and Voting Rights.**

- (a) Each Preferred Share confers the right to receive notice of, attend and vote at any general meeting of Members.
- (b) Subject to the Memorandum and Articles: (i) on a show of hands, each holder of Shares present in person or by proxy or (being a corporation) by a representative shall have one vote; and (ii) on a poll, each holder of Shares present in person or by proxy or (being a corporation) by a representative shall have one vote for each Ordinary Share (in the case of Preferred Shares, calculated on a fully diluted and as-converted basis) held or represented.
- (c) The holders of Preferred Shares and Ordinary Shares shall vote together and not as separate classes, except as otherwise specified herein or in the Articles or in the Companies Act or agreed upon by the Members.
- (d) Notwithstanding other provisions herein or in the Articles, any matter that may prejudice the rights associated with, as the case may be, the Series A Preferred Shares, the Series B Preferred Shares, the Series C Preferred Shares, the Series D Preferred Shares, the Series E Preferred Shares or the Series F Preferred Shares shall have to be determined by the holders of the Series A Preferred Shares or the Series B Preferred Shares or the Series C Preferred Shares or the Series D Preferred Shares, the Series E Preferred Shares, or the Series F Preferred Shares respectively at a separate class meeting as provided in Clauses 8 and 9.

- (e) Any matter requiring the approval, determination or consent of the holders of Series A Preferred Shares or the holders of Series B Preferred Shares or the holders of Series C Preferred Shares or the holders of Series D Preferred Shares or the holders of Series E Preferred Shares or the holders of Series F Preferred Shares respectively under the Articles shall, unless otherwise specified herein or in the Articles, be determined by the holders of Series A Preferred Shares or the holders of Series B Preferred Shares or the holders of Series C Preferred Shares or the holders of Series D Preferred Shares or the holders of Series E Preferred Shares or the holders of Series F Preferred Shares respectively, in each case, then in issue, either at a duly convened class meeting or at the general meeting of the Company, or by consent in writing or otherwise.

7.2. Dividends.

- (a) Subject to the Companies Act and the Memorandum and the Articles (including this Clause 7.2), the Directors may from time to time declare dividends (including interim dividends) and distributions on outstanding Shares of the Company and authorize payment of the same out of the funds of the Company lawfully available therefor and in accordance with the provisions of this Clause 7.2. No dividends or other distributions shall be made or declared, whether in cash or in kind, or in any other Shares of the Company, with respect to any other class or series of Shares of the Company, unless and until dividends have been paid in full on the Preferred Shares (on an as-converted basis) as provided in this Clause 7.2.
- (b) A holder of Series F Preferred Shares shall be entitled to receive from the Company, out of funds legally available therefor, cumulative dividends per Series F Preferred Share held by such holder accrued at the rate of eight percent (8%) of the Series F Issue Price, as the case may be, per annum, prior and in preference to holders of all other current or future classes or series of Shares of the Company, including the Series E Preferred Shares, the Series D Preferred Shares, the Series C-3 Preferred Shares, the Series C-2 Preferred Shares, the Series C-1 Preferred Shares, the Series B Preferred Shares, the Series A Preferred Shares and the Ordinary Shares.
- (c) After full payment to the holders of Series F Preferred Shares as provided under Clause 7.2(b) above, a holder of Series E Preferred Shares shall be entitled to receive from the Company, out of funds legally available therefor, cumulative dividends per Series E Preferred Share held by such holder accrued at the rate of eight percent (8%) of the Series E Issue Price, as the case may be, per annum, prior and in preference to holders of all other current or future classes or series of Shares of the Company other than the Series F Preferred Shares, including the Series D Preferred Shares, the Series C-3 Preferred Shares, the Series C-2 Preferred Shares, the Series C-1 Preferred Shares, the Series B Preferred Shares, the Series A Preferred Shares and the Ordinary Shares.
- (d) After full payment to the holders of Series F Preferred Shares and the holders of Series E Preferred Shares as provided under Clauses 7.2(b) and 7.2(c) above, a holder of Series D Preferred Shares shall be entitled to receive from the Company, out of funds legally available therefor, cumulative dividends per Series D Preferred Share held by such holder accrued at the rate of eight percent (8%) of the Series D Issue Price, as the case may be, per annum, prior and in preference to holders of all other current or future classes or series of Shares of the Company other than the Series F Preferred Shares and the Series E Preferred Shares, including the Series C-3 Preferred Shares, the Series C-2 Preferred Shares, the Series C-1 Preferred Shares, the Series B Preferred Shares, the Series A Preferred Shares and the Ordinary Shares.

- (e) After full payment to the holders of Series F Preferred Shares, the holders of Series E Preferred Shares and the holders of Series D Preferred Shares as provided under Clauses 7.2(b) to 7.2(d) above, a holder of Series C-3 Preferred Shares shall be entitled to receive from the Company, out of funds legally available therefor, cumulative dividends per Series C-3 Preferred Share held by such holder accrued at the rate of eight percent (8%) of the Series C-3 Issue Price, as the case may be, per annum, prior and in preference to holders of all other current or future classes or series of Shares of the Company other than the Series F Preferred Shares, the Series E Preferred Shares and the Series D Preferred Shares, including the Series C-2 Preferred Shares, the Series C-1 Preferred Shares, the Series B Preferred Shares, the Series A Preferred Shares and the Ordinary Shares.
- (f) After full payment to the holders of Series F Preferred Shares, the holders of Series E Preferred Shares, the holders of Series D Preferred Shares and the holders of Series C-3 Preferred Shares as provided under Clauses 7.2(b) to 7.2(e) above, a holder of Series C-2 Preferred Shares or Series C-1 Preferred Shares shall be entitled to receive from the Company, out of funds legally available therefor, cumulative dividends per Series C-2 Preferred Share or Series C-1 Preferred Share held by such holder accrued at the rate of eight percent (8%) of the Series C-2 Issue Price or Series C-1 Issue Price, as the case may be, per annum, prior and in preference to holders of all other current or future classes or series of Shares of the Company other than the Series F Preferred Shares, the Series E Preferred Shares, the Series D Preferred Shares and the Series C-3 Preferred Shares, including the Series B Preferred Shares, the Series A Preferred Shares and the Ordinary Shares.
- (g) After full payment to the holders of Series F Preferred Shares, the holders of Series E Preferred Shares, the holders of Series D Preferred Shares and the holders of Series C Preferred Shares as provided under Clauses 7.2(b) to 7.2(f), a holder of Series B Preferred Shares shall be entitled to receive from the Company, out of funds legally available therefor, cumulative dividends per Series B Preferred Share held by such holder accrued at the rate of eight percent (8%) of the Series B Issue Price, as the case may be, per annum, prior and in preference to holders of all other current or future classes or series of Shares of the Company other than the Series F Preferred Shares, the Series E Preferred Shares, the Series D Preferred Shares and the Series C Preferred Shares, including the Series A Preferred Shares and the Ordinary Shares.
- (h) After full payment to the holders of Series F Preferred Shares, the holders of Series E Preferred Shares, the holders of Series D Preferred Shares, the holders of Series C Preferred Shares and the holders of Series B Preferred Shares as provided under Clauses 7.2(b) to 7.2(g) above, a holder of Series A Preferred Shares shall be entitled to receive from the Company, out of funds legally available therefor, non-cumulative dividends per Series A Preferred Share held by such holder accrued at the rate of eight percent (8%) of the Series A Issue Price, as the case may be, per annum, prior and in preference to holders of all other current or future classes or series of Shares of the Company other than other than the Series F Preferred Shares, the Series E Preferred Shares, the Series D Preferred Shares, the Series C Preferred Shares and the Series B Preferred Shares, including the Ordinary Shares.
- (i) Except as otherwise provided by the Memorandum and the Articles or the rights attached to Shares, all dividends must be declared and paid according to the amounts paid up on the Shares on which the dividend is paid; and apportioned and paid proportionately to the amounts paid up on the Shares during any portion or portions of the period in respect of which the dividend is paid.

- (j) In the event the Company shall declare a dividend or distribution other than in cash, a holder of Preferred Shares shall be entitled to a proportionate share of any such distribution as though the holder of Preferred Shares was holder of the number of Ordinary Shares into which its Preferred Shares are convertible under the Articles as of the record date fixed for the determination of the holders of Ordinary Shares entitled to receive such distribution.

The Directors may, before recommending or declaring any dividend, set aside out of the funds legally available for distribution such sums as they think proper as a reserve or reserves which shall, in the absolute discretion of the Directors be applicable for meeting contingencies, or for equalising dividends or for any other purpose to which those funds may be properly applied and pending such application may in the absolute discretion of the Directors, either be employed in the business of the Company or be invested in such investments as the Directors may from time to time think fit.

Subject to the special rights of certain class or classes or series of Shares as to dividends or distributions, if dividends or distributions are to be declared on a class or series of Shares they shall be declared and paid according to the amounts paid or credited as paid on the Shares of such class or series outstanding on the record date for such dividend or distribution as determined in accordance with the Articles but no amount paid or credited as paid on a Share in advance of calls shall be treated for the purpose of this Clause as paid on the Share.

The Directors may deduct from any dividend or distribution payable to any Member all sums of money (if any) presently payable by it to the Company.

The Directors may declare that any dividend or distribution be paid wholly or partly by the distribution of specific assets and in particular of paid up Shares, debentures, or debenture stock of any other company or in any one or more of such ways and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members on the basis of the value so fixed in order to adjust the rights of all Members and may vest any such specific assets in trustees as may seem expedient to the Directors.

Any dividend, distribution, interest or other monies payable in cash in respect of Shares may be paid by wire transfer to the holder or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the holder who is first named on the Register of Members or to such person and to such address as such holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any dividends, bonuses, or other monies payable in respect of the Share held by them as joint holders.

No dividend shall bear interest as against the Company and no dividend shall be paid on Treasury Shares.

- 7.3. Capital. In the event of any liquidation, dissolution or winding up of the Company, either voluntary or involuntary, all assets and funds of the Company legally available for distribution to the Shareholders (after satisfaction of all creditors' claims and claims that may be preferred by law) to the Members of the Company shall be distributed in the following manner (after satisfaction of all creditors' claims and claims that may be preferred by the Companies Act):

- (a) a holder of Series F Preferred Shares shall be entitled to receive for each Series F Preferred Share it holds, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of Series E Preferred Shares, the holders of Series D Preferred Shares, the holders of Series C Preferred Shares, the holders of Series B Preferred Shares, the holders of Series A Preferred Shares and the holders of Ordinary Shares or any other class or series of Shares by reason of their ownership of such Shares, the amount equal to one hundred and fifty percent (150%) of the Series F Issue Price plus all accrued or declared but unpaid dividends on such Series F Preferred Share (collectively, the “**Series F Preferred Amount**”).
- (b) after setting aside or paying in full the Series F Preferred Amount due pursuant to Clause 7.3(a) above, a holder of Series E Preferred Shares shall be entitled to receive for each Series E Preferred Share it holds, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of Series D Preferred Shares, the holders of Series C Preferred Shares, the holders of Series B Preferred Shares, the holders of Series A Preferred Shares and the holders of Ordinary Shares or any other class or series of Shares (other than the Series F Preferred Shares) by reason of their ownership of such Shares, the amount equal to one hundred and fifty percent (150%) of the Series E Issue Price plus all accrued or declared but unpaid dividends on such Series E Preferred Share (collectively, the “**Series E Preferred Amount**”).
- (c) after setting aside or paying in full the Series F Preferred Amount due pursuant to Clause 7.3(a) above and the Series E Preferred Amount due pursuant to Clause 7.3(b) above, a holder of Series D Preferred Shares shall be entitled to receive for each Series D Preferred Share it holds, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of Series C-3 Preferred Shares, the holders of Series C-2 Preferred Shares, the holders of Series C-1 Preferred Shares, the holders of Series B Preferred Shares, the holders of Series A Preferred Shares and the holders of Ordinary Shares or any other class or series of Shares (other than the Series F Preferred Shares and the Series E Preferred Shares) by reason of their ownership of such Shares, the amount equal to one hundred and fifty percent (150%) of the Series D Issue Price, plus all accrued or declared but unpaid dividends on such Series D Preferred Share (collectively, the “**Series D Preferred Amount**”).
- (d) after setting aside or paying in full the Series F Preferred Amount due pursuant to Clause 7.3(a) above, the Series E Preferred Amount due pursuant to Clause 7.3(b) above and the Series D Preferred Amount due pursuant to Clause 7.3(c) above, a holder of Series C-3 Preferred Shares shall be entitled to receive for each Series C-3 Preferred Share it holds, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of Series C-2 Preferred Shares, the holders of Series C-1 Preferred Shares, the holders of Series B Preferred Shares, the holders of Series A Preferred Shares and the holders of Ordinary Shares or any other class or series of Shares (other than the Series F Preferred Shares, the Series E Preferred Shares and the Series D Preferred Shares) by reason of their ownership of such Shares, the amount equal to one hundred and fifty percent (150%) of the Series C-3 Issue Price, plus all accrued or declared but unpaid dividends on such Series C-3 Preferred Share (collectively, the “**Series C-3 Preferred Amount**”).
- (e) after setting aside or paying in full the Series F Preferred Amount due pursuant to Clause 7.3(a) above, the Series E Preferred Amount due pursuant to Clause 7.3(b) above, the Series D Preferred Amount due pursuant to Clause 7.3(c) above and the Series C-3 Preferred Amount due pursuant to Clause 7.3(d) above, a holder of Series C-1 Preferred Shares or Series C-2 Preferred Shares shall be entitled to receive for each Series C-1 Preferred Share or Series C-2 Preferred Shares it holds, as the case may be, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of Series B Preferred Shares, the holders of Series A Preferred Shares and the holders of Ordinary Shares or any other class or series of Shares (other than the Series F Preferred Shares, the Series E Preferred Shares, the Series D Preferred Shares and the Series C-3 Preferred Shares) by reason of their ownership of such Shares, the amount equal to one hundred and fifty percent (150%) of the Series C-1 Issue Price or the Series C-2 Issue Price, as the case may be, plus all accrued or declared but unpaid dividends on such Series C-1 Preferred Share or Series C-2 Preferred Shares, as the case may be (collectively, the “**Series C-1/C-2 Preferred Amount**”).

- (f) after setting aside or paying in full the Series F Preferred Amount due pursuant to Clause 7.3(a) above, the Series E Preferred Amount due pursuant to Clause 7.3(b) above, the Series D Preferred Amount due pursuant to Clause 7.3(c) above, the Series C-3 Preferred Amount due pursuant to Clause 7.3(d) above and the Series C-1/C-2 Preferred Amount due pursuant to Clause 7.3(e) above, a holder of Series B Preferred Shares shall be entitled to receive for each Series B Preferred Share it holds, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of the Series A Preferred Shares and the holders of the Ordinary Shares or any other class or series of Shares (other than the Series F Preferred Shares, the Series E Preferred Shares, the Series D Preferred Shares and the Series C Preferred Shares) by reason of their ownership of such Shares, the amount equal to one hundred and fifty percent (150%) of the Series B Issue Price, as the case may be, plus all accrued or declared but unpaid dividends on such Series B Preferred Share, as the case may be (collectively, the “**Series B Preferred Amount**”).
- (g) after setting aside or paying in full the Series F Preferred Amount due pursuant to Clause 7.3(a) above, the Series E Preferred Amount due pursuant to Clause 7.3(b) above, the Series D Preferred Amount due pursuant to Clause 7.3(c) above, the Series C-3 Preferred Amount due pursuant to Clause 7.3(d) above, the Series C-1/C-2 Preferred Amount due pursuant to Clause 7.3(e) above and the Series B Preferred Amount due pursuant to Clause 7.3(f) above, the holder of Series A Preferred Shares shall be entitled to receive for each Series A Preferred Share it holds, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of Ordinary Shares or any other class or series of Shares (other than the Series F Preferred Shares, the Series E Preferred Shares, the Series D Preferred Shares, the Series C Preferred Shares and the Series B Preferred Shares) by reason of their ownership of such Shares, the amount equal to one hundred and fifty percent (150%) of the Series A Issue Price, plus all accrued or declared but unpaid dividends on such Series A Preferred Share (collectively, the “**Series A Preferred Amount**”).
- (h) after setting aside or paying in full the Series F Preferred Amount due pursuant to Clause 7.3(a) above, the Series E Preferred Amount due pursuant to Clause 7.3(b) above, the Series D Preferred Amount due pursuant to Clause 7.3(c) above, the Series C-3 Preferred Amount due pursuant to Clause 7.3(d) above, the Series C-1/C-2 Preferred Amount due pursuant to Clause 7.3(e) above and the Series B Preferred Amount due pursuant to Clause 7.3(f) above and the Series A Preferred Amount due pursuant to Clause 7.3(g) above, the remaining assets of the Company available for distribution to Members, if any, shall be distributed to the holders of Preferred Shares and holders of Ordinary Shares on a pro rata basis, based on the number of Ordinary Shares then held by each holder on an as-converted basis.
- (i) Unless waived in writing by the Supermajority Preferred Holders, a Trade Sale shall be deemed to be a liquidation, dissolution or winding up within the meaning of this Clause 7.3. In the event of a Trade Sale, the Company shall procure that all the consideration received by the Company or payable to the Shareholders for such Trade Sale shall be distributed in accordance with this Clause 7.3 and (where applicable) shall cause any other Group Company to distribute or transfer such proceeds to the Company as soon as practicable. If any portion of such consideration is payable only upon satisfaction of contingencies (the “**Additional Consideration**”), the portion of such consideration that is not Additional Consideration (such portion, the “**Initial Consideration**”) shall be allocated among Shareholders in accordance with this Clause 7.3 as if the Initial Consideration were the only consideration payable in connection with such Trade Sale; and any Additional Consideration which becomes payable upon satisfaction of such contingencies shall be allocated among the Shareholders in accordance with this Clause 7.3 after taking into account the previous payment of the Initial Consideration as part of the same transaction.

Notwithstanding any other provision of this Clause 7.3, and subject to any other applicable provisions of the Memorandum and the Articles, the Company may at any time, out of funds legally available therefor, repurchase Shares of the Company issued to or held by employees or officers of any Group Company or its subsidiaries upon termination of their employment or services pursuant to any agreement approved by the Directors and providing for such right of repurchase, whether or not dividends on the Preferred Shares shall have been declared and funds set aside therefor and such repurchases shall not be subject to either the Series A Preferred Amount, the Series B Preferred Amount, the Series C-1/C-2 Preferred Amount, the Series C-3 Preferred Amount, the Series D Preferred Amount, the Series E Preferred Amount or the Series F Preferred Amount.

- (j) In the event the Company proposes to distribute assets other than cash in connection with any liquidation, dissolution or winding up of the Company, the value of the assets to be distributed to the holder of Preferred Shares and holders of Ordinary Shares shall be determined in good faith by the Board with the approval of the Supermajority Directors, which must include the affirmative votes of two-thirds (2/3) of the Preferred Directors. Any securities not subject to restrictions on free marketability shall be valued as follows:
- (i) if traded on a securities exchange, the value shall be deemed to be the average of the security's closing prices on such exchange over the thirty (30) day period ending one (1) day prior to the distribution;
  - (ii) if traded over-the-counter, the value shall be deemed to be the average of the closing bid prices over the thirty (30) day period ending three (3) days prior to the distribution; and
  - (iii) if there is no active public market, the value shall be the fair market value thereof as determined in good faith by the Board.

The method of valuation of securities subject to restrictions on free marketability shall be adjusted to make an appropriate discount from the market value determined as above in clauses (i), (ii) or (iii) to reflect the fair market value thereof as determined in good faith by the Board. The Supermajority Preferred Holders shall have the right to challenge any determination by the Directors of fair market value pursuant to this Clause 7.3(j), in which case the determination of fair market value shall be made by an independent appraiser selected jointly by the Directors and the challenging parties, the cost of such appraisal to be borne by the Company.

7.4. Conversion. The Preferred Shares shall afford a holder thereof the following conversion rights:

- (a) Optional Conversion. Unless converted earlier pursuant to Clause 7.4(b) below, each Preferred Share shall be convertible, at the option of the holder thereof, at any time after the initial Series F Original Issue Date into such number of fully paid and nonassessable Ordinary Shares as determined by dividing the applicable Preferred Issue Price of such Preferred Share by the applicable Conversion Price of such Preferred Share, in each case, determined as hereinafter provided, in effect at the time of the conversion. The Conversion Price of each class of Preferred Shares shall initially be equal to the Preferred Issue Price of such class of Preferred Shares per Ordinary Share. The initial Conversion Price shall be subject to adjustment as hereinafter provided.

- (b) Automatic Conversion. Each Preferred Share shall automatically be converted into Ordinary Shares at the then effective Conversion Price of such Preferred Share, respectively, upon the closing of a Qualified Public Offering. In the event of the automatic conversion of the Preferred Shares pursuant to this Clause 7.4(b), the person(s) entitled to receive the Ordinary Shares issuable upon such conversion of Preferred Shares shall not be deemed to have converted such Preferred Shares until immediately prior to the closing of such transaction.
- (c) Mechanics of Conversion. No fractional Ordinary Share shall be issued upon conversion of the Preferred Shares. In lieu of any fractional Ordinary Shares to which the holder would otherwise be entitled, the Company shall pay cash equal to such fraction multiplied by the then applicable effective Conversion Price for such Preferred Shares.
- (i) Mechanics of Optional Conversion. In the event of an optional conversion pursuant to Clause 7.4(a), before any holder of Preferred Shares shall be entitled to convert the same into Ordinary Shares and to receive certificates therefor, the holder shall surrender the certificate or certificates therefor or deliver to the Company such other evidence of ownership as is satisfactory to the Board, duly endorsed, at the office of the Company or of any transfer agent for the Preferred Shares to be converted and shall give written notice to the Company at such office that the holder elects to convert the same. The Company shall promptly issue and deliver at such office to such holder of Preferred Shares a certificate or certificates for the number of Ordinary Shares to which the holder is entitled pursuant to this Clause 7.4 and a cheque denominated in U.S. dollars payable to the holder in the amount of any cash amounts payable (if any) as the result of a conversion into fractional Ordinary Shares. On the date of such surrender, the Register of Members shall be updated to show that the converted Preferred Shares have been redeemed and all rights with respect to the Preferred Shares so converted will terminate, with the exception of the rights of the holder thereof, upon surrender of the certificate or certificates therefor or delivery of the satisfactory of evidence of ownership, to receive Ordinary Shares (which shall be recorded as issued to such holder in the Register of Members) and certificates for the number of Ordinary Shares into which such Preferred Shares have been converted and payment of any accrued but unpaid dividends thereon. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the certificate or certificates representing the Preferred Shares to be converted, and the person or persons entitled to receive the Ordinary Shares issuable upon such conversion shall be treated for all purposes as the record holder or holders of such Ordinary Shares on such date.



- (ii) Mechanics of Automatic Conversion. In the event of an automatic conversion pursuant to Clause 7.4(b), the holder of Preferred Shares will be given at least ten (10) days' prior written notice of the date fixed (which date shall in the case of a Qualified Public Offering be the latest practicable date immediately prior to the closing of a Qualified Public Offering) and the place designated for automatic conversion of all such Preferred Shares pursuant to Clause 7.4(b). Such notice shall be sent in accordance with Regulation 20 to each record holder of the Preferred Shares at such holder's address appearing on the Register of Members. On or before the date fixed for conversion, a holder of Preferred Shares shall surrender its certificate or certificates for all such Shares or deliver other evidence of ownership of all such Shares satisfactory to the Board, to the Company at the place designated in such notice, and the Company shall promptly issue and deliver at such place to such holder of Preferred Shares a certificate or certificates for the number of Ordinary Shares to which such holder is entitled pursuant to Clause 7.4(b) and a cheque denominated in U.S. dollars payable to the holder in the amount of any cash amounts payable (if any) as the result of a conversion into fractional Ordinary Shares. On the date fixed for conversion, the Register of Members shall be updated to show that the converted Preferred Shares have been redeemed and all rights with respect to the Preferred Shares so converted will terminate, with the exception of the rights of the holder thereof, upon surrender of the certificate or certificates therefor, to receive Ordinary Shares (which shall be recorded as issued to such holder in the Register of Members) and certificates for the number of Ordinary Shares into which such Preferred Shares have been converted and payment of any accrued but unpaid dividends thereon. All certificates or such other evidence evidencing Preferred Shares which are required to be surrendered for conversion in accordance with the provisions hereof shall, from and after the date such certificates are so required to be surrendered, be deemed to have been retired and cancelled and the Preferred Shares represented thereby converted into Ordinary Shares for all purposes, notwithstanding the failure of the holder or holder thereof to surrender such certificates or evidence on or prior to such date.
- (iii) Manner of Conversion. The Directors of the Company may effect such conversion in any manner available under applicable law, including redeeming or repurchasing the relevant Preferred Shares and applying the proceeds thereof towards payment for the new Ordinary Shares. For purposes of the repurchase or redemption, the Directors may, subject to the Company being able to pay its debts in the ordinary course of business, make payments out of its capital.
- (d) Reservation of Shares Issuable Upon Conversion. The Company shall at all times keep available out of its authorized but unissued Ordinary Shares solely for the purpose of effecting the conversion of the Preferred Shares such number of its Ordinary Shares as shall from time to time be sufficient to effect the conversion of all outstanding Preferred Shares, and if at any time the number of authorized but unissued Ordinary Shares shall not be sufficient to effect the conversion of all then outstanding Preferred Shares, in addition to such other remedies as shall be available to the holder of such Preferred Shares, the Company and its Members will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued Ordinary Shares to such number of Shares as shall be sufficient for such purposes.

7.4A Adjustments to Conversion Price.

- (a) Special Definitions. For purposes of this Clause 7.4A, the following definitions shall apply:
  - (i) **"Options"** shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire either Ordinary Shares or Convertible Securities.
  - (ii) **"Convertible Securities"** shall mean any evidences of indebtedness, Shares (other than the Preferred Shares) or other securities directly or indirectly convertible into or exchangeable for Ordinary Shares.
  - (iii) **"Additional Ordinary Shares"** shall mean all Ordinary Shares (including reissued Shares) issued (or, pursuant to Clause 7.4A(c), deemed to be issued) by the Company after the date hereof, other than:

- (A) Ordinary Shares issued upon conversion of the Preferred Shares authorized herein;
  - (B) any Shares issued in connection with any share split, share consolidation, share dividend or other similar event;
  - (C) as a dividend or distribution on Preferred Shares or any event for which adjustment is made pursuant to Clause 7.4A(f) or Clause 7.4A(g) hereof;
  - (D) any securities issued pursuant to the acquisition of another corporation or entity by the Company by consolidation, merger, purchase of assets, or other reorganization in which the Company acquires, in a single transaction or series of related transactions, all or substantially all assets of such other corporation or entity, or fifty percent (50%) or more of the equity ownership or voting power of such other corporation or entity;
  - (E) the Series E Preferred Shares issued upon the InnoVen Warrant Exercise;
  - (F) the Series F Preferred Shares, the Series C-3 Preferred Shares and the Ordinary Shares issued pursuant to the Series F Preferred Share Purchase Agreement and the Cosmic Blue Share Purchase Agreement;
  - (G) the Series E Preferred Shares issued pursuant to the Follow-On Series E Preferred Share Purchase Agreement;
  - (H) any securities issued pursuant to a Qualified Public Offering; and
  - (I) up to 28,096,153 Ordinary Shares (and/or options or warrants therefor) issued to officers, Directors, employees and consultants of the Company pursuant to the ESOP.
- (b) No Adjustment of Conversion Price. No adjustment in the Conversion Price of any series of Preferred Shares shall be made in respect of the issuance of Additional Ordinary Shares unless the issue price per share for an Additional Ordinary Share issued or deemed to be issued by the Company is less than then effective Conversion Price of such series of Preferred Shares, respectively, in effect for such series on the date of and immediately prior to such issue.
- (c) Deemed Issue of Additional Ordinary Shares. In the event the Company at any time or from time to time after the initial Series F Original Issue Date shall issue any Options or Convertible Securities or shall fix a record date for the determination of holders of any class or series of Shares entitled to receive any such Options or Convertible Securities, then the maximum number of Ordinary Shares (as set forth in the instrument relating thereto without regard to any provisions contained therein for a subsequent adjustment of such number that would result in an adjustment pursuant to subsection (ii) of this Clause 7.4A(c) below) issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Ordinary Shares issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date, provided that Additional Ordinary Shares shall not be deemed to have been issued unless the issue price per share (determined pursuant to Clause 7.4A(e) below) of such Additional Ordinary Shares would be less than the applicable Conversion Price of any class Preferred Shares in effect, as the case may be, in each case, in effect on the date of and immediately prior to such issue, or such record date, as the case may be, and provided further that in any such case in which Additional Ordinary Shares are deemed to be issued:
- (i) no further adjustment in the Conversion Price shall be made upon the subsequent issue of Convertible Securities or Ordinary Shares upon the exercise of such Options or conversion or exchange of such Convertible Securities;

- (ii) if such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, for any increase or decrease in the consideration payable to the Company, or increase or decrease in the number of Ordinary Shares issuable, upon the exercise, conversion or exchange thereof, the Conversion Price for each affected Preferred Share computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon any such increase or decrease becoming effective, be recomputed to reflect such increase or decrease insofar as it affects such Options or the rights of conversion or exchange under such Convertible Securities;
- (iii) upon the expiration of any such Options or any rights of conversion or exchange under such Convertible Securities which shall not have been exercised, the then effective Conversion Price computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon shall, upon such expiration, be recomputed as if:
  - (A) in the case of Convertible Securities or Options for Ordinary Shares, the only Additional Ordinary Shares issued were Ordinary Shares, if any, actually issued upon the exercise of such Options or the conversion or exchange of such Convertible Securities and the consideration received therefor was the consideration actually received by the Company for the issue of all such Options, whether or not exercised, plus the consideration actually received by the Company upon such exercise, or for the issue of all such Convertible Securities which were actually converted or exchanged, plus the additional consideration, if any, actually received by the Company upon such conversion or exchange, and
  - (B) in the case of Options for Convertible Securities, only the Convertible Securities, if any, actually issued upon the exercise thereof were issued at the time of issue of such Options, and the consideration received by the Company for the Additional Ordinary Shares deemed to have been then issued was the consideration actually received by the Company for the issue of all such Options, whether or not exercised, plus the consideration deemed to have been received by the Company upon the issue of the Convertible Securities with respect to which such Options were actually exercised;
- (iv) no readjustment pursuant to clause (ii) or (iii) above shall have the effect of increasing the then effective Conversion Price of any Preferred Shares, to an amount which exceeds the lower of (i) the Conversion Price of such Preferred Shares on the original adjustment date, or (ii) the Conversion Price for such Preferred Shares that would have resulted from any issuance of Additional Ordinary Shares between the original adjustment date and such readjustment date; and
- (v) in the case of any Options which expire by their terms not more than thirty (30) days after the date of issue thereof, no adjustment of the Conversion Price for any Preferred Share shall be made until the expiration or exercise of all such Options, whereupon such adjustment shall be made in the manner provided in clause (iii) above.

- (d) Adjustment of Conversion Price upon Issuance of Additional Ordinary Shares.
- (i) In the event of an issuance or deemed issuance of Additional Ordinary Shares, at any time after the initial Series F Original Issue Date, for a consideration per Ordinary Share received by the Company (net of any selling concessions, discounts or commissions) less than the applicable Conversion Price in effect immediately prior to such issue, then and in such event, the applicable Conversion Price shall be reduced, concurrently with such issue, to a price (calculated to the nearest one-hundredth (1/100) of a cent) determined in accordance with the following formula:
- $$CP2 = CP1 \times (A+B) \div (A+C).$$
- (ii) For purposes of the foregoing formula, the following definitions shall apply:
- “CP2” shall mean the applicable Conversion Price in effect immediately after such issue of Additional Ordinary Shares;
- “CP1” shall mean the applicable Conversion Price in effect immediately prior to such issue of Additional Ordinary Shares;
- “A” shall mean the number of Ordinary Shares outstanding immediately prior to such issuance of Additional Ordinary Shares, treating for this purpose as outstanding all Ordinary Shares issuable upon exercise of options outstanding immediately prior to such issue or upon conversion or exchange of Equity Securities (including the Preferred Shares) outstanding (assuming exercise of any outstanding Options or Convertible Securities therefor) immediately prior to such issue;
- “B” shall mean the number of Ordinary Shares that would have been issued if such Additional Ordinary Shares had been issued at a price per share equal to CP1 (determined by dividing the aggregate consideration received by the Company in respect of such issue by CP1); and
- “C” shall mean the number of such Additional Ordinary Shares issued in such transaction.
- (e) Determination of Consideration. For purposes of this Clause 7.4A, the consideration received by the Company for the issue or deemed issue of any Additional Ordinary Shares shall be computed as follows:
- (i) Cash and Property. Except as provided in clause (ii) below, such consideration shall:
- (A) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Company excluding amounts paid or payable for accrued interest or accrued dividends;
- (B) insofar as it consists of property other than cash, be computed at the fair value thereof at the time of such issue, as determined in good faith by the Board; provided, however, that no value shall be attributed to any services performed by any employee, officer or director of the Company; and

- (C) in the event Additional Ordinary Shares are issued or deemed issued together with other Shares or securities or other assets of the Company for consideration which covers both such Additional Ordinary Shares and such other Shares or securities or other assets, be the proportion of such consideration so received with respect to such Additional Ordinary Shares, computed as provided in clauses (A) and (B) above, as determined in good faith by the Board.
- (ii) Options and Convertible Securities. The consideration per share received by the Company for Additional Ordinary Shares deemed to have been issued pursuant to Clause 7.4A(c), relating to Options and Convertible Securities, shall be determined by dividing (x) the total amount, if any, received or receivable by the Company (net of any selling concessions, discounts or commissions) as consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Company upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities by (y) the maximum number of Ordinary Shares (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities.
- (f) Adjustments for Share Dividends, Subdivisions, Combinations or Consolidations of Ordinary Shares. In the event that the outstanding Ordinary Shares shall be subdivided (by share dividend, share sub-division, or otherwise), into a greater number of Ordinary Shares, the Conversion Price for each Preferred Share then in effect shall, concurrently with the effectiveness of such subdivision, be proportionately decreased. In the event the outstanding Ordinary Shares shall be combined or consolidated, by reclassification or otherwise, into a lesser number of Ordinary Shares, the Conversion Price for each Preferred Share then in effect shall, concurrently with the effectiveness of such combination or consolidation, be proportionately increased.
- (g) Adjustments for Other Distributions. In the event the Company at any time or from time to time makes, or files a record date for the determination of holders of Ordinary Shares entitled to receive any distribution payable in securities or assets of the Company other than Ordinary Shares then and in each such event provision shall be made so that each holder of Preferred Shares shall receive upon conversion thereof, in addition to the number of Ordinary Shares receivable thereupon, the amount of securities or assets of the Company which they would have received had their Preferred Shares been converted into Ordinary Shares on the date of such event and had they thereafter, during the period from the date of such event to and including the date of conversion, retained such securities or assets receivable by them as aforesaid during such period, subject to all other adjustment called for during such period under this Clause 7.4A with respect to the rights of the holder of such preferred Shares; provided, however, that no such provision shall be made if the holders of Preferred Shares receive, simultaneously with the distribution to the holders of Ordinary Share, a dividend or other distribution of such securities, cash or other property in an amount equal to the amount of such securities, cash or other property as they would have received if all outstanding shares of Preferred Shares had been converted into Ordinary Share on the date of such event.

- (h) Adjustments for Reclassification, Exchange and Substitution. If the Ordinary Shares issuable upon conversion of the Preferred Shares shall be changed into the same or a different number of Shares of any other class or classes of Shares, whether by capital reorganization, reclassification or otherwise (other than a subdivision or combination of Shares provided for above), then and in each such event the holder of Preferred Shares shall have the right thereafter to convert each such Share into the kind and amount of shares and other securities and property receivable upon such reorganization or reclassification or other change by holders of the number of Ordinary Shares that would have been subject to receipt by the holder(s) upon conversion of the Preferred Shares, immediately before that change, all subject to further adjustment as provided herein.
- (i) No Impairment. The Company will not, by amendment of its Memorandum or Articles or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company but will at all times in good faith assist in the carrying out of all the provisions of Clause 7.4A and in the taking of all such action as may be necessary or appropriate in order to protect the conversion rights of Preferred Shares against impairment.
- (j) Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Conversion Price of any Preferred Share pursuant to this Clause 7.4A, the Company shall at its expense promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to each holder of such Preferred Share a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Company shall, upon the written request at any time of any holder of Preferred Shares, furnish or cause to be furnished to such holder a like certificate setting forth (i) such adjustments and readjustments, (ii) the Conversion Price of such Preferred Share at the time in effect, and (iii) the number of Ordinary Shares and the amount, if any, of other property which at the time would be received upon the conversion of such Preferred Share as the case may be.
- (k) Miscellaneous.
- (i) All calculations under this Clause 7.4A shall be made to the nearest cent or to the nearest one hundredth (1/100) of a share, as the case may be.
- (ii) The Majority Series A Preferred Holder(s), the Majority Series B Preferred Holder(s), the Supermajority Series C Preferred Holder(s), the Majority Series D Preferred Holder(s), the Majority Series E Preferred Holders or the Majority Series F Preferred Holders shall each have the right to challenge any determination by the Board of fair value pursuant to Clause 7.4A(e) if such determination is with respect to a Series A Conversion Price adjustment, a Series B Conversion Price adjustment, a Series C Conversion Price adjustment, a Series D Price Conversion adjustment, a Series E Conversion Price adjustment or a Series F Conversion Price adjustment, respectively and correspondingly, as the case may be, in which case such determination of fair value shall be made by an independent appraiser selected jointly by the Board and the challenging Members, the cost of such appraisal to be borne equally by the Company and the challenging Members.
- (iii) No adjustment in the Conversion Price of any Preferred Share need be made if such adjustment would result in a change in the Conversion Price of such Preferred Share, of less than US\$0.01. Any adjustment of less than US\$0.01 which is not made shall be carried forward and shall be made at the time of and together with any subsequent adjustment which, on a cumulative basis, amounts to an adjustment of US\$0.01 or more in the Conversion Price of such Preferred Share.

7.5. Subject to Clauses 7.1, 7.2, 7.3, 7.4 and 7.4A above and the Memorandum and the Articles, each

Ordinary Share in the Company confers upon the Shareholder:

- (a) the right to one vote at a meeting of the Shareholders of the Company or on any resolution of the Shareholders;
- (b) the right to an equal share in any dividend paid by the Company; and
- (c) the right to an equal share in the distribution of the surplus assets of the Company on its liquidation.

7.6 Redemption.

(a) Redemption Right.

- (i) Notwithstanding Regulation 3 in the Articles, at any time commencing on the Series F Redemption Start Date, at the request of the Majority Series F Preferred Holder(s), the Company shall redeem all or any part of the outstanding Series F Preferred Shares held by the requesting holder as elected by such holder out of funds legally available therefor including capital, at the Series F Redemption Price equal to the greater of (A) and (B) below:

(A) an amount equal to:

$IPF \times (1 + 0.10 \times NF)$ , where

IPF = Series F Issue Price; and

NF= a fraction, the numerator of which is the number of calendar days starting from the Series F Original Issue Date and up to and including the date of receipt by the holder thereof of the full Series F Redemption Price for such Series F Preferred Share, and the denominator of which is 365,

plus all accrued or declared but unpaid dividends thereon up to and including the date of receipt by the holder thereof of the full Series F Redemption Price for such Series F Preferred Share;

- (B) the fair market value of the Series F Preferred Shares, the valuation of which shall be determined through an independent appraisal performed by an appraiser selected jointly by the Board and the holders of at least a majority of the Series F Preferred Shares that are being redeemed; provided that such valuation shall not take into account any liquidity or minority interest discounts. Where the Board and the holders of at least a majority of the Series F Preferred Shares that are being redeemed fail to agree on the appraiser, the holders of at least a majority of the Series F Preferred Shares that are being redeemed shall have the sole discretion in appointing an independent appraiser as it deems appropriate and where the holders of the Series F Preferred Shares fail to agree the appraiser between themselves, the matter shall be referred to the President of the Hong Kong Institute of Certified Public Accountants.

- (ii) Notwithstanding Regulation 3 in the Articles, at any time commencing on the Series E Redemption Start Date, at the request of the Majority Series E Preferred Holder(s), the Company shall redeem all or any part of the outstanding Series E Preferred Shares held by the requesting holder as elected by such holder out of funds legally available therefor including capital, at the Series E Redemption Price equal to the greater of (A) and (B) below:
- (A) an amount equal to:
- $IPE \times (1 + 0.10 \times NE)$ , where
- IPE= Series E Issue Price; and
- NE= a fraction, the numerator of which is the number of calendar days starting from the Series E Original Issue Date and up to and including the date of receipt by the holder thereof of the full Series E Redemption Price for such Series E Preferred Share, and the denominator of which is 365,
- plus all accrued or declared but unpaid dividends thereon up to and including the date of receipt by the holder thereof of the full Series E Redemption Price for such Series E Preferred Share;
- (B) the fair market value of the Series E Preferred Shares, the valuation of which shall be determined through an independent appraisal performed by an appraiser selected jointly by the Board and the holders of at least two thirds (2/3) of the Series E Preferred Shares that are being redeemed; provided that such valuation shall not take into account any liquidity or minority interest discounts. Where the Board and the holders of at least two thirds (2/3) of the Series E Preferred Shares that are being redeemed fail to agree on the appraiser, the holders of at least two thirds (2/3) of the Series E Preferred Shares that are being redeemed shall have the sole discretion in appointing an independent appraiser as it deems appropriate and where the holders of the Series E Preferred Shares fail to agree the appraiser between themselves, the matter shall be referred to the President of the Hong Kong Institute of Certified Public Accountants.
- (iii) Notwithstanding Regulation 3 in the Articles, at any time commencing on the Series D Redemption Start Date, at the request of the Majority Series D Preferred Holder(s), the Company shall redeem all or any part of the outstanding Series D Preferred Shares held by the requesting holder as elected by such holder out of funds legally available therefor including capital, at the Series D Redemption Price equal to the greater of (A) and (B) below:
- (A) an amount equal to:
- $IPD \times (1 + 0.10 \times ND)$ , where
- IPD= Series D Issue Price; and
- ND= a fraction, the numerator of which is the number of calendar days starting from the Series D Original Issue Date, and up to and including the date of receipt by the holder thereof of the full Series D Redemption Price for such Series D Preferred Share and the denominator of which is 365,
- plus all accrued or declared but unpaid dividends thereon up to and including the date of receipt by the holder thereof of the full Series D Redemption Price for such Series D Preferred Share;



- (B) the fair market value of the Series D Preferred Shares, the valuation of which shall be determined through an independent appraisal performed by an appraiser selected jointly by the Board and the holders of at least two-thirds (2/3) of the Series D Preferred Shares that are being redeemed; provided that such valuation shall not take into account any liquidity or minority interest discounts. Where the Board and the holders of at least two-thirds (2/3) of the Series D Preferred Shares that are being redeemed fail to agree on the appraiser, the holders of at least two-thirds (2/3) of the Series D Preferred Shares that are being redeemed shall have the sole discretion in appointing an independent appraiser as it deems appropriate and where the holders of the Series D Preferred Shares fail to agree the appraiser between themselves, the matter shall be referred to the President of the Hong Kong Institute of Certified Public Accountants.
- (iv) Notwithstanding Regulation 3 in the Articles, at any time commencing on the Series C-3 Redemption Start Date, at the request of a holder of the Series C-3 Preferred Shares, the Company shall redeem all or any part of the outstanding Series C-3 Preferred Shares held by the requesting holder as elected by such holder out of funds legally available therefor including capital, at the Series C-3 Redemption Price equal to the greater of (A) and (B) below:
- (A) an amount equal to:
- $IPC3 \times (1 + 0.10 \times NC3)$ , where
- IPC3 = Series C-3 Issue Price; and
- NC3 = a fraction, the numerator of which is the number of calendar days starting from the Series C-3 Original Issue Date and up to and including the date of receipt by the holder thereof of the full Series C-3 Redemption Price for such Series C-3 Preferred Share, and the denominator of which is 365,
- plus all accrued or declared but unpaid dividends thereon up to and including the date of receipt by the holder thereof of the full Series C-3 Redemption Price for such Series C-3 Preferred Share;
- (B) the fair market value of the Series C-3 Preferred Shares, the valuation of which shall be determined through an independent appraisal performed by an appraiser selected jointly by the Board and the holders of at least two-thirds (2/3) of the Series C-3 Preferred Shares that are being redeemed; provided that such valuation shall not take into account any liquidity or minority interest discounts. Where the Board and the holders of at least two-thirds (2/3) of the Series C-3 Preferred Shares that are being redeemed fail to agree on the appraiser, the holders of at least two-thirds (2/3) of the Series C-3 Preferred Shares that are being redeemed shall have the sole discretion in appointing an independent appraiser as it deems appropriate and where the holders of the Series C-3 Preferred Shares fail to agree the appraiser between themselves, the matter shall be referred to the President of the Hong Kong Institute of Certified Public Accountants.
- (v) Notwithstanding Regulation 3 in the Articles, at any time commencing on the Series C-1/C-2 Redemption Start Date, at the request of a holder of the Series C-1 Preferred Shares and/or Series C-2 Preferred Shares (as the case may be), the Company shall redeem all or any part of the outstanding Series C-1 Preferred Shares and/or Series C-2 Preferred Shares held by the requesting holder as elected by such holder out of funds legally available therefor including capital, at the Series C-1/C-2 Redemption Price equal to the greater of (A) and (B) below:

- (A) an amount equal to:  
 $IPC \times (1 + 0.10 \times NC)$ , where  
IPC= (in the case of the Series C-1 Preferred Share) Series C-1 Issue Price or (in the case of the Series C-2 Preferred Share) Series C-2 Issue Price; and  
NC= a fraction, the numerator of which is the number of calendar days starting from the Series C-1/C-2 Original Issue Date and up to and including the date of receipt by the holder thereof of the full Series C-1 Redemption Price for such Series C-1 Preferred Share or the full Series C-2 Redemption Price for such Series C-2 Preferred Share (as the case may be) and the denominator of which is 365,  
plus all accrued or declared but unpaid dividends thereon up to and including the date of receipt by the holder thereof of the full Series C-1 Redemption Price for such Series C-1 Preferred Share or the full Series C-2 Redemption Price for such Series C-2 Preferred Share (as the case may be);
- (B) the fair market value of the Series C-1 Preferred Shares and C-2 Preferred Shares, the valuation of which shall be determined through an independent appraisal performed by an appraiser selected jointly by the Board and the holders of at least two-thirds (2/3) of the Series C-1 Preferred Shares and/or Series C-2 Preferred Shares that are being redeemed; provided that such valuation shall not take into account any liquidity or minority interest discounts. Where the Board and the holders of at least two-thirds (2/3) of the Series C-1 Preferred Shares and/or Series C-2 Preferred Shares that are being redeemed fail to agree on the appraiser, the holders of at least two-thirds (2/3) of the Series C-1 Preferred Shares and/or Series C-2 Preferred Shares that are being redeemed shall have the sole discretion in appointing an independent appraiser as it deems appropriate and where the holders of the Series C-1 Preferred Shares and/or Series C-2 Preferred Shares fail to agree the appraiser between themselves, the matter shall be referred to the President of the Hong Kong Institute of Certified Public Accountants.
- (vi) Notwithstanding Regulation 3 in the Articles, at any time commencing on the Series B Redemption Start Date and subject to the Companies Act, at the request of a holder of the Series B Preferred Shares, the Company shall redeem all or any part of the outstanding Series B Preferred Shares held by the requesting holder as elected by such holder out of funds legally available therefor including capital, at the Series B Redemption Price equal to the greater of (A) and (B) below:
- (A) an amount equal to:  
 $IPB \times (1.20) \times NB$ , where  
IPB= Series B Issue Price; and  
NB= a fraction, the numerator of which is the number of calendar days between the Series B Original Issue Date and to and including the date of receipt by the holder thereof of the full Series B Redemption Price for such Series B Preferred Share and the denominator of which is 365,  
plus all accrued or declared but unpaid dividends thereon up to the date of redemption;

- (B) the fair market value of the Series B Preferred Shares, the valuation of which shall be determined through an independent appraisal performed by an appraiser selected jointly by the Board and the holders of at least two-thirds (2/3) of the Series B Preferred Shares that are being redeemed; provided that such valuation shall not take into account any liquidity or minority interest discounts. Where the Board and the holders of at least two-thirds (2/3) of the Series B Preferred Shares that are being redeemed fail to agree on the appraiser, the holders of at least two-thirds (2/3) of the Series B Preferred Shares that are being redeemed shall have the sole discretion in appointing an independent appraiser as it deems appropriate and where the holders of the Series B Preferred shares fail to agree the appraiser between themselves, the matter shall be referred to the President of the Hong Kong Institute of Certified Public Accountants.
- (vii) Notwithstanding Regulation 3 in the Articles, at any time commencing on the Series A Redemption Start Date and subject to the Companies Act, at the request of a holder of the Series A Preferred Shares, the Company shall redeem all or any part of the outstanding Series A Preferred Shares held by the requesting holder as elected by such holder out of funds legally available therefor including capital, at the Series A Redemption Price equal to the greater of (A) and (B) below:
- (A) an amount equal to:
- $IPA \times (1.20)^{NA}$ , where
- IPA = Series A Issue Price; and
- NA = a fraction, the numerator of which is the number of calendar days between the Series A Original Issue Date to and including the date of receipt by the holder thereof of the full Series A Redemption Price for such Series A Preferred Share and the denominator of which is 365,
- plus all accrued or declared but unpaid dividends thereon up to the date of redemption;
- (B) the fair market value of the Series A Preferred Shares, the valuation of which shall be determined through an independent appraisal performed by an appraiser selected jointly by the Board and the Majority Series A Preferred Holder(s); provided that such valuation shall not take into account any liquidity or minority interest discounts. Where the Board and the Majority Series A Preferred Holder(s) fail to agree on the appraiser, the Majority Series A Preferred Holder(s) shall have the sole discretion in appointing an independent appraiser as it deems appropriate.
- (b) Redemption Request. Subject to the provisions of Clause 7.6, each holder of the Preferred Shares may, by written request to the Company (the "**Redemption Request**"), require that the Company redeem any or all of the outstanding Preferred Shares held by such holder in accordance with this Clause 7.6. The Redemption Request shall be given by hand or by mail to the address of the Company designated in the Shareholders Agreement at least thirty (30) days prior to the date set forth therein on which the Preferred Shares are to be redeemed. The Preferred Shares requested for redemption by the Company are hereinafter referred to as the "**Redemption Shares**". If the Company receives any Redemption Request from any holder of certain class of Preferred Shares, it shall notify other holders of such class of Preferred Shares within ten (10) days thereafter and all other holders of such class of Preferred Shares shall have the right to participate in such redemption by sending a written notice (such notice shall be deemed as a Redemption Request as well) to the Company within ten (10) days after receipt of Company's notice.

- (c) Manner and Mechanics of Redemption. Before a holder of Preferred Shares shall be entitled to a redemption of its Preferred Shares under the provisions of this Clause 7.6, such holder shall surrender to the Company his or its certificate or certificates representing such Preferred Shares to be redeemed at the office of the Company, and thereupon the applicable Redemption Price shall be payable to the order of the Person whose name appears on such certificate or certificates as the owner of such Preferred Shares and each such certificate shall be cancelled upon payment of the applicable Redemption Price. In the event less than all the Shares represented by any such certificate are redeemed, a new certificate shall be promptly issued representing the unredeemed Preferred Shares. Unless there has been a default in payment of the applicable Redemption Price, upon cancellation of the certificate representing such Preferred Shares to be redeemed, all dividends on such Redemption Shares shall cease to accrue and all rights of the holder thereof, except the right to receive the corresponding Redemption Price and all accrued and unpaid dividend thereon, without interest, shall cease and terminate and such Redemption Shares shall cease to be issued Shares of the Company.
- (d) Insufficient Fund. In case of the exercise of the redemption rights under Clause 7.6(a), (i) if the number of Preferred Shares that may then be legally redeemed by the Company is less than the number of all Preferred Shares to be redeemed, then the Preferred Shares shall be redeemed in the following preference sequence: the Series F Preferred Shares firstly, the Series E Preferred Shares secondly, the Series D Preferred Shares thirdly, the Series C-3 Preferred Shares fourthly, the Series C-2 Preferred Shares and Series C-1 Preferred Shares fifthly, the Series B Preferred Shares sixthly and the Series A Preferred Shares finally, (ii) if the number of Series F Preferred Shares that may then be legally redeemed by the Company is less than the number of all Series F Preferred Shares to be redeemed, then Series F Preferred Shares shall be redeemed first rateably on all Series F Preferred Shares, and the remaining Series F Preferred Shares to be redeemed shall be carried forward and redeemed as soon as the Company has legally available funds to do so, (iii) if the number of Series E Preferred Shares that may then be legally redeemed by the Company is less than the number of all Series E Preferred Shares to be redeemed, then Series E Preferred Shares shall be redeemed first rateably on all Series E Preferred Shares, and the remaining Series E Preferred Shares to be redeemed shall be carried forward and redeemed as soon as the Company has legally available funds to do so, (iv) if the number of Series D Preferred Shares that may then be legally redeemed by the Company is less than the number of all Series D Preferred Shares to be redeemed, then Series D Preferred Shares shall be redeemed first rateably on all Series D Preferred Shares, and the remaining Series D Preferred Shares to be redeemed shall be carried forward and redeemed as soon as the Company has legally available funds to do so, (v) if the number of Series C-3 Preferred Shares that may then be legally redeemed by the Company is less than the number of all Series C-3 Preferred Shares to be redeemed, then Series C-3 Preferred Shares shall be redeemed first rateably on all Series C-3 Preferred Shares, and the remaining Series C-3 Preferred Shares to be redeemed shall be carried forward and redeemed as soon as the Company has legally available funds to do so; (vi) if the number of Series C-1 Preferred Shares and Series C-2 Preferred Shares that may then be legally redeemed by the Company is less than the number of all Series C-1 Preferred Shares and Series C-2 Preferred Shares to be redeemed, then Series C-1 Preferred Shares and Series C-2 Preferred Shares shall be redeemed first rateably on all Series C-1 Preferred Shares and Series C-2 Preferred Shares, and the remaining Series C-1 Preferred Shares and Series C-2 Preferred Shares to be redeemed shall be carried forward and redeemed as soon as the Company has legally available funds to do so, (vii) if the number of all Series B Preferred Shares that may then be legally redeemed by the Company is less than the number of all Series B Preferred Shares to be redeemed, then Series B Preferred Shares shall be redeemed first rateably on all Series B Preferred Shares, and the remaining Series B Preferred Shares to be redeemed shall be carried forward and redeemed as soon as the Company has legally available funds to do so, (viii) if the number of all Series A Preferred Shares that may then be legally redeemed by the Company is less than the number of all Series A Preferred Shares to be redeemed, then Series A Preferred Shares shall be redeemed first rateably on all Series A Preferred Shares, and the remaining Series A Preferred Shares to be redeemed shall be carried forward and redeemed as soon as the Company has legally available funds to do so.

- (e) No Distribution. If the Company fails for whatever reason to redeem any Preferred Shares on its due date, until the date on which the same are redeemed, the Company shall not declare or pay any dividend nor otherwise make any distribution of or otherwise decrease its profits available for distribution.
  - (f) Distribution of Profits of Subsidiaries. To the extent permitted by law, the Company shall procure that the profits of each Subsidiary of the Company for the time being available for distribution shall be paid to the Company by way of dividend or any other legally available method for distributing funds out of such subsidiary if and to the extent that, but for such payment, the Company would not itself otherwise have sufficient profits available for distribution to make any redemption of Preferred Shares required to be made pursuant to this Clause 7.6.
- 7.7. The Company covenants and agrees that, commencing on the date hereof, the Company will deliver to each Preferred Holder:
- (a) audited annual consolidated financial statements within one hundred and twenty (120) days after the end of each fiscal year, prepared in accordance with the GAAP and IFRS and audited by the Auditor; and a summary of transactions with a Related Party or a Shareholder (or any Affiliates or Associates of such a Shareholder) during such fiscal year;
  - (b) audited annual individual financial statements in respect of each Group Company (on an unconsolidated basis) within one hundred and twenty (120) days after the end of each fiscal year, prepared in accordance with the GAAP and IFRS and audited by the Auditor;
  - (c) its unaudited consolidated quarterly financial statements within forty-five (45) days of the end of each fiscal quarter, prepared in accordance with the GAAP and IFRS;
  - (d) unaudited quarterly individual financial statements in respect of each Group Company (on an unconsolidated basis) within forty-five (45) days of the end of each fiscal quarter, prepared in accordance with the GAAP and IFRS;
  - (e) unaudited monthly consolidated financial statements of the Group Companies, a report on the updated shareholding structure of the Group Companies, which shall include names of shareholders of each Group Company and the number and type of equity securities held by each of them, and a summary of transactions with a Related Party or a Shareholder (or any Affiliates or Associates of such a Shareholder) during such month, within thirty (30) days after the end of each calendar month;
  - (f) any management letter or any letter of similar nature issued by the Auditor or auditors of any other Group Company within fifteen (15) days after receipt thereof;

- (g) proposed annual business plan of the Group Companies forecasting the Group Companies' revenues, expenses, and cash position on a month-to-month basis for the following fiscal year as approved by the Board, at least forty-five (45) days prior to the end of each fiscal year;
- (h) copies of all documents (including notice, agenda and other relevant materials) or other information sent to the Shareholders of the Company before date of the proposed general or extraordinary meeting of the Shareholders pursuant to the Memorandum and the Articles;
- (i) minutes of a general or extraordinary meeting of Members duly reflecting the decisions adopted at such meeting within fifteen (15) days after the Shareholders meeting; and
- (j) upon the written request by the Preferred Holders, such other information as the Preferred Holders shall reasonably request.

(the above rights, collectively, the "**Information Rights**")

All the financial statements referred to in this Clause 7.7 shall include an income statement, a balance sheet and a cash flow statement for the relevant period as well as for the fiscal year to-date and shall be prepared in conformance with the GAAP and IFRS and verified and certified as true, correct and not misleading by the chief financial officer or the chief executive officer of the Company.

- 7.8. Each Preferred Holder who holds no less than two percent (2%) of the Shares then outstanding (calculated on a fully diluted and as-converted basis) shall have the following rights during normal business hours: (a) the right to inspect facilities, records and books of each Group Company at any time during regular working hours on reasonable prior notice to the Company, and (b) the right to discuss the business, operations and conditions of each Group Company with its directors, officers, employees, accountants, legal counsel and investment bankers (the "**Inspection Rights**").
- 7.9 The Information Rights and Inspection Rights shall terminate upon consummation of a Qualified Public Offering save that the Information Right in relation to the matters set forth in Exhibit C of the Shareholders Agreement shall survive such a Qualified Public Offering.

#### **8. VARIATION OF RIGHTS**

- (a) Subject to and without prejudice to the other provisions under the Memorandum and the Articles (including Clauses 8(c) through 8(h) and Regulation 7A), if at any time the share capital of the Company is divided into different classes or series of Shares, the rights attached to any class or series (unless otherwise provided by the terms of issue of the Shares of that class or series) may, whether or not the Company is being wound-up and except where the Articles or the Companies Act impose any stricter quorum, voting or procedural requirements in regard to the variation of rights attached to a specific class or series, be varied with the consent in writing of the requisite holders of the issued Shares of that class or series.
- (b) The provisions of the Memorandum and the Articles relating to general meetings shall apply to every such separate general meeting of the holders of one class or series of Shares except that the necessary quorum shall be one or more Persons holding or representing in person or by proxy at least a majority of the issued Shares of the class or series and that any holder of Shares of the class or series present in person or by proxy may demand a poll.

- (c) The rights attached to the Series A Preferred Shares shall not be varied in any way to be subordinated to and shall at all times at least rank *pari passu* with, or pursuant to the provisions contained herein, as applicable, rank senior to, the rights attached to any other classes or series of Shares issued as of the date hereof (other than the Series B Preferred Shares, the Series C Preferred Shares, the Series D Preferred Shares, the Series E Preferred Shares and the Series F Preferred Shares), unless with the consent in writing of the Supermajority Series A Preferred Holder(s).
- (d) The rights attached to the Series B Preferred Shares shall not be varied in any way to be subordinated to and shall at all times at least rank *pari passu* with, or pursuant to the provisions contained herein, as applicable, rank senior to, the rights attached to any other classes or series of Shares issued as of the date hereof (other than the Series C Preferred Shares, the Series D Preferred Shares, the Series E Preferred Shares and the Series F Preferred Shares), unless with the consent in writing of the Supermajority Series B Preferred Holder(s).
- (e) The rights attached to the Series C Preferred Shares shall not be varied in any way to be subordinated to and shall at all times at least rank *pari passu* with, or pursuant to the provisions contained herein, as applicable, rank senior to, the rights attached to any other classes or series of Shares issued as of the date hereof (other than the Series D Preferred Shares, the Series E Preferred Shares and the Series F Preferred Shares), unless with the consent in writing of the Supermajority Series C Preferred Holder(s).
- (f) The rights attached to the Series D Preferred Shares shall not be varied in any way to be subordinated to and shall at all times at least rank *pari passu* with, or pursuant to the provisions contained herein, as applicable, rank senior to, the rights attached to any other classes or series of Shares issued as of the date hereof (other than the Series E Preferred Shares and the Series F Preferred Shares), unless with the consent in writing of the Supermajority Series D Preferred Holder(s).
- (g) The rights attached to the Series E Preferred Shares shall not be varied in any way to be subordinated to and shall at all times at least rank *pari passu* with, or pursuant to the provisions contained herein, as applicable, rank senior to, the rights attached to any other classes or series of Shares issued as of the date hereof (other than the Series F Preferred Shares), unless with the consent in writing of the Supermajority Series E Preferred Holder(s).
- (h) The rights attached to the Series F Preferred Shares shall not be varied in any way to be subordinated to and shall at all times at least rank *pari passu* with, or pursuant to the provisions contained herein, as applicable, rank senior to, the rights attached to any other classes or series of Shares issued as of the date hereof, unless with the consent in writing of the Supermajority Series F Preferred Holder(s).

**9. RIGHTS NOT VARIED BY THE ISSUE OF SHARES PARI PASSU**

Notwithstanding other provisions contained herein, the rights conferred upon the holders of the Shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Shares of that class, be deemed to be varied by the creation or issue of Shares ranking senior thereto or *pari passu* therewith.

**10. REGISTERED SHARES**

- 10.1. The Company shall issue registered shares only.

10.2. The Company is not authorised to issue bearer shares, convert registered shares to bearer shares or exchange registered shares for bearer shares.

**11. TRANSFER OF SHARES**

11.1. Subject to any limitations in the Articles and subject to Clause 12, the Company shall, on receipt of an instrument of transfer complying with Regulation 6.1 of the Articles, enter the name of the transferee of a Share in the Register of Members unless the Directors resolve to refuse or delay the registration of the transfer for reasons that shall be specified in a Resolution of Directors.

11.2. The Directors may not resolve to refuse or delay the transfer of a Share unless the Shareholder has failed to pay an amount due in respect of the Share.

**12. AMENDMENT OF THE MEMORANDUM AND THE ARTICLES**

12.1. Subject to the provisions of the Companies Act and this Memorandum and the Articles (in particular, with respect to the variation of rights attached to a specific class or series of Shares of the Company), the Company may by Special Resolution:

- (i) change its name;
- (ii) alter or add to the Articles;
- (iii) alter or add to the Memorandum with respect to any objects, powers or other matters specified therein; and
- (iv) reduce its share capital and any capital redemption reserve fund.

12.2. Any amendment of the Memorandum or the Articles will take effect on the date that the Special Resolution is passed.

[INTESTINALLY LEFT BLANK]



AMENDED AND RESTATED  
ARTICLES OF ASSOCIATION

OF

**AiHuiShou International Co. Ltd.**  
*(Adopted by Special Resolution on May 21, 2021)*

A COMPANY LIMITED BY SHARES

**1. REGISTERED SHARES**

- 1.1. Every Shareholder is entitled to a certificate signed by a Director or officer of the Company, or any other person authorised by Resolution of Directors, or under the Seal specifying the number of Shares held by him and the signature of the Director, officer or authorised person and the Seal may be facsimiles.
- 1.2. Any Shareholder receiving a certificate shall indemnify and hold the Company and its Directors and officers harmless from any loss or liability which it or they may incur by reason of any wrongful or fraudulent use or representation made by any person by virtue of the possession thereof. If a certificate for Shares is worn out or lost it may be renewed on production of the worn out certificate or on satisfactory proof of its loss together with such indemnity as may be required by Resolution of Directors.
- 1.3. If several Eligible Persons are registered as joint holders of any Shares, any one of such Eligible Persons may give an effectual receipt for any Distribution.

**2. SHARES**

- 2.1. Subject to the relevant Clauses and Regulations, if any, in the Memorandum and the Articles and without prejudice to any special rights conferred on the holders of existing Shares, Shares and other securities may be issued at such times, to such Eligible Persons, for such consideration and on such terms as the Directors may by Resolution of Directors determine.
- 2.3. A Share may be issued for consideration in any form, including money, a promissory note, or other written obligation to contribute money or property, real property, personal property (including goodwill and know-how), services rendered or a contract for future services.
- 2.4. No Shares may be issued for a consideration other than money, unless a Resolution of Directors has been passed stating:
  - (a) the amount to be credited for the issue of the Shares;
  - (b) the determination of the Directors of the reasonable present cash value of the non-money consideration for the issue; and
  - (c) that, in the opinion of the Directors, the present cash value of the non-money consideration for the issue is not less than the amount to be credited for the issue of the Shares.

- 2.5. The Company shall keep a register (the “**Register of Members**”) containing:
  - (a) the names and addresses of the Eligible Persons who hold Shares;
  - (b) the number of each class and series of Shares held by each Shareholder;
  - (c) the date on which the name of each Shareholder was entered in the Register of Members; and
  - (d) the date on which any Eligible Person ceased to be a Shareholder.
- 2.6. The Register of Members may be in any such form as the Directors may approve, but if it is in magnetic, electronic or other data storage form, the Company must be able to produce legible evidence of its contents. Until the Directors otherwise determine, the magnetic, electronic or other data storage form shall be the original Register of Members.
- 2.7. A Share is deemed to be issued when the name of the Shareholder is entered in the Register of Members.

### **3. REDEMPTION OF SHARES AND TREASURY SHARES**

- 3.1. Subject to other provisions in the Memorandum and the Articles, the Company may purchase, redeem or otherwise acquire and hold its own Shares save that the Company may not purchase, redeem or otherwise acquire its own Shares without the consent of Shareholders whose Shares are to be purchased, redeemed or otherwise acquired unless the Company is permitted by the Companies Act or any other provision in the Memorandum or Articles to purchase, redeem or otherwise acquire the Shares without their consent.
- 3.2. Subject to other provisions in this Memorandum and Articles, the Company may only offer to purchase, redeem or otherwise acquire Shares if by Special Resolution authorising the purchase, redemption or other acquisition contains a statement that the Directors are satisfied, on reasonable grounds, that immediately after the acquisition the value of the Company’s assets will exceed its liabilities and the Company will be able to pay its debts as they fall due.
- 3.4. Shares that the Company purchases, redeems or otherwise acquires pursuant to this Regulation may be cancelled or held as Treasury Shares except to the extent that such Shares are in excess of fifty percent (50%) of the issued Shares in which case they shall be cancelled but they shall be available for reissue.
- 3.5. All rights and obligations attaching to a Treasury Share are suspended and shall not be exercised by the Company while it holds the Share as a Treasury Share.
- 3.6. Treasury Shares may be transferred by the Company on such terms and conditions (not otherwise inconsistent with the Memorandum and the Articles) as the Company may by Resolution of Directors determine.
- 3.7. Where Shares are held by another body corporate of which the Company holds, directly or indirectly, shares having more than fifty percent (50%) of the votes in the election of directors of the other body corporate, all rights and obligations attaching to the Shares held by the other body corporate are suspended and shall not be exercised by the other body corporate.

### **4. MORTGAGES AND CHARGES OF SHARES**

- 4.1. Subject to other provisions in this Memorandum and Articles, Shareholders may mortgage or charge their Shares.

- 4.2. There shall be entered in the Register of Members at the written request of the Shareholder:
- (a) a statement that the Shares held by it are mortgaged or charged;
  - (b) the name of the mortgagee or chargee; and
  - (c) the date on which the particulars specified in subparagraphs (a) and (b) are entered in the Register of Members.
- 4.3. Where particulars of a mortgage or charge are entered in the Register of Members, such particulars may be cancelled:
- (a) with the written consent of the named mortgagee or chargee or anyone authorised to act on his behalf; or
  - (b) upon evidence satisfactory to the Directors of the discharge of the liability secured by the mortgage or charge and the issue of such indemnities as the Directors shall consider necessary or desirable.
- 4.4. Whilst particulars of a mortgage or charge over Shares are entered in the Register of Members pursuant to this Regulation:
- (a) no transfer of any Share the subject of those particulars shall be effected;
  - (b) the Company may not purchase, redeem or otherwise acquire any such Share; and
  - (c) no replacement certificate shall be issued in respect of such Shares, without the written consent of the named mortgagee or chargee.

## 5. FORFEITURE

- 5.1. Shares that are not fully paid on issue are subject to the forfeiture provisions set forth in this Regulation and for this purpose Shares issued for a promissory note, other written obligation to contribute money or property or a contract for future services are deemed to be not fully paid.
- 5.2. A written notice of call specifying the date for payment to be made shall be served on the Shareholder who defaults in making payment in respect of the Shares.
- 5.3. The written notice of call referred to in Regulation 5.2 shall name a further date not earlier than the expiration of fourteen (14) days from the date of service of the notice on or before which the payment required by the notice is to be made and shall contain a statement that in the event of non-payment at or before the time named in the notice the Shares, or any of them, in respect of which payment is not made will be liable to be forfeited.
- 5.4. Where a written notice of call has been issued pursuant to Regulation 5.3 and the requirements of the notice have not been complied with, the Directors may, at any time before tender of payment, forfeit and cancel the Shares to which the notice relates.
- 5.5. The Company is under no obligation to refund any moneys to the Shareholder whose Shares have been cancelled pursuant to Regulation 5.4 and that Shareholder shall be discharged from any further obligation to the Company.

## 6. TRANSFER OF SHARES

- 6.1. Subject to any limitations of the Memorandum and the Articles, Shares may be transferred by a written instrument of transfer signed by the transferor and containing the name and address of the transferee, which shall be sent to the Company for registration.
- 6.2. The transfer of a Share is effective when the name of the transferee is entered on the Register of Members.
- 6.3. If the Directors of the Company are satisfied that an instrument of transfer relating to Shares has been signed but that the instrument has been lost or destroyed, they may resolve by Resolution of Directors:
  - (a) to accept such evidence of the transfer of Shares as they consider appropriate; and
  - (b) that the transferee's name should be entered in the Register of Members notwithstanding the absence of the instrument of transfer.
- 6.4. Subject to any limitations of the Memorandum and the Articles, the personal representative of a deceased Shareholder may transfer a Share even though the personal representative is not a Shareholder at the time of the transfer.

## 6A. RIGHT OF PARTICIPATION

- 6A.1. General. Any Preferred Holder and its respective permitted transferees to which rights under this Regulation 6A have been duly assigned in accordance with the Shareholders Agreement (a "**Participation Rights Holder**") shall have the right of first refusal to purchase such Participation Rights Holder's Pro Rata Share of all (or any part) of any New Securities that the Company may from time to time issue after the date hereof and the New Securities (if any) that have not been subscribed by the other Shareholders (the "**Right of Participation**").
- 6A.2. New Securities. "**New Securities**" shall mean any Preferred Shares, any Ordinary Shares or other Equity Securities of the Company, whether now authorized or not, and rights, options or warrants to purchase such Preferred Shares, Ordinary Shares, Equity Securities of the Company, or securities of any type whatsoever that are, may become, convertible or exchangeable into such Preferred Shares, Ordinary Shares or other Equity Securities of the Company, provided, however, that the term "**New Securities**" shall not include:
  - (a) Ordinary Shares issued upon the conversion of Preferred Shares;
  - (b) any Shares issued in connection with any share sub-division, share consolidation, share dividend or other similar event in which the Participation Rights Holder is entitled to participate on a pro rata basis;
  - (c) any Shares issued upon the exercise, conversion or exchange of any outstanding security if such outstanding security constitutes any New Securities;
  - (d) any Equity Securities issued pursuant to a Qualified Public Offering;
  - (e) the Series E Preferred Shares issued pursuant to the Follow-On Series E Preferred Share Purchase Agreement;
  - (f) the Series E Preferred Shares issued upon the InnoVen Warrant Exercise;
  - (g) the Series F Preferred Shares, the Series C-3 Preferred Shares and the Ordinary Shares issued pursuant to the Series F Preferred Share Purchase Agreement and the Cosmic Blue Share Purchase Agreement;

- (h) any securities issued pursuant to the acquisition of another corporation or entity by the Company by consolidation, merger, purchase of assets, or other reorganization in which the Company acquires, in a single transaction or series of related transactions, all or substantially all assets of such other corporation or entity, or fifty percent (50%) or more of the equity ownership or voting power of such other corporation or entity; and
  - (i) up to 28,096,153 Ordinary Shares (and/or options or warrants therefor) issued to employees, officers, directors, consultants or advisers of the Group Companies pursuant to the ESOP.
- 6A.3. **Participation Notice.** If the Company wishes to make any issue of New Securities, it shall prior to such issue give each Participation Rights Holder a written notice of the proposed issue. The notice shall set forth the terms and conditions of the proposed issue (including the number of New Securities to be offered and the price, if any, for which the Company proposes to offer such New Securities), and the number of New Securities that the Participation Rights Holder can elect to purchase and shall constitute an offer to issue the relevant portion of the New Securities to the Participation Rights Holder on such terms and conditions.
- 6A.4. **Acceptance Notice.** A Participation Rights Holder may accept such offer by delivering a written notice of acceptance (the “**Acceptance Notice**”) to the Company within thirty (30) days (the “**Participation Period**”) after receipt of the notice of the Company of the proposed issue. The Participation Rights Holder exercising its right of participation shall be entitled to participate in the purchase of New Securities for the price and upon the terms and conditions specified in the notice issued by the Company and by delivering the Acceptance Notice stating therein the quantity of New Securities to be purchased (not to exceed such Participation Rights Holder’s full Pro Rata Share). If any Participation Rights Holder fails to so respond in writing within the Participation Period, then such Participation Rights Holder shall forfeit the right hereunder to purchase its Pro Rata Share of such New Securities, but shall not be deemed to forfeit any right with respect to any other issuance of New Securities. If any Participation Rights Holder elects not to purchase its Pro Rata Share of such New Securities in full, the Company shall, after its receipt of written notices from all of the Participation Rights Holders pursuant to this Regulation or upon the expiration of the Participation Period, send a second written notice to all of the Participation Rights Holders that have elected to purchase in full their respective Pro Rata Share of such New Securities (the “**Oversubscription Participants**”), setting forth the total number of New Securities that have not been subscribed for. Each such Oversubscription Participants shall then have ten (10) days (the “**Second Participation Period**”) after the receipt of the second written notice to notify the Company of its desire to purchase more than its Pro Rata Share of the New Securities, stating the number of the additional New Securities it proposes to purchase (the “**Additional Number**”). If, as a result thereof, such oversubscription exceeds the total number of the remaining New Securities available for purchase, each Oversubscription Participant will be cut back by the Company with respect to its oversubscription to such number of remaining New Securities equal to the lesser of (x) the Additional Number and (y) the product obtained by multiplying (i) the number of the remaining New Securities available for oversubscription by (ii) a fraction, the numerator of which is the number of Ordinary Shares (calculated on a fully diluted and as-converted basis) held by such Oversubscription Participant and the denominator of which is the total number of Ordinary Shares (calculated on a fully diluted and as-converted basis) held by all the Oversubscription Participants who have applied to purchase the Additional Number.
- 6A.5. **Failure to Exercise.** Upon the expiration of the Participation Period (or the Second Participation Period, if relevant), the Company may complete the issue of New Securities with respect to which the right of participation hereunder were not exercised on the terms and conditions specified in the Company’s notice within ninety (90) days following the expiration of the Participation Period (or the Second Participation Period, if relevant). If the Company does not complete the issue of the New Securities within such ninety (90)-day period, the right of participation provided in this Regulation 6A in respect of such New Securities shall be deemed to be revived and the New Securities shall not be offered to any person unless first re-offered to the Participation Rights Holder in accordance with this Regulation 6A again.

- 6A.6. Adherence to Shareholders Agreement. The Company shall not issue any Shares to a Person who is not a Shareholder unless such Person has agreed to adhere to the terms and conditions of the Shareholders Agreement and become a party thereto.
- 6A.7. Prohibited Issuance. Notwithstanding any other provision in the Articles, the Company shall in no event issue or transfer any securities to a Person who is on (i) the lists promulgated by the United Nations Security Council or its committees pursuant to resolutions issued under Chapter VII of the United Nations Charter or (ii) the World Bank Listing of Ineligible Firms.
- 6A.8. Termination. The Right of Participation for each Participation Rights Holder shall terminate upon the consummation of a Qualified Public Offering.

**6B. RIGHT OF FIRST REFUSAL ON SHARE TRANSFER**

- 6B.1. Sale of Ordinary Shares; Notice of Sale. Subject to Regulation 6E of the Articles, if any Selling Shareholder proposes to sell or transfer any Ordinary Share Equivalents held by it directly or indirectly, then such Selling Shareholder shall promptly give a written notice (the “**Transfer Notice**”) to the Company and each Preferred Holder prior to such sale or transfer. The Transfer Notice shall describe in reasonable detail the proposed sale or transfer including, without limitation, the number of Offered Shares, the nature of such sale or transfer, the consideration to be paid, and the name and address of each prospective purchaser or transferee.
- 6B.2. Right of First Refusal by the Company. Subject to the Companies Act, the Company will have the right, exercisable upon a written notice (the “**First Refusal Notice**”) to the Selling Shareholder and the Preferred Holders within thirty-five (35) days after receipt of the Transfer Notice (the “**Company Option Period**”) of its election to exercise its right of first refusal hereunder. The First Refusal Notice shall set forth the number of Offered Shares that the Company wishes to purchase.
- 6B.3. Right of First Refusal by Preferred Holders. Upon receipt of a Transfer Notice, the Company shall convene a general meeting to determine whether it will exercise its right of first refusal. A Selling Shareholder shall abstain from voting on a resolution in relation to the Company’s repurchase of such Selling Shareholder’s Equity Securities. If the Company does not timely elect to purchase all of the Offered Shares pursuant to Regulation 6B.2 above, then the Company shall deliver to each Preferred Holder written notice (the “**Company Notice**”) thereof within ten (10) days after the expiration of the Company Option Period, and each Preferred Holder shall have an option for a period of ten (10) days following receipt of the Company Notice (the “**Option Period**”) to elect to purchase all or any portion of the Offered Shares at the same price and subject to the same terms and conditions as described in the Transfer Notice, by notifying the Selling Shareholder and the Company in writing before expiration of the Option Period as to the number of such Offered Shares that it wishes to purchase. Each Preferred Holder may allocate the Offered Shares it is entitled to purchase under this Regulation 6B.3 to another Person nominated by it. Such right of first refusal may be exercised as follows:

- (a) **First Refusal Allocation.** Each Preferred Holder shall have the right to purchase such number of the Offered Shares (the “**First Refusal Allocation**”) that is equal to the product obtained by multiplying the aggregate number of the Offered Shares by a fraction, the numerator of which is the number of Ordinary Share Equivalents held by that Preferred Holder at the time of the transaction (on an as-converted basis) and the denominator of which is the total number of Ordinary Share Equivalents owned by all Preferred Holders at the time of the transaction (on an as-converted basis). The Preferred Holders shall not have a right to purchase any of the Offered Shares unless it exercises its right of first refusal within the Option Period to purchase up to all of its First Refusal Allocation of the Offered Shares. If a Preferred Holder has not applied to purchase its First Refusal Allocation of the Offered Shares, the Company shall give each other Preferred Holder that has applied to purchase up to all of its First Refusal Allocation of the Offered Shares a written notice specifying the number of remaining Offered Shares (the “**First Refusal Second Allocation Notice**”). Within ten (10) days after receipt of the First Refusal Second Allocation Notice (the “**Second Option Period**”), such other Preferred Holder may apply to acquire such number of the remaining Offered Shares that is equal to the product obtained by multiplying the aggregate number of the remaining Offered Shares by a fraction, the numerator of which is the number of Ordinary Share Equivalents held by that Preferred Holder at the time of the transaction (on an as-converted basis) and the denominator of which is the total number of Ordinary Share Equivalents held by all the Preferred Holders who have applied to acquire such remaining Offered Shares.
- (b) **Expiration Notice.** Within ten (10) days after expiration of the Option Period or the Second Option Period (as the case may be), the Company shall give a written notice (the “**First Refusal Expiration Notice**”) to the Selling Shareholder and the Preferred Holders (i) specifying the number of the Offered Shares that will be purchased by the Preferred Holder(s) and the identity of such Preferred Holder(s) or such other Person as such Preferred Holder(s) may nominate who will purchase the Offered Shares and/or (ii) to the extent that there are any remaining Offered Shares that have not been taken up by the Preferred Holders, specifying the Co-Sale Pro Rata Portion of the remaining Offered Shares for the purpose of the Preferred Holder’s co-sale right described in Regulation 6C below.
- (c) **Purchase Price.** The purchase price for the Offered Shares to be purchased by the Preferred Holders will be the price set forth in the Transfer Notice, but will be payable as set forth in Regulation 6B.3(d) below. If the purchase price in the Transfer Notice includes consideration other than cash, the cash equivalent value of the non-cash consideration will be as previously determined by the Board in good faith, which determination will be binding upon the Company, the Preferred Holders and the Selling Shareholder, absent fraud or error.
- (d) **Payment.** Payment of the purchase price for the Offered Shares purchased by a Preferred Holder shall be made by wire transfer or cheque as directed by the Selling Shareholder within thirty (30) days following the date of the First Refusal Expiration Notice, and concurrently therewith, the Selling Shareholder shall (i) sell and deliver the Offered Shares to such Preferred Holder or such other Person as such Preferred Holder may nominate, (ii) deliver all necessary documents, duly executed, to enable the relevant Offered Shares to pass fully and effectively into the name of such Preferred Holder or such other Person as such Preferred Holder may nominate, and (iii) do all such other acts and/or execute all such other documents in a form satisfactory to such Preferred Holder as it may reasonably require to give effect to the transfer of the relevant Offered Shares to it, and the Company shall concurrently therewith (i) deliver to such Preferred Holder a copy of the Company’s register of members, updated to show such Preferred Holder or such other Person as such Preferred Holder may nominate as the transferee and owner of the applicable number of Offered Shares it purchased under this Regulation 6B and (ii) deliver to such Preferred Holder or such other Person as such Preferred Holder may nominate the new share certificate representing the Offered Shares.

- (e) Rights of a Selling Shareholder. If a Preferred Holder exercises its right of first refusal to purchase the Offered Shares, then, upon the date the notice of such exercise is given by such Preferred Holder, the Selling Shareholder will have no further rights as a holder of such Offered Shares except the right to receive payment for such Offered Shares from such Preferred Holder in accordance with the terms of these Articles, and the Selling Shareholder will forthwith cause all certificate(s) evidencing such Offered Shares to be surrendered to the Company.
- (f) Application of Co-Sale Right. In the event that a Preferred Holder has not elected to purchase any or all of its First Refusal Allocation of the Offered Shares, then the sale of the remaining Offered Shares will become subject to the co-sale right of the Preferred Holders as set forth in Regulation 6C below.

#### **6C. CO-SALE RIGHT**

6C.1. To the extent that a Preferred Holder has not exercised its right of first refusal with respect to all of its First Refusal Allocation of the Offered Shares, then the Preferred Holder who has not exercised its right of first refusal (the “**Co-Sale Right Holder**”) shall have the right, exercisable upon a written notice to the Selling Shareholder and the Company (the “**Co-Sale Notice**”) within twenty (20) days after receipt of the First Refusal Expiration Notice (the “**Co-Sale Right Period**”), to participate in such sale of the Offered Shares that are the subject of the co-sale right on the same terms and conditions as set forth in the Transfer Notice. The Co-Sale Notice given by a Co-Sale Right Holder shall set forth the number of Ordinary Share Equivalents (on both an absolute and as-converted to Ordinary Shares basis) that such Co-Sale Right Holder wishes to include in such sale or transfer, which amount shall not exceed the Co-Sale Pro Rata Portion of such Co-Sale Right Holder. To the extent a Co-Sale Right Holder exercises such co-sale right in accordance with the terms and conditions set forth below, the Selling Shareholder shall procure the prospective purchaser to acquire the Ordinary Share Equivalents that are the subject of the Co-Sale Notice. The co-sale right of a Co-Sale Right Holder shall be subject to the following terms and conditions:

- (a) Co-Sale Pro Rata Portion. A Co-Sale Right Holder may sell all or any part of such number of Ordinary Share Equivalents held by it that is equal to the Co-Sale Pro Rata Portion.
- (b) Transferred Shares. Each Co-Sale Right Holder shall effect its participation in the sale by promptly delivering to the Selling Shareholder for transfer to the prospective purchaser an instrument of transfer, which represents the number of Ordinary Share Equivalents which such Co-Sale Right Holder elects to sell.
- (c) Payment to Co-Sale Right Holder. The instrument of transfer that a Co-Sale Right Holder delivers to the Selling Shareholder pursuant to Regulation 6C.1(b) shall be transferred to the prospective purchaser in consummation of the sale of the Offered Shares pursuant to the terms and conditions specified in the Transfer Notice, and the Selling Shareholder shall concurrently therewith remit to such Co-Sale Right Holder that portion of the sale proceeds to which such Co-Sale Right Holder is entitled by reason of its participation in such sale. To the extent that any prospective purchaser or purchasers prohibits such assignment or otherwise refuses to purchase any Share or other securities from a Co-Sale Right Holder, the Selling Shareholder shall not sell to such prospective purchaser or purchasers any Ordinary Share Equivalents unless and until, simultaneously with such sale, the Selling Shareholder shall purchase such Shares or other Equity Securities of the Company from such Co-Sale Right Holder.



- (d) **Right to Transfer.** To the extent that the Preferred Holders have not purchased all the Offered Shares subject to the Transfer Notice and have elected not to exercise their respective co-sale right in respect of such Offered Shares, the Selling Shareholder may, not later than ninety (90) days following delivery to the Company and the Preferred Holders of the Transfer Notice, conclude a transfer of the Offered Shares which are the subject of the Transfer Notice and which no Preferred Holder has applied to purchase or to participate in the sale, on substantially the same terms and conditions as those described in the Transfer Notice to the transferee identified in the Transfer Notice provided that such a transferee is a bona fide third party. Any proposed transfer on terms and conditions which are materially different from those described in the Transfer Notice, as well as any subsequent proposed transfer of any Ordinary Share Equivalents by the Selling Shareholder, shall again be subject to the right of first refusal and the co-sale right of the Company and the Preferred Holders, as applicable, and shall require compliance by the Selling Shareholder with the procedures described in Regulation 6B and Regulation 6C of the Articles.
- (e) **Full Co-Sale Right.** Notwithstanding any other provisions in this Regulation 6C.1, (i) where as a result of a proposed transfer of all or any of Ordinary Share Equivalents, a change of Control in the Company or (as the case may be) another Group Company would occur, a Co-Sale Right Holder shall have the right to participate in the proposed transfer by selling all of its Ordinary Share Equivalents; and (ii) where any Preferred Holder would hold less than a half percent (0.5%) of the total issued share capital of the Company, such Co-Sale Right Holder shall have the right to participate in the proposed transfer by selling all of its Ordinary Share Equivalents. The provisions set out in Regulations 6C.1(b) and 6C.1(c) shall apply *mutatis mutandis* to such a transfer.
- (f) **Representations and Warranties.** Where a Preferred Holder exercises its co-sale right pursuant to Regulation 6C, it shall not be required to give any representations and warranties other than the warranties in respect of its title to the Equity Interests to be sold pursuant to the exercise of its co-sale right, warranties in respect of its authority to consummate a sale pursuant to the exercise of its co-sale right, and warranties that there is no encumbrances on the Equity Interests to be sold pursuant to the exercise of its co-sale right.
- (g) Notwithstanding anything to the contrary contained herein, each Shareholder agrees that it will not, and will procure that no other Person will, circumvent or otherwise avoid the requirements and transfer restrictions in this Regulation 6 (including, for the avoidance of doubt, the requirements and restrictions under Regulations 6B and 6C) or take any action that has the purpose of evasion of the requirements, restrictions and limitations on sale or disposal of Equity Securities contained in this Regulation 6 (including for the avoidance of doubt, the requirements and restrictions under Regulations 6B and 6C) by way of direct or indirect sale of Equity Securities, or by the holding of Equity Securities indirectly through another Person (including a holding company).

## 6D RIGHT OF DRAG-ALONG

- 6D.1. Notwithstanding anything herein to the contrary (including any provision of Regulations 7A.1 and 7A.2), if (i) the Company fails to consummate a Qualified Public Offering before December 31, 2022, and (ii) the Supermajority Preferred Holders (the “**Drag-Along Shareholders**”) vote in favor of a proposed Trade Sale for cash consideration valuing the Company at not lower than US\$4,000,000,000 or the equivalent in any other currency (the “**Drag-Along Sale**”), then, in any such event, upon written notice from such Drag-Along Shareholders requesting them to do so, each of the other Shareholders of the Company (the “**Dragged Shareholders**”) shall (i) be present, in person or by proxy, as a holder of Shares, at all meetings (if any) for the vote upon any such Drag-Along Sale (so as to be counted for the purposes of determining the presence of a quorum at such meetings); (ii) vote, or give its written consent with respect to, all the Shares held by them in favor of such proposed Drag-Along Sale and in opposition of any proposal that could reasonably be expected to delay or impair the consummation of any such proposed Drag-Along Sale; (iii) transfer all of their Ordinary Shares or securities convertible into or exercisable for Ordinary Shares of the Company (the “**Equity Interests**”) in such Drag-Along Sale to such purchaser; (iv) refrain from exercising any dissenters’ rights or rights of appraisal under applicable law at any time with respect to or in connection with such proposed Drag-Along Sale; and (v) take all actions reasonably necessary to consummate the proposed Drag-Along Sale, including without limitation amending the Memorandum and the Articles.

6D.2. Save as otherwise approved by the Supermajority Preferred Holders:

- (a) all proceeds derived from a Dragged-Along Sale shall be distributed among the Preferred Holders and the Ordinary Holders in accordance with the Memorandum and the Articles, taking into account any liquidation preferences to which the Preferred Holders are entitled hereunder and thereunder. Notwithstanding any provision to the contrary, the share transfer restrictions set forth in other provisions of Regulation 6 shall not apply to any transfers made pursuant to this Regulation 6D;
- (b) the consideration payable to each Preferred Holder pursuant to a Dragged-Along Sale shall be in cash;
- (c) the purchaser or the surviving entity following a merger with the Company shall not be a Related Party of the Company or any of its Shareholders; and
- (d) no Preferred Holder shall be required to give any representations and warranties other than the warranties in respect of the seller's title to the Equity Interests to be sold pursuant to a Dragged-Along Sale, warranties in respect of seller's authority to consummate a Dragged-Along Sale, and warranties that there is no encumbrances on the Equity Interests to be sold pursuant to a Dragged-Along Sale;

provided that: (A) if the consideration payable to IFC pursuant to a Dragged-Along Sale or any part of such consideration consists of Equity Securities of any Person, (1) such Person shall not be named on the lists promulgated by the United Nations Security Council or its committees pursuant to resolutions issued under Chapter VII of the United Nations Charter or the World Bank Listing of Ineligible Firms, (2) IFC is satisfied with the results of its integrity due diligence checks on such Person, and (3) that such Person undertakes to IFC to comply with IFC's policy requirements (including but not limited to having such Person enter into any agreement or other instrument setting out IFC's policy requirements in form and substance satisfactory to IFC); and (B) save as otherwise approved by IFC, IFC shall not be required to give any representations and warranties or indemnities or post-closing restrictive covenants other than the warranties and indemnities in respect of IFC's title to the Equity Interests to be sold pursuant to the Dragged-Along Sale, warranties in respect of IFC's authority to consummate the Dragged-Along Sale, and warranties that there is no encumbrances on the Equity Interests to be sold by IFC pursuant to the Dragged-Along Sale.

6D.3. Representation and Undertaking.

- (a) Any such sale or disposition by the Dragged Shareholders shall be on the terms and conditions as the proposed Drag-Along Sale by the Drag-Along Shareholders. Such Dragged Shareholders shall be required to make customary and usual representations and warranties in connection with the Drag-Along Sale, including, without limitation, as to their ownership and authority to sell, free of all liens, claims and encumbrances of any kind, the shares proposed to be transferred or sold by such persons or entities; and any violation or breach of or default under (with or without the giving of notice or the lapse of time or both) any law or regulation applicable to such Dragged Shareholders or any material contract to which such Dragged Shareholders is a party or by which they are bound and shall, without limitation as to time, indemnify and hold harmless to the full extent permitted by law, the purchasers against all obligations, cost, damages, expenses, losses, judgments, assessments, or other liabilities including, without limitation, any special, indirect, consequential or punitive damages, any court costs, costs of preparation, attorney's fees or expenses, or any accountant's or expert witness' fees arising out of, in connection with or related to any breach or alleged breach of any representation or warranty made by, or agreements, understandings or covenants of such Dragged Shareholders as the case may be, under the terms of the agreements relating to such Drag-Along Sale.

- (b) Each of the Dragged Shareholders undertakes to obtain all consents, permits, approvals, orders, authorizations or registrations, qualifications, designations, declarations or filings with any Governmental Authority or any third party, which are required to be obtained or made in connection with the Drag-Along Sale.
  - (c) Each of the Dragged Shareholders undertakes to pay its pro rata share of expenses incurred in connection with the Drag-Along Sale.
- 6D.4. **Drag-Along Notice.** Prior to making any Drag-Along Sale in which the Drag-Along Shareholders wish to exercise their rights under this Regulation 6D, the Drag-Along Shareholders shall provide the Company and the Dragged Shareholders with written notice (the “**Drag-Along Notice**”) not less than thirty (30) days prior to the proposed date of closing of the Drag-Along Sale (the “**Drag-Along Sale Date**”). The Drag-Along Notice shall set forth: (i) the name and address of the purchasers; (ii) the proposed amount and form of consideration to be paid, and the terms and conditions of payment offered by each of the purchasers; (iii) the Drag-Along Sale Date; (iv) the number of Equity Interests held of record by the Drag-Along Shareholders on the date of the Drag-Along Notice which form the subject to be transferred, sold or otherwise disposed of by the Drag-Along Shareholders; and (v) the number of Equity Interests of the Dragged Shareholders to be included in the Drag-Along Sale. In the event that the Drag-Along Sale Date does not occur within ninety (90) days after the date of the Drag-Along Notice, the Shareholders shall have no obligations to sell their Equity Interests unless they receive a new Drag-Along Notice or otherwise agree with the purchaser(s) in writing.
- 6D.5. **Transfer Certificate.** On the Drag-Along Sale Date, each of the Drag-Along Shareholders and the Dragged Shareholders shall deliver or cause to be delivered an instrument of transfer and a certificate or certificates evidencing its Equity Interests to be included in the Drag-Along Sale, duly endorsed for transfer with signatures guaranteed or cancellation, as the case may be, to such third party purchasers in the manner and at the address indicated in the Drag-Along Notice.
- 6D.6. **Payment.** Subject to the provisions of Regulation 6D.2(a), the Dragged Shareholders shall receive consideration per Equity Interest equal to the per Equity Interest consideration received by the Drag-Along Shareholders pursuant to the proposed Drag-Along Sale. Where an amount is payable by a Dragged Shareholder to the Company as exercise price upon exercise of its right to acquire any Ordinary Shares, such amount shall be deducted from the consideration per Equity Interest to be received by such Dragged Shareholder. If the Drag-Along Shareholders or the Dragged Shareholders receive the purchase price for their Equity Interests or such purchase price is made available to them as part of a Drag-Along Sale and, in either case they fail to deliver an instrument of transfer and certificates evidencing their Equity Interests as described in this Regulation 6D, they shall for all purposes be deemed no longer to be a shareholder of the Company (with the record books of the Company updated to reflect such status), shall have no voting rights, shall not be entitled to any dividends or other distributions with respect to any Equity Interests held by them, shall have no other rights or privileges as a Shareholder of the Company and, in the event of liquidation of the Company, their rights with respect to any consideration they would have received if they had complied with this Regulation 6D, if any, shall be subordinate to the rights of any other Shareholder. In addition, the Company shall not approve or register or effect any subsequent transfer of any such Equity Interests held by such Shareholders. Each Shareholder irrevocably and unconditionally appoints any director (by way of security for the performance of its obligations under the Shareholders Agreement) as its attorney to execute any instrument of transfer or share certificate which the appointing Shareholder may fail to execute when obliged to do so under the Articles, and to execute all such other documents, and doing all such other acts, as it may in its absolute discretion consider necessary or desirable to transfer title to the Equity Interests which are the subject of a Drag-Along Sale, on behalf of such appointing Shareholder; each Shareholder undertakes to approve, ratify and confirm the execution of any transfer of the Equity Interests which are the subject of a Drag-Along Sale, and other relevant documents, and the performance of all such other acts, by the attorney appointed hereunder and to indemnify and keep such attorney indemnified and held harmless from and against all losses which the attorney may suffer or incur as a result of the lawful exercise by it of the powers conferred on it under this Regulation.

6E Exempt Transfers. Notwithstanding anything to the contrary contained herein, the right of first refusal and co-sale rights of the Preferred Holders under this Regulations 6B and 6C shall not apply to (a) any sale or transfer of Ordinary Share Equivalents to the Company pursuant to a repurchase right or right of first refusal held by the Company in the event of a termination of employment or consulting relationship; (b) any transfer of Ordinary Share Equivalents by each Founder to a company or an entity one hundred percent (100%) owned (legally and beneficially) by such Founder (the “**Founder Holdco**”), provided that such Founder and the applicable Founder Holding Company shall undertake in writing that without the prior written consent of the Supermajority Preferred Holders: (i) such Founder Holdco (including the applicable Founder Holding Company) shall remain as a company or an entity one hundred percent (100%) owned (legally and beneficially) by such Founder; (ii) such Founder shall not sell, assign, transfer, pledge, hypothecate, mortgage, encumber or otherwise dispose of any of his shares in such Founder Holdco (including the applicable Founder Holding Company); and (iii) such Founder Holdco (including the applicable Founder Holding Company) shall not engage in any business other than passively holding the shares of the Company, or to trusts of such Founder for bona fide estate planning purposes, and (c) subject to any limitation provided in the Shareholders Agreement or hereunder, any transfer of Ordinary Share Equivalents by any Preferred Holder (each transferee pursuant to the foregoing clauses (a), (b) and (c), a “**Permitted Transferee**”); provided that, in any event, adequate documentation therefor is provided to each Preferred Holder to its satisfaction with respect to such transfer and that any such Permitted Transferee agrees in writing to be bound by the Shareholders Agreement in place of the relevant transferor; provided, further, that such transferor shall remain liable for any breach by such Permitted Transferee of any provision hereunder. Notwithstanding any other provisions of the Shareholders Agreement, the Memorandum and Articles, the right of first refusal and co-sale rights of the Preferred Holders under Regulations 6B and 6C shall not apply to any sale or transfer of Ordinary Share Equivalents as a result of exercise of the put option in accordance with the Put Option Agreement.

6F Prohibited Transfers.

- (a) Except for transfers to his Permitted Transferees as provided in Regulation 6E above, none of the Founders, the Founder Holding Companies, or their Permitted Transferees shall, without the prior written consent of the Supermajority Preferred Holders, directly or indirectly, sell, assign, transfer, pledge, hypothecate, mortgage, encumber or otherwise dispose through one or series of transactions any Company’s Equity Securities now or hereafter held by him/it to any Person.
- (b) Save for transfers pursuant to Regulation 6E, a Shareholder shall not sell, assign, transfer, pledge, hypothecate, mortgage, encumber or otherwise dispose through one or series of transactions any Company’s Equity Securities now or hereafter held by it to any Person unless such Person has agreed to adhere to the terms hereof and become a party to the Shareholders Agreement.

- (c) Notwithstanding of any other provisions in the Shareholders Agreement, the Memorandum and the Articles, a Shareholder shall not sell, assign, transfer, pledge, hypothecate, mortgage, encumber or otherwise dispose through one or series of transactions any Company's Equity Securities now or hereafter held by it to any Person who is on (i) the lists promulgated by the United Nations Security Council or its committees pursuant to resolutions issued under Chapter VII of the United Nations Charter; or (ii) the World Bank Listing of Ineligible Firms.
  - (d) Any attempt by a party to sell or transfer any Equity Securities of the Company in violation of Regulations 6B, 6C, 6D, 6E shall be void and the Company hereby agrees it will not effect such a transfer nor will it treat any alleged transferee as the holder of such Equity Securities and such alleged transferee shall not be entitled to any right under the Shareholders Agreement and this Memorandum and Articles.
- 6G **Restriction on Indirect Transfers.** Notwithstanding anything to the contrary contained herein but subject to Regulation 6E above, without the prior written approval of the Supermajority Preferred Holders, (i) none of the Group Companies shall, nor shall any of them cause or permit any other Person to, directly or indirectly, sell, assign, transfer, pledge, hypothecate, mortgage, encumber or otherwise dispose through one or a series of transactions any Equity Securities in any Group Company to any Person which is not a Group Company, and (ii) none of the Founders and the Founder Holding Companies shall, nor shall any of them cause or permit any other Person to, directly or indirectly, sell, assign, transfer, pledge, hypothecate, mortgage, encumber or otherwise dispose through one or a series of transactions any Equity Securities in any PRC Group Company to any Person. Any transfer in violation of this Regulation 6G shall be void and each Group Company, each of the Founders and the Founder Holding Companies hereby agrees that it/he will not effect such sale, assignment, transfer, pledge, hypothecation, mortgage, encumbrance or otherwise disposition nor will it/he treat any alleged transferee as the holder of such Equity Securities unless in accordance with this Regulation 6G.
- 6H Notwithstanding any other provisions in the Shareholders Agreement, the Memorandum and the Articles, any transfer of Equity Securities in the Company made pursuant to the Put Option Agreement shall not be subject to the provisions set out in Regulations 6B and 6C.
- 6I The provisions set out in this Regulation 6 (other than 6F(d) and 6I) shall terminate upon consummation of a Qualified Public Offering.

## 7. MEETINGS AND CONSENTS OF SHAREHOLDERS

- 7.1. (a) Subject to Regulation 7.1(c) hereof, if so determined by the Directors, the Company shall hold its annual general meetings and shall specify the meeting as such in the notices calling it. The annual general meeting shall be held at such time and place as the Directors shall appoint.
- (b) At these meetings the report of the Directors (if any) shall be presented.
- (c) Unless required by the Companies Act, the Company may but shall not be obliged to hold an annual general meeting.
- 7.2. The Directors shall convene a meeting of Members upon the written requisition of any Member or Members entitled to attend and vote at general meeting of the Company who hold not less than ten percent (10%) of the paid up voting share capital of the Company in respect to the matter for which the meeting is requested, deposited at the registered office of the Company specifying the objects of the meeting for a date no later than thirty-five (35) days from the date of the deposit of the requisition signed by the requisitionist.

- 7.3 The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the registered office of the Company and may consist of several documents in like form each signed by one or more requisitionists.
- 7.4 If the Directors do not within thirty-five (35) days from the date of such deposit duly proceed to convene a general meeting, the requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a general meeting, but any meeting so convened shall not be held after the expiration of three (3) months after the expiration of the said thirty-five (35) days.
- 7.5 A general meeting convened as aforesaid by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by Directors.
- 7.6 At least fifteen (15) days' notice shall be given for an annual general meeting or any other general meeting. At least seven (7) days' notice shall be given in case of special business. Every notice shall be exclusive of the day on which it is given or deemed to be given and of the day for which it is given and shall specify the place, the day and the hour of the meeting and the general nature of the business and shall be given in the manner hereinafter mentioned or in such other manner if any as may be prescribed by the Company; provided that a general meeting of the Company shall, whether or not the notice specified in this Regulation 7.6 has been given and whether or not the provisions of the Article regarding general meetings have been complied with, be deemed to have been duly convened if it is so agreed:
- (a) in the case of an annual general meeting by all the Members (or their proxies) entitled to attend and vote thereat; and
  - (b) in the case of any other general meeting by a majority in number of the Members (or their proxies) having a right to attend and vote at the meeting, being a majority together holding not less than two-thirds (2/3) of the then outstanding Ordinary Shares (calculated on an as-converted basis).
- 7.7 The accidental omission to give notice of a general meeting to, or the non-receipt of notice of a meeting by any Person entitled to receive notice shall not invalidate the proceedings of that meeting.
- 7.8 Proceedings at General Meeting.
- (a) No business shall be transacted at any general meeting unless a quorum of Members is present. The presence in person or by proxy of the holders of at least the Majority Ordinary Holder(s) and the Supermajority Preferred Holders shall collectively be required in order to constitute a quorum; provided always that if the Company has one Member of record the quorum shall be that one Member present in person or by proxy.
  - (b) A Person may participate at a general meeting by conference telephone or other communications equipment by means of which all the Persons participating in the meeting can communicate with each other. Participation by a Person in a general meeting in this manner is treated as presence in person at that meeting.
- 7.9 A resolution (whether an Ordinary Resolution or a Special Resolution) in writing (in one or more counterparts) signed by all Members for the time being entitled to receive notice of and to attend and vote at general meetings (or being corporations by their duly authorized representatives) shall be as valid and effective as if the same had been passed at a general meeting of the Company duly convened and held.

- 7.10 If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Members, shall be dissolved and in any other case it shall stand adjourned to the same day in the next week at the same time and place or to such other time or such other place as the Directors may determine and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the Members present and entitled to vote shall be a quorum.
- 7.11 At every meeting the Members present shall choose someone of their number to be the chairman (the "**Chairman**"). If the Members are unable to choose a Chairman for any reason, then the person representing the greatest number of voting shares present at the meeting shall preside as Chairman, failing which the oldest individual Member present at the meeting or failing any Member personally attending the meeting, the proxy present at the meeting representing the oldest Member of the Company, shall take the chair.
- 7.12 The Chairman may, with the consent of any general meeting duly constituted hereunder, and shall if so directed by the meeting, adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a general meeting is adjourned for fourteen (14) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting; save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned general meeting.
- 7.13 At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands by a simple majority, unless a poll is, before or on the declaration of the result of the show of hands, demanded by the Chairman or any Member or Members present in person or by proxy collectively holding at least ten percent (10%) of the paid up voting share capital of the Company.
- 7.14 Subject to the provisions of the Articles, unless a poll be so demanded a declaration by the Chairman that a resolution has on a show of hands been carried, or carried unanimously, or by a particular majority, or lost or not carried by a particular majority, and an entry to that effect in the minutes of the proceedings of the meeting shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
- 7.15 The demand for a poll may be withdrawn.
- 7.16 Subject to the provisions of the Articles, except on a poll demanded on the election of a Chairman or on a question of adjournment, a poll shall be taken in such manner as the Chairman directs and the result of the poll shall be deemed to be the resolution of the general meeting at which the poll was demanded.
- 7.17 In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the general meeting at which the show of hands takes place or at which the poll is demanded, shall not be entitled to a second or casting vote.
- 7.18 A poll demanded on the election of a Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the Chairman of the general meeting directs and any business other than that upon which a poll has been demanded or is contingent thereon may be proceeded with pending the taking of the poll.

- 7.19 Except as otherwise required by law or as set forth herein, the holder of any Ordinary Shares issued and outstanding shall have one vote for each Ordinary Share held by such holder, and the holders of any Preferred Shares shall be entitled to the number of votes equal to the number of Ordinary Shares into which such Preferred Share could be converted at the record date for determination of the Members entitled to vote on such matters, or, if no such record date is established, at the date such vote is taken or any written consent of Members is solicited, such votes to be counted together with all other Shares of the Company having general voting power and as a class except as (i) provided under Regulation 7A and (ii) as required by law. Holders of Ordinary Shares and Preferred Shares shall be entitled to notice of any Members' meeting in accordance with the Articles.
- 7.20 In the case of joint holders of record the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.
- 7.21 A Member of unsound mind, or in respect of whom an order has been made by any court, having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee, receiver, curator bonis, or other Person in the nature of a committee, receiver or curator bonis appointed by that court, and any such committee, receiver, curator bonis or other Persons may vote by proxy.
- 7.22 No Member shall be entitled to vote at any general meeting or at any separate meeting of the holders of a class or series of Shares unless all calls or other sums presently payable by it in respect of Shares in the Company have been paid.
- 7.23 No objection shall be raised to the qualification of any voter except at the general meeting or adjourned general meeting at which the vote objected to is given or tendered and every vote not disallowed at such general meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the general meeting whose decision shall be final and conclusive.
- 7.24 On a poll or on a show of hands votes may be given either personally or by proxy.
- 7.25 The instrument appointing a proxy shall be in writing and shall be executed under the hand of the appointor or of his attorney duly authorized in writing, or, if the appointor is a corporation under the hand of an officer or attorney duly authorized in that behalf. A proxy need not be a Member of the Company.
- 7.26 The instrument appointing a proxy shall be deposited at the registered office of the Company or at such other place as is specified for that purpose in the notice convening the meeting no later than the time for holding the meeting, or adjourned meeting provided that the Chairman of the meeting may at his discretion direct that an instrument of proxy shall be deemed to have been duly deposited upon receipt of telex, cable or telecopy confirmation from the appointor that the instrument of proxy duly signed is in the course of transmission to the Company. An instrument of proxy that is not deposited in the manner permitted shall be invalid.
- 7.27 The instrument appointing a proxy may be in any usual or common form and may be expressed to be for a particular meeting or any adjournment thereof or generally until revoked. An instrument appointing a proxy shall be deemed to include the power to demand or join in demanding a poll.
- 7.28 A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the Share in respect of which the proxy is given unless notice in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Company at the registered office before the commencement of the general meeting, or adjourned meeting at which it is sought to use the proxy.



- 7.29 Any corporation or other non-natural person which is a Member of record of the Company may in accordance with its constitutional documents or in the absence of such provision by resolution of its directors or other governing body authorize such person as it thinks fit to act as its representative at any meeting of the Company or of any class or series of Members of the Company, and the person so authorized shall be entitled to exercise the same powers on behalf of the corporation which he represents as the corporation could exercise if it were an individual Member of record of the Company.
- 7.30 Shares in the Company that are beneficially owned by the Company shall not be voted, directly or indirectly, at any meeting and shall not be counted in determining the total number of outstanding Shares at any given time.

#### **7A. MATTERS REQUIRING CONSENT**

- 7A.1 Notwithstanding any other provisions of the Memorandum or the Articles, the following acts of the Company and each other applicable Group Company (whether in a single transaction or a series of related transactions, and whether directly or indirectly, or by amendment, merger, consolidation, or otherwise) shall require the prior written approval of the Supermajority Preferred Holders and the Majority Ordinary Holder(s) (for the avoidance of doubt, this Regulation 7A.1 applies to the Company itself as well as each other Group Company, unless expressly specified otherwise):
- (a) any repurchase or redemption of any Equity Securities of the Company (other than pursuant to the terms herein, or conditions upon which such Equity Securities are issued including in accordance with the re-purchase or redemption provisions in the Memorandum and Articles or other constitutional documents or pursuant to the terms of the ESOP and the repurchase of any Ordinary Share Equivalents as a result of an exercise of the put option in accordance with the Put Option Agreement) and the issuance of Equity Securities with such rights of repurchase or redemption;
  - (b) any share subdivision, share consolidation or share dividend, reclassification or other forms of restructuring of capital of the Company;
  - (c) any material change in the nature or scope of the business of the Company or any other Group Company;
  - (d) any public offering of any debt or equity securities of the Company (or as the case may be any debt or equity securities of any other Group Company or the shares or securities of the relevant entity resulting from any merger, reorganization or other arrangement made by or to the Company for the purpose of such public offering) or delisting thereof;
  - (e) any change in the authorized number of any class of the Preferred Shares;
  - (f) the authorization, creation or issuance of any class or series of securities (or warrants, options or similar rights to acquire such securities) having any right on a parity with any class of the Preferred Shares or any new issuance of debt or Equity Securities (or warrants, options or similar rights to acquire such securities) of the Company;
  - (g) a Liquidation Event (except for any Drag-Along Sale proposed or requested by the Drag-Along Shareholders pursuant to Regulation 6D);

- (h) any amendment or repeal of any provision of the Memorandum and Articles or other constitutional documents in any material respect (for the avoidance of doubt, where the amendment of the Memorandum and Articles relate to the amendment contemplated under Regulation 7A.2, then Regulation 7A.2 shall apply);
- (i) any material change to the aggregate number of Ordinary Share Equivalents reserved for issuance under ESOP;
- (j) entering into (in a single transaction or a series of related transactions) any commitments for mergers, acquisitions, sale consolidation, joint venture, establishment of any subsidiary or branch, strategic alliance with or into one or more entities (whether by the acquisition, contribution or disposition of shares, assets, or otherwise), for a consideration with fair value in excess of US\$8,000,000 (or the equivalent in any other currency);
- (k) increase or decrease of the share capital or registered capital (as the case may be), except for additional capital contribution made by any Group Company to any of its wholly-owned Subsidiaries;
- (l) (i) transactions with a Related Party or a Shareholder (or any Affiliates or Associates of such a Shareholder) other than in the ordinary course of business or (ii) transactions with a Related Party or a Shareholder (or any Affiliates or Associates of such a Shareholder) for a consideration in excess of RMB10,000,000 (or the equivalent in any other currency) in a single transaction or in excess of RMB20,000,000 (or the equivalent in any other currency) in all transactions during any fiscal year in the ordinary course of business (excluding (i) the Restructuring Documents, (ii) the transactions with Jing Dong and its Affiliates; (iii) the transactions among the Group Companies and their wholly-owned Subsidiaries; (iv) the transactions under the Kuaishou BCA (as defined in the Cosmic Blue Share Purchase Agreement));
- (m) the appointment or removal of the auditors of the Company which is not one of KPMG, Deloitte Touche Tohmatsu, Pricewaterhouse Coopers and Ernst & Young and the determination of their fees, remuneration or other compensation;
- (n) amendment of accounting policies or change of the financial year of the Company;
- (o) approving or amending the annual business plan and the annual budget, and the establishment of milestones;
- (p) entering into any obligation outside the normal course of business in excess of US\$5,000,000 (or the equivalent in any other currency);
- (q) entering into (in a single transaction or a series of related transactions) any commitments for capital investments in excess of US\$5,000,000 (or the equivalent in any other currency);
- (r) incurring (in a single transaction or a series of related transactions) any Financial Debt in excess of US\$10,000,000 (or the equivalent in any other currency) other than the Financial Debt listed in annual business plan and the annual budget; or
- (s) any increase or decrease in the number of directors of the Company's Board.

Notwithstanding anything to the contrary contained in this provision, where any act listed above requires the approval of the Shareholders of the Company in accordance with the Companies Act, and if the Shareholders vote in favor of such act but the holders of Shares who are entitled to the right of additional prior consent have delivered a written notice of disapproval to the Company pursuant thereto, then such disapproving Shareholders who are entitled to the additional approval votes shall, in such vote, have such number of votes as equal to the aggregate number of votes of the Shareholders who voted in favor of such act plus one.

For purpose of the Regulations 7A.1 and 7A.2, the approval of the Majority Ordinary Holder(s) shall not be required for any act relating to a Trade Sale that represents a valuation of the Company which values each Ordinary Share (on a fully diluted and as-converted basis) equal to or higher than the then effective Series F Conversion Price.

Notwithstanding anything contained herein, the Company may conduct the Qualified Public Offering without approvals required under Regulations 7A.1 and 7A.2, provided that approvals of the Shareholders and the Board required under all applicable Laws have been obtained for such Qualified Public Offering; further provided that the Qualified Public Offering shall comply with other provisions of the Memorandum and Articles.

- 7A.2. Notwithstanding any other provisions of the Memorandum and the Articles, the Shareholders and the Company shall each take all steps necessary to ensure that neither the Company nor any of other Group Companies shall change or adversely affect the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of Preferred Shares (including without limitation (i) the issuance of any Series A Preferred Shares, the Series B Preferred Shares, the Series C-1 Preferred Shares and Series C-2 Preferred Shares, Series C-3 Preferred Shares, Series D Preferred Shares, Series E Preferred Shares or Series F Preferred Shares (or warrants, options or similar rights to acquire such Preferred Shares); (ii) any amendment or change of the Automatic Conversion mechanism of any series of Preferred Shares set forth in Clause 7.4(b) of the Memorandum and Articles, which adversely affects the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of Preferred Shares; (iii) any amendment or change of the definition of "Trade Sale" or "Liquidation Event", which adversely affects the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of Preferred Shares; and (iv) any amendment or waiver of the distribution preferences in any liquidation or Trade Sale of the Company or any Preferred Holder's right to challenge the valuation set forth in Clause 7.3 of the Memorandum and Articles, which adversely affects the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of Preferred Shares), except with (a) with respect to Series A Preferred Shares, the prior written consents of the Majority Series A Preferred Holder(s); or (b) with respect to Series B Preferred Shares, the prior written consents of the Majority Series B Preferred Holder(s); or (c) with respect to the Series C-1 Preferred Shares and Series C-2 Preferred Shares, the prior written consents of the Supermajority Series C-1/C-2 Preferred Holder(s); or (d) with respect to the Series C-3 Preferred Shares, the prior written consents of the Supermajority Series C-3 Preferred Holder(s); (e) with respect to Series D Preferred Shares, the prior written consents of the Majority Series D Preferred Holder(s); (f) with respect to Series E Preferred Shares, the prior written consents of the Majority Series E Preferred Holder(s); or (g) with respect to Series F Preferred Shares, the prior written consents of the Supermajority Series F Preferred Holder(s). For the avoidance of doubt, any act that authorizes, creates or issues any Equity Securities of the Company (except any of the Series A Preferred Shares, the Series B Preferred Shares, the Series C-1 Preferred Shares, the Series C-2 Preferred Shares, the Series C-3 Preferred Shares, the Series D Preferred Shares, the Series E Preferred Shares or the Series F Preferred Shares (or warrants, options or similar rights to acquire such Preferred Shares), including those ranking *pari passu* with or senior to the Preferred Shares, shall not be deemed as an act that requires the prior written consents of holders of the Preferred Shares set forth in this Regulation 7A.2.
- 7A.3. For the avoidance of doubt, at any meeting convened to consider any resolution to be passed as a Special Resolution, the holder(s) of all the then-issued and outstanding voting Shares shall vote together as a single class.

## 8. DIRECTORS

- 8.1. (a) The Board shall consist of no more than ten (10) Directors, which number of Directors shall not be changed except by the consent of Supermajority Preferred Holders.
- (i) So long as the Majority Series A Preferred Holder(s) holds no less than five percent (5%) of the outstanding share capital of the Company on a fully diluted and as-converted basis, the Majority Series A Preferred Holder(s) shall be entitled to nominate one (1) Director (the “**Series A Director**”). For so long as the Majority Series A Preferred Holder(s) holds less than five percent (5%) of the outstanding share capital of the Company on a fully diluted and as-converted basis, the Series A Director shall be immediately removed from the Board.
  - (ii) So long as Jing Dong holds no less than five percent (5%) of the outstanding share capital of the Company on a fully diluted and as-converted basis, Jing Dong shall be entitled to nominate two (2) Directors (the “**JD Directors**”, and each a “**JD Director**”). For so long as Jing Dong holds less than five percent (5%) of the outstanding share capital of the Company on a fully diluted and as-converted basis, the JD Directors shall be immediately removed from the Board.
  - (iii) So long as the Majority Series C Preferred Holder(s) holds no less than five percent (5%) of the outstanding share capital of the Company on a fully diluted and as-converted basis, the Majority Series C Preferred Holder(s) shall be entitled to nominate one (1) Director (the “**Series C Director**”) and so long as Tiantu holds no less than five percent (5%) of the outstanding share capital of the Company on a fully diluted and as-converted basis, the holders of the Series C Preferred Shares shall agree and ensure that Tiantu shall nominate the Series C Director. For so long as Tiantu holds less than five percent (5%) of the outstanding share capital of the Company on a fully diluted and as-converted basis, the Series C Director appointed by Tiantu shall be immediately removed from the Board and the one or group holders of the Series C Preferred Shares constituting the Majority Series C Preferred Holder(s) shall be entitled to nominate the Series C Director. For so long as the Majority Series C Preferred Holder(s) holds less than five percent (5%) of the outstanding share capital of the Company on a fully diluted and as-converted basis, the Series C Director shall be immediately removed from the Board.
  - (iv) So long as the Majority Series D Preferred Holder(s) holds no less than five percent (5%) of the outstanding share capital of the Company on a fully diluted and as-converted basis, the Majority Series D Preferred Holder(s) shall be entitled to nominate one (1) Director (the “**Series D Director**”). For so long as the Majority Series D Preferred Holder(s) holds less than five percent (5%) of the outstanding share capital of the Company on a fully diluted and as-converted basis, the Series D Director shall be immediately removed from the Board.
  - (v) So long as Jing Dong holds no less than five percent (5%) of the outstanding share capital of the Company on a fully diluted and as-converted basis, Jing Dong and the Majority Ordinary Holder(s) shall be collectively entitled to nominate one (1) Director. For so long as Jing Dong holds less than five percent (5%) of the outstanding share capital of the Company on a fully diluted and as-converted basis, such director shall be solely nominated by the Majority Ordinary Holder(s).

- (vi) So Long as GTJA (together with its Affiliates) holds all of the Series E Preferred Shares purchased by GTJA pursuant to the Follow-On Series E Preferred Share Purchase Agreement, GTJA and the Majority Ordinary Holder(s) shall be collectively entitled to nominate one (1) Director (“GTJA Director”), whom shall initially be Yuen Chiu (趙玄); and in the event that GTJA and the Majority Ordinary Holder(s) fail to reach an agreement on the appointment of alternative nominee for such director, such nominee shall be decided by GTJA. For so long as (A) GTJA (together with its Affiliates) fails to hold all of the Series E Preferred Shares purchased by GTJA pursuant to the Follow-On Series E Preferred Share Purchase Agreement; (B) GTJA (or its Affiliates) fails to cause GTJA Director to comply with its acting-in-concert undertakings as provided in Regulation 8.1(d) below, or (C) the prospectus of Company’s public offering has been prepared for filing or submission, or the Company’s public offering is likely to be negatively or adversely affected by such joint appointment of such Director, then such Director shall be solely nominated by the Majority Ordinary Holder(s).
- (vii) The Majority Ordinary Holder(s) shall be entitled to nominate three (3) Directors, one of whom shall initially be CHEN Xuefeng (陈雪峰) and another two (2) of whom may be appointed by the Majority Ordinary Holder(s) from time to time. In the event that only CHEN Xuefeng (陈雪峰) is appointed by the Majority Ordinary Holder(s), CHEN Xuefeng (陈雪峰) shall be entitled to three (3) votes and the votes entitled to CHEN Xuefeng (陈雪峰) shall be reduced by one (1) upon each additional Director being appointed by the Majority Ordinary Holder(s). Each Shareholder shall cause the Directors nominated by them (if any) to always vote for election of CHEN Xuefeng (陈雪峰) as the chairman of the Board, in any case of an equality of votes other than for actions provided under Regulation 10.2, CHEN Xuefeng (陈雪峰) shall have a second or casting vote.
- (b) A copy of the register of Directors shall be kept at the registered office of Company.
- (c) IFC, 5Y Capital, Tiantu, Jing Dong, Greenwoods, Cathay, Tiger, GTJA, Being Capital, Pluto Connection, Design Time and Cosmic Blue shall each be entitled to appoint one (1) observer to the Board and such observer shall be entitled to attend meetings of the Board, receive notice, agenda and other materials in connection with such meetings and such observer shall be given the reasonable opportunity to speak and express their opinion on matters discussed at such meetings.
- (d) GTJA hereby undertakes and ensures that, and shall procure the GTJA Director to comply with the following covenants: (i) the GTJA Director and CHEN Xuefeng (陈雪峰) shall be deemed as actors in concert, and shall act in concert in relation to all matters that require the decisions of the Directors of the Company, including but not limited to voting unanimously to approve, reject, or to abstain from voting in relation to motions that need to be resolved at Board meetings of the Company, and to jointly sign all necessary documents; (ii) before the GTJA Director and CHEN Xuefeng (陈雪峰) act in concert, they shall vote on the matters that require action in concert, and joint action shall be taken based on the results of such voting; if they are unable to reach a unanimous opinion in relation to the matters that require action in concert, a decision that is made by CHEN Xuefeng (陈雪峰) shall be deemed as a decision that is unanimously passed by them and shall be binding on them and such arrangement shall be acknowledged by other Directors to the extent not in violation of applicable Laws; (c) for purpose of such acting-in-action, CHEN Xuefeng (陈雪峰) shall be entitled to, at any time he deems fit, require the GTJA Director to (A) appoint CHEN Xuefeng (陈雪峰) or other person designated by CHEN Xuefeng (陈雪峰) as his proxy, and issue an authorization letter to such proxy to authorize such proxy to exercise voting rights on behalf of the GTJA Director regarding any Board meeting or matters to be decided by the Directors; or (B) enter into an acting-in-concert agreement with CHEN Xuefeng (陈雪峰).

- 8.2. Subject to the provisions of the Companies Act and the Articles (including Regulation 7A), the remuneration to be paid to the Directors shall be such remuneration as the Company's Ordinary Resolution shall determine. The Directors shall also be entitled to be paid their traveling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of the Directors, or any committee of the Directors, or general meetings of the Company, or otherwise in connection with the business of the Company, or to receive a fixed allowance in respect thereof as may be determined by the Directors from time to time, or a combination partly of one such method and partly the other.
- 8.3. Subject to the provisions of the Companies Act and the Articles (including Regulation 7A), the Directors may award special remuneration to any Director of the Company for any service other than his ordinary routine work as a Director. Any fees paid to a Director who is also counsel or solicitor to the Company, or otherwise serves it in a professional capacity shall be in addition to his remuneration as a Director.
- 8.4. A Director or alternate Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director for such period and on such terms as to remuneration and otherwise as the Directors may determine.
- 8.5. A Director or alternate Director may act by himself or his firm in a professional capacity for the Company and he or his firm shall be entitled to remuneration for professional services as if he were not a Director or alternate Director.
- 8.6. A Director or alternate Director of the Company may be or become a director or other officer of or otherwise interested in any company promoted by the Company or in which the Company may be interested as Member or otherwise and no such Director or alternate Director shall be accountable to the Company for any remuneration or other benefits received by him as a director or officer of, or from his interest in, such other company.
- 8.7. No person shall be disqualified from the office of Director or alternate Director or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director or alternate Director shall be in any way interested be or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to the Company for any profit realized by any such contract or transaction by reason of such Director holding office or of the fiduciary relation thereby established. A Director (or his alternate Director in his absence) shall be at liberty to vote in respect of any contract or transaction in which he is so interested as aforesaid; provided that the nature of the interest of any Director or alternate Director in any such contract or transaction shall be disclosed by him or the alternate Director appointed by him at or prior to its consideration and any vote thereon.

- 8.8. A general notice or disclosure to the Directors or otherwise contained in the minutes of a meeting or a written resolution of the Directors or any committee thereof that a Director or alternate Director is a Member, director, officer or employee of any specified firm or company and is to be regarded as interested in any transaction with such firm or company shall be sufficient disclosure for purposes of voting on a resolution in respect of a contract or transaction in which he has an interest, and after such general notice it shall not be necessary to give special notice relating to any particular transaction.
- 8.9. A shareholding qualification for Directors may be fixed by the Company in general meeting, but unless and until so fixed no qualification shall be required.
- 8.10. Any Director (other than an alternate Director) may by writing appoint any other Director, or any other person willing to act, to be an alternate Director and by writing may remove from office an alternate Director so appointed by him. An alternate Director shall be entitled to receive notice of all meetings of Directors and of all meetings of committees of Directors of which his appointor is a Member, to attend and vote at every such meeting at which the Director appointing him is not personally present, and generally to perform all the functions of his appointor as a Director in his absence. An alternate Director shall cease to be alternate Director if his appointor ceases to be a Director. Any appointment or removal of an alternate Director shall be by notice to the Company signed by the Director making or revoking the appointment or in any other manner approved by the Directors. An alternate Director shall be deemed for all purposes to be a Director and shall alone be responsible for his own acts and defaults and shall not be deemed to be the agent of the Director appointing him.
- 8.11. Any person or group of persons entitled to designate any individual to be elected as a director of the Board pursuant to Regulation 8.1(a) shall have the right to remove any such director occupying such position and to fill any vacancy caused by the death, disability, retirement, resignation or removal of any director occupying such position. Each Shareholder agrees to always vote such Shareholder's respective Shares in support of the principle that a director to the Board appointed pursuant to Regulation 8.1(a) shall be removed from the Board with or without cause only upon the vote or written consent of the Shareholders entitled to appoint such director pursuant to Regulation 8.1(a), and each such Shareholder further agrees not to seek, vote for or otherwise effect the removal with or without cause of any such director without such vote or written consent. If a vacancy is created on the Board at any time by the death, disability, retirement, resignation or removal of any director appointed pursuant to Regulation 8.1(a), the replacement to fill such vacancy shall be designated in the same manner, in accordance with Regulation 8.1(a), as the director whose seat was vacated.

## **9. POWERS OF DIRECTORS**

- 9.1. Subject to the provisions of the Companies Act, the Memorandum and the Articles and to any directions given by Special Resolution, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company. No alteration of the Memorandum or Articles and no such direction shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made or that direction had not been given. A duly convened meeting of Directors at which a quorum is present may exercise all powers exercisable by the Directors.
- 9.2. Subject to the provisions of the Companies Act and the Articles (including Regulation 7A), all cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for monies paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed as the case may be in such manner as the Directors shall from time to time by resolution determine.

- 9.3. The Directors shall cause minutes to be made in books provided for the purpose:
- (a) of all appointments of officers made by the Directors;
  - (b) of the names of the Directors (including those represented thereat by an alternate or by proxy) present at each meeting of the Directors and of any committee of the Directors; and
  - (c) of all resolutions and proceedings at all meetings of the Company and of the Directors and of committees of Directors.
- 9.4. The Directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any Director who has held any other salaried office or place of profit with the Company or to his widow or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.
- 9.5. Subject to the provisions of the Companies Act and the Articles (including Regulation 7A), the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.
- 9.6. Subject to the provisions of the Companies Act and the Articles (including Regulation 7A), the Company may further determine by a Resolution of Directors to register a copy of the register of mortgages, charges or other encumbrances with the Registrar of Corporate Affairs.
- 9.7. With respect to Regulations 9.8 to 9.13, subject in each case to the provisions of the Companies Act and the Articles (including Regulation 7A).
- 9.8. The Directors (acting as a Board) may delegate to any managing Director or any Director holding any other executive office such of their powers as they consider desirable to be exercised by him; provided that an alternate Director may not act as a managing Director and the appointment of a managing Director shall be revoked forthwith if he ceases to be a Director. Any such delegation may be made subject to any conditions the Directors may impose, and either collaterally with or to the exclusion of their own powers and may be revoked or altered.
- 9.9. The Directors may by power of attorney or otherwise appoint any person to be the agent of the Company on such conditions as the Directors may determine; provided that the delegation is not to the exclusion of their own powers and may be revoked by the Directors at any time.
- 9.10. Subject to the provisions of the Companies Act and the Articles (including Regulation 7A), the Directors may appoint such officers as they consider necessary on such terms, at such remuneration as may be determined by the Directors and to perform such duties, and subject to such provisions as to disqualification and removal as the Directors may think fit. Unless otherwise specified in the terms of his appointment an officer may be removed by resolution of the Directors or Members.
- 9.11. The Directors may delegate any of their powers to any committee consisting of one or more Directors. Subject to any such conditions, the proceedings of a committee of Directors shall be governed by the Articles regulating the proceedings of Directors, so far as they are capable of applying.



- 9.12. The Directors may from time to time and at any time by powers of attorney appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purpose and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Directors under the Articles) and for such period and subject to such conditions as they may think fit, and any such powers of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorneys as the Directors may think fit and may also authorize any such attorney to delegate all or any of the powers, authorities and discretion vested in him
- 9.13. The Directors from time to time and at any time may establish any committees, local boards or agencies for managing any of the affairs of the Company and may appoint any persons to be Members of such committees or local boards or any managers or agents.
- 9.14. Subject to the provisions the Articles (including Regulation 7A), the Directors may by Resolution of Directors determine that any sale, transfer, lease, exchange or other disposition is in the usual or regular course of the business carried on by the Company and such determination is, in the absence of fraud, conclusive.

#### 10. PROCEEDINGS OF DIRECTORS

- 10.1. The quorum necessary for the transaction of the business of the Directors shall be at least five (5) Directors, including at least two-thirds (2/3) of the Preferred Directors (which shall include at least one (1) JD Director) and CHEN Xuefeng (陈雪峰). An alternate Director or proxy appointed by a Director shall be counted in a quorum at a meeting if his appointor is not present. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall stand adjourned to the same day in the next week at the same time and place or to such other time or such other place as the Directors may determine and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the Directors present shall be a quorum.
- 10.2. Except as otherwise provided by the Articles, the Directors may regulate their meetings as they think fit. Subject to the provisions of the Articles (including Regulation 7A), questions arising at any meeting shall be decided by a majority of votes of the Directors and alternate Directors present at a meeting at which there is a quorum. A Director who is also an alternate Director shall be entitled in the absence of his appointor to a separate vote on behalf of his appointor in addition to his own vote. Subject to the provisions of this Regulation 10.2, in case of an equality of votes, the Chairman of the Board shall have a second or casting vote.

Notwithstanding any other provisions of the Memorandum or the Articles, the Shareholders and the Company shall each take all steps necessary to ensure that neither the Company nor any of the other Group Companies shall carry out any of the following actions, without the prior approval of the Supermajority Directors (including the affirmative votes of two-thirds (2/3) of the Preferred Directors) present at a meeting at which there is a quorum (for the avoidance of doubt, this Regulation 10.2 applies to the Company itself as well as each other Group Company, unless expressly specified otherwise):

- (a) the adoption or amendment of the ESOP, or equivalent, for the benefit of the employees, directors and consultants of the Company and other Group Companies and the amendment to any terms and conditions thereof;
- (b) transactions with a Related Party or a Shareholder (or any Affiliates or Associates of such a Shareholder) for a consideration in excess of RMB5,000,000 (or the equivalent in any other currency) in a single transaction or in excess of RMB10,000,000 (or the equivalent in any other currency) in all transactions during any fiscal year (excluding (i) the Restructuring Documents, (ii) the transactions with Jing Dong and its Affiliates, (iii) the transactions among the Group Companies and their wholly-owned Subsidiaries, (iv) the transactions under the Kuaishou BCA (as defined in the Cosmic Blue Share Purchase Agreement), and (v) the transactions that are subject to the prior written consent of the Supermajority Preferred Holders and the Majority Ordinary Holder(s) under Regulation 7A.1(l);

- (c) any matter in which the Company or any other Group Company pledges or mortgages its assets or acts in excess of US\$5,000,000 as a guarantor;
  - (d) the appointment of the Chief Executive Officer, Chief Financial Officer, Chief Technology Officer and Chief Operating Officer of the Company;
  - (e) the declaration or payment of a dividend on any shares of the Company or any other Group Company;
  - (f) entering into (in a single transaction or a series of related transactions) any commitments for mergers, acquisitions, sale consolidation, joint venture, establishment of any subsidiary or branch, strategic alliance with or into one or more entities, (whether by the acquisition, contribution or disposition of shares, assets, or otherwise), for a consideration with fair value in excess of US\$4,000,000 (or the equivalent in any other currency);
  - (g) any increase in compensation of any of the five (5) most highly compensated employees of the Company more than thirty percent (30%) by once or multiple times within a fiscal year; or
  - (h) settlement of any dispute in connection with any Restructuring Documents or enforcement of any rights thereunder, in each case, by a Group Company.
- 10.3. A Director or alternate Director may, and the Secretary on the requisition of a Director or alternate Director shall, at any time summon a meeting of the Directors by at least seven (7) days' notice in writing to every Director and alternate Director which notice shall set forth the time and place of the meeting and the general nature of the business to be considered unless notice is waived by all the Directors (or their alternates) either at, before or after the meeting is held.
- 10.4. The continuing Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the number fixed by or pursuant to the Articles as the necessary quorum of Directors the continuing Directors or Director may act for the purpose of increasing the number of Directors to that number, or of summoning a general meeting of the Company, but for no other purpose.
- 10.5. The Directors may elect a Chairman of the Board (the "**Chairman of the Board**") and determine the period for which he is to hold office; but if no such Chairman of the Board is elected, or if at any meeting the Chairman of the Board is not present within fifteen (15) minutes after the time appointed for holding the same, the Directors present may choose one of their number to be Chairman of the Board in such meeting. If the Directors are unable to choose a Chairman of the Board for any reason, then the oldest Director present at the meeting shall preside as the Chairman of the Board. For avoidance of doubt, each Shareholder shall cause the Directors nominated by them (if any) to always vote for election of CHEN Xuefeng (陈雪峰) as the Chairman of the Board.
- 10.6. All acts done bona fide by any meeting of the Directors or of a committee of Directors (including any person acting as an alternate Director) shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any Director or alternate Director, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and qualified to be a Director or alternate Director as the case may be.

- 10.7. Members of the Board of Directors or of any committee thereof may participate in a meeting of the Board or of such committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can communicate with each other at the same time. Participation by a person in a meeting pursuant to this provision shall constitute presence in person at such meeting. Unless otherwise determined by the Directors, the meeting shall be deemed to be held at the place where the Chairman of the meeting is at the start of the meeting.
- 10.8. A resolution in writing (in one or more counterparts), signed by all the Directors for the time being or all the Members of a committee of Directors (an alternate Director being entitled to sign such resolution on behalf of his appointor) shall be as valid and effectual as if it had been passed at a meeting of the Directors or committee of Directors, as the case may be, duly convened and held.
- 10.9. A Director, but not an alternate Director, may be represented at any meetings of the Board of Directors by a proxy appointed in writing by him. The proxy shall count towards the quorum and the vote of the proxy shall for all purposes be deemed to be that of the Director. The provisions of Regulations 7.26 to 7.29 shall *mutatis mutandis* apply to the appointment of proxies by Directors.
- 10.10. The office of a Director shall be vacated:
- (a) if he gives notice in writing to the Company that he resigns the office of Director;
  - (b) if he absents himself (without being represented by proxy or an alternate Director appointed by him) from three consecutive meetings of the Board of Directors without special leave of absence from the Directors, and they pass a resolution that he has by reason of such absence vacated office;
  - (c) if he dies, becomes bankrupt or makes any arrangement or composition with his creditors generally;
  - (d) if he is found a lunatic or becomes of unsound mind; or
  - (e) if he is removed by a shareholder vote by the holders of the class or series of Shares that originally appointed him, as set forth in Regulation 8.1.
- 10.11. The Directors of the Company may only be appointed and removed as provided in Regulation 8.1.

## 11. COMMITTEES

- 11.1. The Directors may, by Resolution of Directors, designate one or more committees, each consisting of one or more Directors, and delegate one or more of their powers, including the power to affix the Seal, to the committee. Upon the written request of the Supermajority Preferred Holders, the Board shall establish an audit committee and a corporate governance and nomination committee, each of the audit committee and the corporate governance and nomination committee shall consist of no more than ten (10) members, and the Shareholders who are entitled to nominate directors to the Board according to Regulation 8.1 shall be entitled the right to nominate members to such committees as the same number they are entitled to nominate to the Board.

- 11.2. The Directors have no power to delegate to a committee of Directors any of the following powers:
- (a) to amend the Memorandum or the Articles;
  - (b) to designate committees of Directors;
  - (c) to delegate powers to a committee of Directors;
  - (d) to appoint or remove Directors;
  - (e) to appoint or remove an agent;
  - (f) to approve a plan of merger, consolidation or arrangement;
  - (g) to make a declaration of solvency or to approve a liquidation plan; or
  - (h) to make a determination that immediately after a proposed Distribution the value of the Company's assets will exceed its liabilities and the Company will be able to pay its debts as they fall due.
- 11.3. Regulations 11.2(b) and (c) do not prevent a committee of Directors, where authorised by the Resolution of Directors appointing such committee or by a subsequent Resolution of Directors, from appointing a sub-committee and delegating powers exercisable by the committee to the sub-committee.
- 11.4. The meetings and proceedings of each committee of Directors consisting of two (2) or more Directors shall be governed *mutatis mutandis* by the provisions of the Articles regulating the proceedings of Directors so far as the same are not superseded by any provisions in the Resolution of Directors establishing the committee.
- 11.5. Where the Directors delegate their powers to a committee of Directors they remain responsible for the exercise of that power by the committee, unless they believed on reasonable grounds at all times before the exercise of the power that the committee would exercise the power in conformity with the duties imposed on Directors of the Company under the Companies Act.

## 12. OFFICERS AND AGENTS

- 12.1. Subject to the Companies Act and other provisions of the Memorandum and the Articles, the Company may by Resolution of Directors appoint officers of the Company at such times as may be considered necessary or expedient. Such officers may consist of a President, one or more Vice-Presidents, a Secretary, and a treasurer and/or such other officers as may from time to time be considered necessary or expedient. Any number of offices may be held by the same person.
- 12.2. The officers shall perform such duties as are prescribed at the time of their appointment subject to any modification in such duties as may be prescribed thereafter by Resolution of Directors. In the absence of any specific prescription of duties it shall be the responsibility of the President to manage the day to day affairs of the Company, the Vice-Presidents to act in order of seniority in the absence of the President but otherwise to perform such duties as may be delegated to them by the President, the Secretary to maintain the Register of Members, minute books and records (other than financial records) of the Company and to ensure compliance with all procedural requirements imposed on the Company by applicable law, and the treasurer to be responsible for the financial affairs of the Company.
- 12.3. Subject to the Companies Act and other provisions of the Memorandum and the Articles, the emoluments of all officers shall be fixed by Resolution of Directors.

- 12.4. Subject to the Companies Act and other provisions of the Memorandum and the Articles, the officers of the Company shall hold office until their successors are duly appointed, but any officer elected or appointed by the Directors may be removed at any time, with or without cause, by Resolution of Directors. Any vacancy occurring in any office of the Company may be filled by Resolution of Directors.
- 12.5. Subject to the Companies Act and other provisions of the Memorandum and the Articles, the Directors may, by Resolution of Directors, appoint any person, including a person who is a Director, to be an agent of the Company.
- 12.6. An agent of the Company shall have such powers and authority of the Directors, including the power and authority to affix the Seal, as are set forth in the Articles or in the Resolution of Directors appointing the agent, except that no agent has any power or authority with respect to the following:
- (a) to amend the Memorandum or the Articles;
  - (b) to change the registered office or agent;
  - (c) to designate committees of Directors;
  - (d) to delegate powers to a committee of Directors;
  - (e) to appoint or remove Directors;
  - (f) to appoint or remove an agent;
  - (g) to fix emoluments of Directors;
  - (h) to approve a plan of merger, consolidation or arrangement;
  - (i) to make a declaration of solvency or to approve a liquidation plan;
  - (j) to make a determination that immediately after a proposed Distribution the value of the Company's assets will exceed its liabilities and the Company will be able to pay its debts as they fall due; or
  - (k) to authorise the Company to continue as a company incorporated under the laws of a jurisdiction outside the Cayman Islands.
- 12.7. The Resolution of Directors appointing an agent may authorise the agent to appoint one or more substitutes or delegates to exercise some or all of the powers conferred on the agent by the Company.
- 12.8. The Directors may remove an agent appointed by the Company and may revoke or vary a power conferred on him.

### **13. CONFLICT OF INTERESTS**

- 13.1. A Director of the Company shall, forthwith after becoming aware of the fact that he is interested in a transaction entered into or to be entered into by the Company, disclose the interest to all other Directors of the Company.

- 13.2. For the purposes of Regulation 13.1, a disclosure to all other Directors to the effect that a Director is a Member, Director or officer of another named entity or has a fiduciary relationship with respect to the entity or a named individual and is to be regarded as interested in any transaction which may, after the date of the entry into the transaction or disclosure of the interest, be entered into with that entity or individual, is a sufficient disclosure of interest in relation to that transaction.
- 13.3. A Director of the Company who is interested in a transaction entered into or to be entered into by the Company may:
- (a) vote on a matter relating to the transaction;
  - (b) attend a meeting of Directors at which a matter relating to the transaction arises and be included among the Directors present at the meeting for the purposes of a quorum; and
  - (c) sign a document on behalf of the Company, or do any other thing in his capacity as a Director, that relates to the transaction,
- and, subject to compliance with the Companies Act shall not, by reason of his office be accountable to the Company for any benefit which he derives from such transaction and no such transaction shall be liable to be avoided on the grounds of any such interest or benefit.

#### 14. INDEMNIFICATION

- 14.1. Subject to the limitations hereinafter provided the Company shall indemnify against all expenses, including legal fees, and against all judgments, fines and amounts paid in settlement and reasonably incurred in connection with legal, administrative or investigative proceedings any person who:
- (a) is or was a party or is threatened to be made a party to any threatened, pending or completed proceedings, whether civil, criminal, administrative or investigative, by reason of the fact that the person is or was a Director of the Company; or
  - (b) is or was, at the request of the Company, serving as a Director of, or in any other capacity is or was acting for, another body corporate or a partnership, joint venture, trust or other enterprise.
- 14.2. The indemnity in Regulation 14.1 only applies if the person acted honestly and in good faith with a view to the best interests of the Company and, in the case of criminal proceedings, the person had no reasonable cause to believe that their conduct was unlawful.
- 14.3. For the purposes of Regulation 14.2, a Director acts in the best interests of the Company if he acts in the best interests of
- (a) the Company's holding company; or
  - (b) a Shareholder or Shareholders of the Company.
- 14.4. The decision of the Directors as to whether the person acted honestly and in good faith and with a view to the best interests of the Company and as to whether the person had no reasonable cause to believe that his conduct was unlawful is, in the absence of fraud, sufficient for the purposes of the Articles, unless a question of law is involved.
- 14.5. The termination of any proceedings by any judgment, order, settlement, conviction or the entering of a *nolle prosequi* does not, by itself, create a presumption that the person did not act honestly and in good faith and with a view to the best interests of the Company or that the person had reasonable cause to believe that his conduct was unlawful.

- 14.6. Expenses, including legal fees, incurred by a Director in defending any legal, administrative or investigative proceedings may be paid by the Company in advance of the final disposition of such proceedings upon receipt of an undertaking by or on behalf of the Director to repay the amount if it shall ultimately be determined that the Director is not entitled to be indemnified by the Company in accordance with Regulation 14.1.
- 14.7. Expenses, including legal fees, incurred by a former Director in defending any legal, administrative or investigative proceedings may be paid by the Company in advance of the final disposition of such proceedings upon receipt of an undertaking by or on behalf of the former Director to repay the amount if it shall ultimately be determined that the former Director is not entitled to be indemnified by the Company in accordance with Regulation 14.1 and upon such terms and conditions, if any, as the Company deems appropriate.
- 14.8. The indemnification and advancement of expenses provided by, or granted pursuant to, this section is not exclusive of any other rights to which the person seeking indemnification or advancement of expenses may be entitled under any agreement, resolution of Shareholders, resolution of disinterested Directors or otherwise, both as acting in the person's official capacity and as to acting in another capacity while serving as a Director of the Company.
- 14.9. If a person referred to in Regulation 14.1 has been successful in defence of any proceedings referred to in Regulation 14.1, the person is entitled to be indemnified against all expenses, including legal fees, and against all judgments, fines and amounts paid in settlement and reasonably incurred by the person in connection with the proceedings.
- 14.10. The Company may purchase and maintain insurance in relation to any person who is or was a Director, officer or liquidator of the Company, or who at the request of the Company is or was serving as a Director, officer or liquidator of, or in any other capacity is or was acting for, another company or a partnership, joint venture, trust or other enterprise, against any liability asserted against the person and incurred by the person in that capacity, whether or not the Company has or would have had the power to indemnify the person against the liability as provided in the Articles.

## 15. RECORDS

- 15.1. The Company shall keep the following documents at the office of its registered agent:
  - (a) the Memorandum and the Articles;
  - (b) the Register of Members, or a copy of the Register of Members;
  - (c) the register of Directors, or a copy of the register of Directors; and
  - (d) copies of all notices and other documents filed by the Company with the Registrar of Corporate Affairs in the previous ten (10) years.
- 15.2. Until the Directors determine otherwise by Resolution of Directors the Company shall keep the original Register of Members and original register of Directors at the office of its registered agent.

- 15.3. If the Company maintains only a copy of the Register of Members or a copy of the register of Directors at the office of its registered agent, it shall:
- (a) within fifteen (15) days of any change in either register, notify the registered agent in writing of the change; and
  - (b) provide the registered agent with a written record of the physical address of the place or places at which the original Register of Members or the original register of Directors is kept.
- 15.4. The Company shall keep the following records at the office of its registered agent or at such other place or places, within or outside the Cayman Islands, as the Directors may determine:
- (a) minutes of meetings and Resolutions of Shareholders and classes of Shareholders;
  - (b) minutes of meetings and Resolutions of Directors and committees of Directors; and
  - (c) an impression of the Seal.
- 15.5. Where any original records referred to in this Regulation are maintained other than at the office of the registered agent of the Company, and the place at which the original records is changed, the Company shall provide the registered agent with the physical address of the new location of the records of the Company within fourteen (14) days of the change of location.

#### **16. REGISTER OF CHARGES**

The Company shall maintain at the office of its registered agent a register of charges in which there shall be entered the following particulars regarding each mortgage, charge and other encumbrance created by the Company:

- (a) the date of creation of the charge;
- (b) a short description of the liability secured by the charge;
- (c) a short description of the property charged;
- (d) the name and address of the trustee for the security or, if there is no such trustee, the name and address of the chargee;
- (e) unless the charge is a security to bearer, the name and address of the holder of the charge; and
- (f) details of any prohibition or restriction contained in the instrument creating the charge on the power of the Company to create any future charge ranking in priority to or equally with the charge.

#### **17. SEAL**

The Company shall have a Seal and may have more than one Seal and references herein to the Seal shall be references to every Seal which shall have been duly adopted by Resolution of Directors. The Directors shall provide for the safe custody of the Seal and for an imprint thereof to be kept at the registered office. Except as otherwise expressly provided herein the Seal when affixed to any written instrument shall be witnessed and attested to by the signature of any one Director or the Secretary or officer of the Company or other person so authorised from time to time by Resolution of Directors. Such authorisation may be before or after the Seal is affixed, may be general or specific and may refer to any number of sealings. The Directors may provide for a facsimile of the Seal and of the signature of any Director or authorised person which may be reproduced by printing or other means on any instrument and it shall have the same force and validity as if the Seal had been affixed to such instrument and the same had been attested to as hereinbefore described.



## **18. DISTRIBUTIONS BY WAY OF DIVIDEND**

- 18.1. Subject to the Companies Act and other provisions of the Memorandum and the Articles, the Directors of the Company may, by Resolution of Directors, authorise a Distribution by way of dividend at a time and of an amount they think fit if they are satisfied, on reasonable grounds, that, immediately after the Distribution, the value of the Company's assets will exceed its liabilities and the Company will be able to pay its debts as they fall due.
- 18.2. Dividends may be paid in money, Shares, or other property.
- 18.3. Notice of any dividend that may have been declared shall be given to each Shareholder as specified in Regulation 20 and all dividends unclaimed for three (3) years after having been declared may be forfeited by Resolution of Directors for the benefit of the Company.

## **19. ACCOUNTS AND AUDIT**

- 19.1. The Directors shall cause proper books of account to be kept with respect to:
  - (a) all sums of money received and expended by the Company and the matters in respect of which the receipt or expenditure takes place;
  - (b) all sales and purchases of goods by the Company; and
  - (c) the assets and liabilities of the Company.Proper books shall not be deemed to be kept with respect to the matters aforesaid if there are not kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.
- 19.2. The Directors may from time to time cause to be prepared and to be laid before the Company in general meeting profit and loss accounts, balance sheets, group accounts (if any) and such other reports and accounts as may be required by law.
- 19.3. The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or Regulations the accounts and books of the Company or any of them shall be open to the inspection of Members not being Directors and no Member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by Companies Act or the Articles or authorized by the Directors or by the Company in general meeting.
- 19.4. Subject to Regulation 7A, the Company may at any annual general meeting appoint an Auditor or Auditors of the Company who shall hold office until the next annual general meeting and may fix his or their remuneration.
- 19.5. Every Auditor of the Company shall have a right of access at all times to the books and accounts and vouchers of the Company and shall be entitled to require from the Directors and officers of the Company such information and explanation as may be necessary for the performance of the duties of the Auditor.
- 19.6. Auditors shall at the next annual general meeting following their appointment and at any other time during their term of office, upon request of the Directors or any general meeting of the Members, make a report on the accounts of the Company in general meeting during their tenure of office.

## 20. NOTICES

Except as may be otherwise provided herein, all notices, requests, waivers and other communications made pursuant to the Memorandum and Articles shall be in writing and shall be conclusively deemed to have been duly given (a) when hand delivered to the addressee, upon delivery; (b) when sent by facsimile at the number set forth in Exhibit B to the Shareholders Agreement, upon receipt of confirmation of error-free transmission; (c) seven (7) Business Days after deposit in the mail as air mail or certified mail, receipt requested, postage prepaid and addressed to the addressee as set forth in Exhibit B to the Shareholders Agreement; (d) three (3) Business Days after deposit with an international overnight delivery service, postage prepaid, addressed to the addressee as set forth in Exhibit B to the Shareholders Agreement with next Business Day delivery guaranteed, provided that the sending party receives a confirmation of delivery from the delivery service provider; or (e) when sent by email at the email address set forth in Exhibit B to the Shareholders Agreement, upon sending by email (without errors in transmission), if sent on a Business Day and during normal business hours of the recipient, otherwise on the next Business Day. Each Person making a communication hereunder by facsimile shall promptly confirm by telephone to the Person to whom such communication was addressed each communication made by it by facsimile pursuant hereto but the absence of such confirmation shall not affect the validity of any such communication. A party may change or supplement the addresses given above, or designate additional addresses, for purposes of this Regulation 20 by giving the other party written notice of the new address in the manner set forth above.

## 21. LEGEND

Each certificate representing the Ordinary Shares held by the Founders through the Founder Holding Companies shall be endorsed with the following legend:

- (a) "THE SALE, PLEDGE, HYPOTHECATION OR TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER SET FORTH IN A SHAREHOLDERS AGREEMENT, AS AMENDED, A COPY OF WHICH MAY BE OBTAINED UPON WRITTEN REQUEST TO THE BOARD OF DIRECTORS OF THE COMPANY";
- (b) any legend set forth in, or required by, the other transaction agreements; and
- (c) any legend required by the Blue Sky Laws of any state of the United States to the extent such Laws are applicable to the Shares represented by the certificate so legended.

## 22. VOLUNTARY LIQUIDATION

Subject to the Companies Act and other provisions of the Memorandum and the Articles, the Company may by Special Resolution appoint a voluntary liquidator.

## 23. CONTINUATION

Subject to the Companies Act and other provisions of the Memorandum and the Articles, the Company may by Special Resolution continue as a company incorporated under the laws of a jurisdiction outside the Cayman Islands in the manner provided under those laws.

**THE COMPANIES ACT (AS REVISED)  
OF THE CAYMAN ISLANDS  
COMPANY LIMITED BY SHARES  
AMENDED AND RESTATED  
MEMORANDUM OF ASSOCIATION  
OF  
AIHUI SHOU INTERNATIONAL CO. LTD.**

(Adopted by a Special Resolution passed on May 26, 2021 and effective immediately prior to the completion of the initial public offering of the Company's American Depositary Shares representing its Class A Ordinary Shares)

1. The name of the Company is AiHuiShou International Co. Ltd.
2. The Registered Office of the Company will be situated at the offices of Maples Corporate Services Limited, PO Box 309, Umland House, Grand Cayman, KY1-1104, Cayman Islands, or at such other location within the Cayman Islands as the Directors may from time to time determine.
3. The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Act or any other law of the Cayman Islands.
4. The Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit as provided by the Companies Act.
5. The Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands; provided that nothing in this section shall be construed as to prevent the Company effecting and concluding contracts in the Cayman Islands, and exercising in the Cayman Islands all of its powers necessary for the carrying on of its business outside the Cayman Islands.
6. The liability of each Shareholder is limited to the amount, if any, unpaid on the Shares held by such Shareholder.
7. The authorised share capital of the Company is US\$1,000,000 divided into 1,000,000,000 shares comprising of (i) 941,472,561 Class A Ordinary Shares of a par value of US\$0.001 each, (ii) 47,240,103 Class B Ordinary Shares of a par value of US\$0.001 each, and (iii) 11,287,336 Class C Ordinary Shares of a par value of US\$0.001 each. Subject to the Companies Act and the Articles, the Company shall have power to redeem or purchase any of its Shares and to increase or reduce its authorised share capital and to sub-divide or consolidate the said Shares or any of them and to issue all or any part of its capital whether original, redeemed, increased or reduced with or without any preference, priority, special privilege or other rights or subject to any postponement of rights or to any conditions or restrictions whatsoever and so that unless the conditions of issue shall otherwise expressly provide every issue of shares whether stated to be ordinary, preference or otherwise shall be subject to the powers on the part of the Company hereinbefore provided.
8. The Company has the power contained in the Companies Act to deregister in the Cayman Islands and be registered by way of continuation in some other jurisdiction.
9. Capitalised terms that are not defined in this Memorandum of Association bear the same meanings as those given in the Articles of Association of the Company.

**THE COMPANIES ACT (AS REVISED)  
OF THE CAYMAN ISLANDS  
COMPANY LIMITED BY SHARES  
AMENDED AND RESTATED  
ARTICLES OF ASSOCIATION  
OF  
AIHUSHOU INTERNATIONAL CO. LTD.**

(Adopted by a Special Resolution passed on May 26, 2021 and effective immediately prior to the completion of the initial public offering of the Company's American Depositary Shares representing its Class A Ordinary Shares)

**TABLE A**

The regulations contained or incorporated in Table 'A' in the First Schedule of the Companies Act shall not apply to the Company and the following Articles shall comprise the Articles of Association of the Company.

**INTERPRETATION**

1. In these Articles the following defined terms will have the meanings ascribed to them, if not inconsistent with the subject or context:

<b>"ADS"</b>	means an American Depositary Share representing Class A Ordinary Shares;
<b>"Affiliate"</b>	means in respect of a Person, any other Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person, and (i) in the case of a natural person, shall include, without limitation, such person's spouse, parents, children, siblings, mother-in-law, father-in-law, brothers-in-law and sisters-in-law, a trust for the benefit of any of the foregoing, and a corporation, partnership or any other entity wholly or jointly owned by any of the foregoing, and (ii) in the case of an entity, shall include a partnership, a corporation or any other entity or any natural person which directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such entity. The term "control" shall mean the ownership, directly or indirectly, of shares possessing more than fifty percent (50%) of the voting power of the corporation, partnership or other entity (other than, in the case of a corporation, securities having such power only by reason of the happening of a contingency), or having the power to control the management or elect a majority of members to the board of directors or equivalent decision-making body of such corporation, partnership or other entity;
<b>"Articles"</b>	means these articles of association of the Company, as amended or substituted from time to time;
<b>"Board" and "Board of Directors" and "Directors"</b>	means the directors of the Company for the time being, or as the case may be, the directors assembled as a board or as a committee thereof;
<b>"Chairman"</b>	means the chairman of the Board of Directors;
<b>"Change of Control"</b>	means 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, an entity

<b>“Class” or “Classes”</b>	means any class or classes of Shares as may from time to time be issued by the Company;
<b>“Class A Ordinary Share”</b>	means an Ordinary Share of a par value of US\$0.001 in the capital of the Company, designated as a Class A Ordinary Shares and having the rights, preferences, privileges and restrictions provided for in these Articles;
<b>“Class B Ordinary Share”</b>	means an Ordinary Share of a par value of US\$0.001 in the capital of the Company, designated as a Class B Ordinary Share and having the rights, preferences, privileges and restrictions provided for in these Articles;
<b>“Class C Ordinary Share”</b>	means an Ordinary Share of a par value of US\$0.001 in the capital of the Company, designated as a Class C Ordinary Share and having the rights, preferences, privileges and restrictions provided for in these Articles;
<b>“Commission”</b>	means the Securities and Exchange Commission of the United States of America or any other federal agency for the time being administering the Securities Act;
<b>“Communication Facilities”</b>	means video, video-conferencing, internet or online conferencing applications, telephone or tele-conferencing and/or any other video-communications, internet or online conferencing application or telecommunications facilities by means of which all Persons participating in a meeting are capable of hearing and being heard by each other;
<b>“Company”</b>	means AiHuiShou International Co. Ltd., a Cayman Islands exempted company;
<b>“Companies Act”</b>	means the Companies Act (As Revised) of the Cayman Islands and any statutory amendment or re-enactment thereof;
<b>“Company’s Website”</b>	means the main corporate/investor relations website of the Company, the address or domain name of which has been disclosed in any registration statement filed by the Company with the Commission in connection with its initial public offering of ADSs, or which has otherwise been notified to Shareholders;
<b>“Designated Stock Exchange”</b>	means the stock exchange in the United States on which any Shares or ADSs are listed for trading;
<b>“Designated Stock Exchange Rules”</b>	means the relevant code, rules and regulations, as amended, from time to time, applicable as a result of the original and continued listing of any Shares or ADSs on the Designated Stock Exchange;
<b>“electronic”</b>	has the meaning given to it in the Electronic Transactions Act and any amendment thereto or re-enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefor;
<b>“electronic communication”</b>	means electronic posting to the Company’s Website, transmission to any number, address or internet website or other electronic delivery methods as otherwise decided and approved by not less than two-thirds of the vote of the Board;
<b>“Electronic Transactions Act”</b>	means the Electronic Transactions Act (As Revised) of the Cayman Islands and any statutory amendment or re-enactment thereof;
<b>“electronic record”</b>	has the meaning given to it in the Electronic Transactions Act and any amendment thereto or re-enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefor;
<b>“Founder”</b>	means Mr. Kerry Xuefeng Chen;

<b>“Memorandum of Association”</b>	means the memorandum of association of the Company, as amended or substituted from time to time;
<b>“Ordinary Resolution”</b>	means a resolution: <ul style="list-style-type: none"> <li>(a) passed by a simple majority of the votes cast by such Shareholders as, being entitled to do so, vote in person or, where proxies are allowed, by proxy or, in the case of corporations, by their duly authorised representatives at a general meeting of the Company held in accordance with these Articles; or</li> <li>(b) approved in writing by all of the Shareholders entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of the Shareholders and the effective date of the resolution so adopted shall be the date on which the instrument, or the last of such instruments, if more than one, is executed;</li> </ul>
<b>“Ordinary Share”</b>	means a Class A Ordinary Share or a Class B Ordinary Share or a Class C Ordinary Share;
<b>“paid up”</b>	means paid up as to the par value in respect of the issue of any Shares and includes credited as paid up;
<b>“Person”</b>	means any natural person, firm, company, joint venture, partnership, corporation, association or other entity (whether or not having a separate legal personality) or any of them as the context so requires;
<b>“Present”</b>	means in respect of any Person, such Person’s presence at a general meeting of Shareholders (or any meeting of the holders of any Class of Shares), which may be satisfied by means of such Person or, if a corporation or other non natural Person, its duly authorized representative (or, in the case of any Shareholder, a proxy which has been validly appointed by such Shareholder in accordance with these Articles), being: (a) physically present at the meeting; or (b) in the case of any meeting at which Communication Facilities are permitted in accordance with these Articles, including any Virtual Meeting, connected by means of the use of such Communication Facilities;
<b>“Register”</b>	means the register of Members of the Company maintained in accordance with the Companies Act;
<b>“Registered Office”</b>	means the registered office of the Company as required by the Companies Act;
<b>“Seal”</b>	means the common seal of the Company (if adopted) including any facsimile thereof;
<b>“Secretary”</b>	means any Person appointed by the Directors to perform any of the duties of the secretary of the Company;
<b>“Securities Act”</b>	means the Securities Act of 1933 of the United States of America, as amended, or any similar federal statute and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time;
<b>“Share”</b>	means a share in the capital of the Company. All references to “Shares” herein shall be deemed to be Shares of any or all Classes as the context may require. For the avoidance of doubt in these Articles the expression “Share” shall include a fraction of a Share;
<b>“Shareholder” or “Member”</b>	means a Person who is registered as the holder of one or more Shares in the Register;

<b>“Share Premium Account”</b>	means the share premium account established in accordance with these Articles and the Companies Act;
<b>“signed”</b>	means bearing a signature or representation of a signature affixed by mechanical means or an electronic symbol or process attached to or logically associated with an electronic communication and executed or adopted by a Person with the intent to sign the electronic communication;
<b>“Special Resolution”</b>	means a special resolution of the Company passed in accordance with the Companies Act, being a resolution: <ul style="list-style-type: none"> <li>(a) passed by not less than two-thirds of the votes cast by such Shareholders as, being entitled to do so, vote in person or, where proxies are allowed, by proxy or, in the case of corporations, by their duly authorised representatives, at a general meeting of the Company of which notice specifying the intention to propose the resolution as a special resolution has been duly given; or</li> <li>(b) approved in writing by all of the Shareholders entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of the Shareholders and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments, if more than one, is executed;</li> </ul>
<b>“Treasury Share”</b>	means a Share held in the name of the Company as a treasury share in accordance with the Companies Act;
<b>“United States”</b>	means the United States of America, its territories, its possessions and all areas subject to its jurisdiction; and
<b>“Virtual Meeting”</b>	means any general meeting of the Shareholders (or any meeting of the holders of any Class of Shares) at which the Shareholders (and any other permitted participants of such meeting, including without limitation the chairman of the meeting and any Directors) are permitted to attend and participate solely by means of Communication Facilities.

2. In these Articles, save where the context requires otherwise:

- (a) words importing the singular number shall include the plural number and vice versa;
- (b) words importing the masculine gender only shall include the feminine gender and any Person as the context may require;
- (c) the word “may” shall be construed as permissive and the word “shall” shall be construed as imperative;
- (d) reference to a dollar or dollars (or US\$) and to a cent or cents is reference to dollars and cents of the United States of America;
- (e) reference to a statutory enactment shall include reference to any amendment or re-enactment thereof for the time being in force;
- (f) reference to any determination by the Directors shall be construed as a determination by the Directors in their sole and absolute discretion and shall be applicable either generally or in any particular case;
- (g) reference to “in writing” shall be construed as written or represented by any means reproducible in writing, including any form of print, lithograph, email, facsimile, photograph or telex or represented by any other substitute or format for storage or transmission for writing including in the form of an electronic record or partly one and partly another;

- (h) any requirements as to delivery under the Articles include delivery in the form of an electronic record or an electronic communication;
  - (i) any requirements as to execution or signature under the Articles, including the execution of the Articles themselves, can be satisfied in the form of an electronic signature as defined in the Electronic Transactions Act; and
  - (j) Sections 8 and 19(3) of the Electronic Transactions Act shall not apply.
3. Subject to the last two preceding Articles, any words defined in the Companies Act shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

#### **PRELIMINARY**

4. The business of the Company may be conducted as the Directors see fit.
5. The Registered Office shall be at such address in the Cayman Islands as the Directors may from time to time determine. The Company may in addition establish and maintain such other offices and places of business and agencies in such places as the Directors may from time to time determine.
6. The expenses incurred in the formation of the Company and in connection with the offer for subscription and issue of Shares shall be paid by the Company. Such expenses may be amortised over such period as the Directors may determine and the amount so paid shall be charged against income and/or capital in the accounts of the Company as the Directors shall determine.
7. The Directors shall keep, or cause to be kept, the Register at such place as the Directors may from time to time determine and, in the absence of any such determination, the Register shall be kept at the Registered Office.

#### **SHARES**

8. Subject to these Articles, all Shares for the time being unissued shall be under the control of the Directors who may, in their absolute discretion and without the approval of the Members, cause the Company to:
- (a) issue, allot and dispose of Shares (including, without limitation, preferred shares) (whether in certificated form or non-certificated form) to such Persons, in such manner, on such terms and having such rights and being subject to such restrictions as they may from time to time determine;
  - (b) grant rights over Shares or other securities to be issued in one or more classes or series as they deem necessary or appropriate and determine the designations, powers, preferences, privileges and other rights attaching to such Shares or securities, including dividend rights, voting rights, conversion rights, terms of redemption and liquidation preferences, any or all of which may be greater than the powers, preferences, privileges and rights associated with the then issued and outstanding Shares, at such times and on such other terms as they think proper; and
  - (c) grant options with respect to Shares and issue warrants or similar instruments with respect thereto.



9. The Directors may authorise the division of Shares into any number of Classes and the different Classes shall be authorised, established and designated (or re-designated as the case may be) and the variations in the relative rights (including, without limitation, voting, dividend and redemption rights), restrictions, preferences, privileges and payment obligations as between the different Classes (if any) may be fixed and determined by the Directors or by a Special Resolution. The Directors may issue Shares with such preferred or other rights, all or any of which may be greater than the rights of Ordinary Shares, at such time and on such terms as they may think appropriate. Notwithstanding Article 17, the Directors may issue from time to time, out of the authorised share capital of the Company (other than the authorised but unissued Ordinary Shares), series of preferred shares in their absolute discretion and without approval of the Members; provided, however, before any preferred shares of any such series are issued, the Directors shall by resolution of Directors determine, with respect to any series of preferred shares, the terms and rights of that series, including:
- (a) the designation of such series, the number of preferred shares to constitute such series and the subscription price thereof if different from the par value thereof;
  - (b) whether the preferred shares of such series shall have voting rights, in addition to any voting rights provided by law, and, if so, the terms of such voting rights, which may be general or limited;
  - (c) the dividends, if any, payable on such series, whether any such dividends shall be cumulative, and, if so, from what dates, the conditions and dates upon which such dividends shall be payable, and the preference or relation which such dividends shall bear to the dividends payable on any shares of any other class or any other series of shares;
  - (d) whether the preferred shares of such series shall be subject to redemption by the Company, and, if so, the times, prices and other conditions of such redemption;
  - (e) whether the preferred shares of such series shall have any rights to receive any part of the assets available for distribution amongst the Members upon the liquidation of the Company, and, if so, the terms of such liquidation preference, and the relation which such liquidation preference shall bear to the entitlements of the holders of shares of any other class or any other series of shares;
  - (f) whether the preferred shares of such series shall be subject to the operation of a retirement or sinking fund and, if so, the extent to and manner in which any such retirement or sinking fund shall be applied to the purchase or redemption of the preferred shares of such series for retirement or other corporate purposes and the terms and provisions relative to the operation thereof;
  - (g) whether the preferred shares of such series shall be convertible into, or exchangeable for, shares of any other class or any other series of preferred shares or any other securities and, if so, the price or prices or the rate or rates of conversion or exchange and the method, if any, of adjusting the same, and any other terms and conditions of conversion or exchange;
  - (h) the limitations and restrictions, if any, to be effective while any preferred shares of such series are outstanding upon the payment of dividends or the making of other distributions on, and upon the purchase, redemption or other acquisition by the Company of, the existing shares or shares of any other class of shares or any other series of preferred shares;
  - (i) the conditions or restrictions, if any, upon the creation of indebtedness of the Company or upon the issue of any additional shares, including additional shares of such series or of any other class of shares or any other series of preferred shares; and
  - (j) any other powers, preferences and relative, participating, optional and other special rights, and any qualifications, limitations and restrictions thereof;
- and, for such purposes, the Directors may reserve an appropriate number of Shares for the time being unissued. The Company shall not issue Shares to bearer.
10. The Company may insofar as may be permitted by law, pay a commission to any Person in consideration of his subscribing or agreeing to subscribe whether absolutely or conditionally for any Shares. Such commissions may be satisfied by the payment of cash or the lodgment of fully or partly paid-up Shares or partly in one way and partly in the other. The Company may also pay such brokerage as may be lawful on any issue of Shares.

11. The Directors may refuse to accept any application for Shares, and may accept any application in whole or in part, for any reason or for no reason.

**CLASS A ORDINARY SHARES, CLASS B ORDINARY SHARES AND CLASS C ORDINARY SHARES**

12. Holders of Class A Ordinary Shares, Class B Ordinary Shares and Class C Ordinary Shares shall at all times vote together as one class on all resolutions submitted to a vote by the Members. Each Class A Ordinary Share shall entitle the holder thereof to one (1) vote on all matters subject to vote at general meetings of the Company, each Class B Ordinary Share shall entitle the holder thereof to three (3) votes on all matters subject to vote at general meetings of the Company, and each Class C Ordinary Share shall entitle the holder thereof to fifteen (15) votes on all matters subject to vote at general meetings of the Company.
13. Each Class B Ordinary Share is convertible into one (1) Class A Ordinary Share at any time at the option of the holder thereof. Each Class C Ordinary Share is convertible into one (1) Class A Ordinary Share at any time at the option of the holder thereof. The right to convert shall be exercisable by the holder of the Class B Ordinary Share or Class C Ordinary Share (as the case may be) delivering a written notice to the Company that such holder elects to convert a specified number of Class B Ordinary Shares or Class C Ordinary Shares into Class A Ordinary Shares. In no event shall Class A Ordinary Shares be convertible into Class B Ordinary Shares or Class C Ordinary Shares. In no event shall Class B Ordinary Shares be convertible into Class C Ordinary Shares, nor shall Class C Ordinary Shares be convertible into Class B Ordinary Shares.
14. Any conversion of Class B Ordinary Shares or Class C Ordinary Shares (as the case may be) into Class A Ordinary Shares pursuant to these Articles shall be effected by means of the re-designation and re-classification of each relevant Class B Ordinary Share or Class C Ordinary Share (as the case may be) as a Class A Ordinary Share. Such conversion shall become effective forthwith upon entries being made in the Register to record the re-designation and re-classification of the relevant Class B Ordinary Shares or Class C Ordinary Shares (as the case may be) as Class A Ordinary Shares.
15. (a) Any related number of Class B Ordinary Shares held by a holder thereof will be automatically and immediately converted into an equal number of Class A Ordinary Shares upon the occurrence of any of the following:
  - (i) any direct or indirect sale, transfer, assignment or disposition of such number of Class B Ordinary Shares by the holder thereof or the direct or indirect transfer or assignment of the voting power attached to such number of Class B Ordinary Shares through voting proxy or otherwise to any Person that is not ultimately controlled by JD.com, Inc.; or
  - (ii) any Change of Control of a holder of Class B Ordinary Shares that is an entity to any Person that is not ultimately controlled by JD.com, Inc.;for the avoidance of doubt, the creation of any pledge, charge, encumbrance or other third party right of whatever description on any of Class B Ordinary Shares or on the issued and outstanding voting securities or the assets of a holder of Class B Ordinary Shares that is an entity (as the case may be) to secure contractual or legal obligations shall not be deemed as a sale, transfer, assignment or disposition unless and until any such pledge, charge, encumbrance or other third party right is enforced and results in a third party that is not ultimately controlled by JD.com, Inc. holding directly or indirectly beneficial ownership or voting power through voting proxy or otherwise to the related Class B Ordinary Shares or to the related issued and outstanding voting securities or the assets (as the case may be) of the holder of Class B Ordinary Shares, in which case all the related Class B Ordinary Shares shall be automatically converted into the same number of Class A Ordinary Shares.
- (b) Any related number of Class C Ordinary Shares held by a holder thereof will be automatically and immediately converted into an equal number of Class A Ordinary Shares upon the occurrence of any of the following:

- (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 Change of Control 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 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 the 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).

for the avoidance of doubt, the creation of any pledge, charge, encumbrance or other third party right of whatever description on any of Class C Ordinary Shares or on the issued and outstanding voting securities or the assets of a holder of Class C Ordinary Shares that is an entity (as the case may be) to secure contractual or legal obligations shall not be deemed as a sale, transfer, assignment or disposition unless and until any such pledge, charge, encumbrance or other third party right is enforced and results in a third party that is not an Affiliate of such holder holding directly or indirectly beneficial ownership or voting power through voting proxy or otherwise to the related Class C Ordinary Shares or to the related issued and outstanding voting securities or the assets (as the case may be) of the holder of Class C Ordinary Shares, in which case all the related Class C Ordinary Shares shall be automatically converted into the same number of Class A Ordinary Shares.

16. Save and except for voting rights and conversion rights as set out in Articles 12 to 15 (inclusive) and Article 77, the Class A Ordinary Shares, the Class B Ordinary Shares and the Class C Ordinary Shares shall rank *pari passu* with one another and shall have the same rights, preferences, privileges and restrictions.

#### **MODIFICATION OF RIGHTS**

17. Whenever the capital of the 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. To every such separate meeting all the provisions of these Articles relating to general meetings of the Company or to the proceedings thereat shall, *mutatis mutandis*, apply, except that the necessary quorum shall be one or more Persons holding or representing by proxy at least one-third in nominal or par value amount of the issued Shares of the relevant Class (but so that if at any adjourned meeting of such holders a quorum as above defined is not Present, those Shareholders who are Present shall form a quorum) and that, subject to any rights or restrictions for the time being attached to the Shares of that Class, every Shareholder of the Class shall on a poll have one vote for each Share of the Class held by him. For the purposes of this Article the Directors may treat all the Classes or any two or more Classes as forming one Class if they consider that all such Classes would be affected in the same way by the proposals under consideration, but in any other case shall treat them as separate Classes.

18. 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, inter alia, 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 the 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.

#### CERTIFICATES

19. Every Person whose name is entered as a Member in the Register may, without payment and upon its written request, request a certificate within two calendar months after allotment or lodgment of transfer (or within such other period as the conditions of issue shall provide) in the form determined by the Directors. All certificates shall specify the Share or Shares held by that Person, provided that in respect of a Share or Shares held jointly by several Persons the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a Share to one of several joint holders shall be sufficient delivery to all. All certificates for Shares shall be delivered personally or sent through the post addressed to the Member entitled thereto at the Member's registered address as appearing in the Register unless otherwise specified in writing by such Member.
20. Every share certificate of the Company shall bear legends required under the applicable laws, including the Securities Act.
21. Any two or more certificates representing Shares of any one Class held by any Member may at the Member's request be cancelled and a single new certificate for such Shares issued in lieu on payment (if the Directors shall so require) of one dollar (US\$1.00) or such smaller sum as the Directors shall determine.
22. If a share certificate shall be damaged or defaced or alleged to have been lost, stolen or destroyed, a new certificate representing the same Shares may be issued to the relevant Member upon request, subject to delivery up of the old certificate or (if alleged to have been lost, stolen or destroyed) compliance with such conditions as to evidence and indemnity and the payment of out-of-pocket expenses of the Company in connection with the request as the Directors may think fit.
23. In the event that Shares are held jointly by several Persons, any request may be made by any one of the joint holders and if so made shall be binding on all of the joint holders.

#### FRACTIONAL SHARES

24. The Directors may issue fractions of a Share and, if so issued, a fraction of a Share shall be subject to and carry the corresponding fraction of liabilities (whether with respect to nominal or par value, premium, contributions, calls or otherwise), limitations, preferences, privileges, qualifications, restrictions, rights (including, without prejudice to the generality of the foregoing, voting and participation rights) and other attributes of a whole Share. If more than one fraction of a Share of the same Class is issued to or acquired by the same Shareholder such fractions shall be accumulated.

#### LIEN

25. The Company has a first and paramount lien on every Share (whether or not fully paid) for all amounts (whether presently payable or not) payable at a fixed time or called in respect of that Share. The Company also has a first and paramount lien on every Share registered in the name of a Person indebted or under liability to the Company (whether he is the sole registered holder of a Share or one of two or more joint holders) for all amounts owing by him or his estate to the Company (whether or not presently payable). The Directors may at any time declare a Share to be wholly or in part exempt from the provisions of this Article. The Company's lien on a Share extends to any amount payable in respect of it, including but not limited to dividends.
26. The Company may sell, in such manner as the Directors in their absolute discretion think fit, any Share on which the Company has a lien, but no sale shall be made unless an amount in respect of which the lien exists is presently payable nor until the expiration of fourteen (14) calendar days after a notice in writing, demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the Share, or the Persons entitled thereto by reason of his death or bankruptcy.

27. For giving effect to any such sale the Directors may authorise a Person to transfer the Shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the Shares comprised in any such transfer and he shall not be bound to see to the application of the purchase money, nor shall his title to the Shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.
28. The proceeds of the sale after deduction of expenses, fees and commissions incurred by the Company shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue shall (subject to a like lien for sums not presently payable as existed upon the Shares prior to the sale) be paid to the Person entitled to the Shares immediately prior to the sale.

#### **CALLS ON SHARES**

29. Subject to the terms of the allotment, the Directors may from time to time make calls upon the Shareholders in respect of any moneys unpaid on their Shares, and each Shareholder shall (subject to receiving at least fourteen (14) calendar days' notice specifying the time or times of payment) pay to the Company at the time or times so specified the amount called on such Shares. A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed.
30. The joint holders of a Share shall be jointly and severally liable to pay calls in respect thereof.
31. If a sum called in respect of a Share is not paid before or on the day appointed for payment thereof, the Person from whom the sum is due shall pay interest upon the sum at the rate of eight percent per annum from the day appointed for the payment thereof to the time of the actual payment, but the Directors shall be at liberty to waive payment of that interest wholly or in part.
32. The provisions of these Articles as to the liability of joint holders and as to payment of interest shall apply in the case of non-payment of any sum which, by the terms of issue of a Share, becomes payable at a fixed time, whether on account of the amount of the Share, or by way of premium, as if the same had become payable by virtue of a call duly made and notified.
33. The Directors may make arrangements with respect to the issue of partly paid Shares for a difference between the Shareholders, or the particular Shares, in the amount of calls to be paid and in the times of payment.
34. The Directors may, if they think fit, receive from any Shareholder willing to advance the same all or any part of the moneys uncalled and unpaid upon any partly paid Shares held by him, and upon all or any of the moneys so advanced may (until the same would, but for such advance, become presently payable) pay interest at such rate (not exceeding without the sanction of an Ordinary Resolution, eight percent per annum) as may be agreed upon between the Shareholder paying the sum in advance and the Directors. No such sum paid in advance of calls shall entitle the Member paying such sum to any portion of a dividend declared in respect of any period prior to the date upon which such sum would, but for such payment, become presently payable.

#### **FORFEITURE OF SHARES**

35. If a Shareholder fails to pay any call or instalment of a call in respect of partly paid Shares on the day appointed for payment, the Directors may, at any time thereafter during such time as any part of such call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.
36. The notice shall name a further day (not earlier than the expiration of fourteen (14) calendar days from the date of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed, the Shares in respect of which the call was made will be liable to be forfeited.
37. If the requirements of any such notice as aforesaid are not complied with, any Share in respect of which the notice has been given may at any time thereafter, before the payment required by notice has been made, be forfeited by a resolution of the Directors to that effect.

38. A forfeited Share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit, and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the Directors think fit.
39. A Person whose Shares have been forfeited shall cease to be a Shareholder in respect of the forfeited Shares, but shall, notwithstanding, remain liable to pay to the Company all moneys which at the date of forfeiture were payable by him to the Company in respect of the Shares forfeited, but his liability shall cease if and when the Company receives payment in full of the amount unpaid on the Shares forfeited.
40. A certificate in writing under the hand of a Director that a Share has been duly forfeited on a date stated in the certificate shall be conclusive evidence of the facts in the declaration as against all Persons claiming to be entitled to the Share.
41. The Company may receive the consideration, if any, given for a Share on any sale or disposition thereof pursuant to the provisions of these Articles as to forfeiture and may execute a transfer of the Share in favour of the Person to whom the Share is sold or disposed of and that Person shall be registered as the holder of the Share and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Shares be affected by any irregularity or invalidity in the proceedings in reference to the disposition or sale.
42. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a Share becomes due and payable, whether on account of the amount of the Share, or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

#### **TRANSFER OF SHARES**

43. The instrument of transfer of any Share shall be in writing and in any usual or common form or such other form as the Directors may, in their absolute discretion, approve and be executed by or on behalf of the transferor and if in respect of a nil or partly paid up Share, or if so required by the Directors, shall also be executed on behalf of the transferee and shall be accompanied by the certificate (if any) of the Shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer. The transferor shall be deemed to remain a Shareholder until the name of the transferee is entered in the Register in respect of the relevant Shares.
44. (a) The Directors may in their absolute discretion decline to register any transfer of Shares which is not fully paid up or on which the Company has a lien.  
(b) The Directors may also decline to register any transfer of any Share unless:
  - (i) the instrument of transfer is lodged with the Company, accompanied by the certificate for the Shares to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;
  - (ii) the instrument of transfer is in respect of only one Class of Shares;
  - (iii) the instrument of transfer is properly stamped, if required;
  - (iv) in the case of a transfer to joint holders, the number of joint holders to whom the Share is to be transferred does not exceed four; and
  - (v) a fee of such maximum sum as the Designated Stock Exchange may determine to be payable, or such lesser sum as the Board of Directors may from time to time require, is paid to the Company in respect thereof.
45. The registration of transfers may, on ten (10) 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 Designated Stock Exchange Rules, be suspended and the Register closed at such times and for such periods as the Directors may, in their absolute discretion, from time to time determine, provided always that such registration of transfer shall not be suspended nor the Register closed for more than thirty (30) calendar days in any calendar year.

46. All instruments of transfer that are registered shall be retained by the Company. If the Directors refuse to register a transfer of any Shares, they shall within three calendar months after the date on which the transfer was lodged with the Company send notice of the refusal to each of the transferor and the transferee.

#### **TRANSMISSION OF SHARES**

47. The legal personal representative of a deceased sole holder of a Share shall be the only Person recognised by the Company as having any title to the Share. In the case of a Share registered in the name of two or more holders, the survivors or survivor, or the legal personal representatives of the deceased survivor, shall be the only Person recognised by the Company as having any title to the Share.
48. Any Person becoming entitled to a Share in consequence of the death or bankruptcy of a Shareholder shall, upon such evidence being produced as may from time to time be required by the Directors, have the right either to be registered as a Shareholder in respect of the Share or, instead of being registered himself, to make such transfer of the Share as the deceased or bankrupt Person could have made; but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the Share by the deceased or bankrupt Person before the death or bankruptcy.
49. A Person becoming entitled to a Share by reason of the death or bankruptcy of a Shareholder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered Shareholder, except that he shall not, before being registered as a Shareholder in respect of the Share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company, provided however, that the Directors may at any time give notice requiring any such Person to elect either to be registered himself or to transfer the Share, and if the notice is not complied with within ninety (90) calendar days, the Directors may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Share until the requirements of the notice have been complied with.

#### **REGISTRATION OF EMPOWERING INSTRUMENTS**

50. The Company shall be entitled to charge a fee not exceeding one U.S. dollar (US\$1.00) on the registration of every probate, letters of administration, certificate of death or marriage, power of attorney, notice in lieu of distringas, or other instrument.

#### **ALTERATION OF SHARE CAPITAL**

51. The Company may from time to time by Ordinary Resolution increase the share capital by such sum, to be divided into Shares of such Classes and amount, as the resolution shall prescribe.
52. The Company may by Ordinary Resolution:
- (a) increase its share capital by new Shares of such amount as it thinks expedient;
  - (b) consolidate and divide all or any of its share capital into Shares of a larger amount than its existing Shares;
  - (c) subdivide its Shares, or any of them, into Shares of an amount smaller than that fixed by the Memorandum, provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced Share shall be the same as it was in case of the Share from which the reduced Share is derived; and
  - (d) cancel any Shares that, at the date of the passing of the resolution, have not been taken or agreed to be taken by any Person and diminish the amount of its share capital by the amount of the Shares so cancelled.

53. The Company may by Special Resolution reduce its share capital and any capital redemption reserve in any manner authorised by the Companies Act.

#### **REDEMPTION, PURCHASE AND SURRENDER OF SHARES**

54. Subject to the provisions of the Companies Act and these Articles, the Company may:
- (a) issue Shares that are to be redeemed or are liable to be redeemed at the option of the Shareholder or the Company. The redemption of Shares shall be effected in such manner and upon such terms as may be determined, before the issue of such Shares, by either the Board or by the Shareholders by Special Resolution;
  - (b) purchase its own Shares (including any redeemable Shares) on such terms and in such manner and terms as have been approved by the Board or by the Members by Ordinary Resolution, or are otherwise authorised by these Articles; and
  - (c) make a payment in respect of the redemption or purchase of its own Shares in any manner permitted by the Companies Act, including out of capital.
55. The purchase of any Share shall not oblige the Company to purchase any other Share other than as may be required pursuant to applicable law and any other contractual obligations of the Company.
56. The holder of the Shares being purchased shall be bound to deliver up to the Company the certificate(s) (if any) thereof for cancellation and thereupon the Company shall pay to him the purchase or redemption monies or consideration in respect thereof.
57. The Directors may accept the surrender for no consideration of any fully paid Share.

#### **TREASURY SHARES**

58. The Directors may, prior to the purchase, redemption or surrender of any Share, determine that such Share shall be held as a Treasury Share.
59. The Directors may determine to cancel a Treasury Share or transfer a Treasury Share on such terms as they think proper (including, without limitation, for nil consideration).

#### **GENERAL MEETINGS**

60. All general meetings other than annual general meetings shall be called extraordinary general meetings.
61. (a) The Company may (but shall not be obliged to) in each calendar year hold a general meeting as its annual general meeting and shall specify the meeting as such in the notices calling it. The annual general meeting shall be held at such time and place as may be determined by the Directors.
- (b) At these meetings the report of the Directors (if any) shall be presented.
62. (a) The Chairman or a majority of the Directors may call general meetings, and they shall on a Shareholders' requisition forthwith proceed to convene an extraordinary general meeting of the Company.
- (b) A Shareholders' requisition is a requisition of Members holding at the date of deposit of the requisition Shares which carry in aggregate not less than one-third (1/3) of all votes attaching to all issued and outstanding Shares of the Company that as at the date of the deposit carry the right to vote at general meetings of the Company.
- (c) The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the Registered Office, and may consist of several documents in like form each signed by one or more requisitionists.



- (d) If there are no Directors as at the date of the deposit of the Shareholders' requisition, or if the Directors do not within twenty-one (21) calendar days from the date of the deposit of the requisition duly proceed to convene a general meeting to be held within a further forty-five (45) calendar days, the requisitionists, or any of them representing more than one-half (1/2) of the total voting rights of all of them, may themselves convene a general meeting, but any meeting so convened shall not be held after the expiration of three calendar months after the expiration of the said forty-five (45) calendar days.
- (e) A general meeting convened as aforesaid by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by Directors.

#### **NOTICE OF GENERAL MEETINGS**

- 63. At least seven (7) calendar days' notice shall be given for any general meeting. Every notice shall be exclusive of the day on which it is given or deemed to be given and of the day for which it is given and shall specify the place, the day and the hour of the meeting and the general nature of the business and shall be given in the manner hereinafter mentioned or in such other manner if any as may be prescribed by the Company, provided that a general meeting of the Company shall, whether or not the notice specified in this Article has been given and whether or not the provisions of these Articles regarding general meetings have been complied with, be deemed to have been duly convened if it is so agreed:
  - (a) in the case of an annual general meeting, by all the Shareholders (or their proxies) entitled to attend and vote thereat; and
  - (b) in the case of an extraordinary general meeting, by two-thirds (2/3) of the Shareholders having a right to attend and vote at the meeting, Present at the meeting.
- 64. The accidental omission to give notice of a meeting to or the non-receipt of a notice of a meeting by any Shareholder shall not invalidate the proceedings at any meeting.

#### **PROCEEDINGS AT GENERAL MEETINGS**

- 65. No business except for the appointment of a chairman for the meeting shall be transacted at any general meeting unless a quorum of Shareholders is Present at the time when the meeting proceeds to business. One or more Shareholders holding Shares which carry in aggregate (or representing by proxy) not less than one-third (1/3) of all votes attaching to all Shares in issue and entitled to vote at such general meeting and Present at the meeting shall be a quorum for all purposes.
- 66. If within half an hour from the time appointed for the meeting a quorum is not Present, the meeting shall be dissolved.
- 67. If the Directors wish to make this facility available for a specific general meeting or all general meetings of the Company, attendance and participation in any general meeting of the Company may be by means of Communication Facilities. Without limiting the generality of the foregoing, the Directors may determine that any general meeting may be held as a Virtual Meeting. The notice of any general meeting at which Communication Facilities will be utilized (including any Virtual Meeting) must disclose the Communication Facilities that will be used, including the procedures to be followed by any Shareholder or other participant of the meeting who wishes to utilise such Communication Facilities for the purposes of attending and participating in such meeting, including attending and casting any vote thereat.
- 68. The Chairman, if any, shall preside as chairman at every general meeting of the Company.
- 69. If there is no such Chairman, or if at any general meeting he is not Present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as chairman of the meeting, any Director or Person nominated by the Directors shall preside as chairman of that meeting, failing which the Shareholders Present shall choose any Person Present to be chairman of that meeting.

70. The chairman of any general meeting (including any Virtual Meeting) shall be entitled to attend and participate at any such general meeting by means of Communication Facilities, and to act as the chairman of such general meeting, in which event the following provisions shall apply:
- (a) The chairman of the meeting shall be deemed to be Present at the meeting; and
  - (b) If the Communication Facilities are interrupted or fail for any reason to enable the chairman of the meeting to hear and be heard by all other Persons participating in the meeting, then the other Directors Present at the meeting shall choose another Director Present to act as chairman of the meeting for the remainder of the meeting; provided that if no other Director is Present at the meeting, or if all the Directors Present decline to take the chair, then the meeting shall be automatically adjourned to the same day in the next week and at such time and place as shall be decided by the Board of Directors.
71. The chairman of the meeting may with the consent of any general meeting at which a quorum is Present (and shall if so directed by the meeting) adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting, or adjourned meeting, is adjourned for fourteen (14) calendar days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
72. The Directors may cancel or postpone any duly convened general meeting at any time prior to such meeting, except for general meetings requisitioned by the Shareholders in accordance with these Articles, for any reason or for no reason, upon notice in writing to Shareholders. A postponement may be for a stated period of any length or indefinitely as the Directors may determine.
73. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman of the meeting or any Shareholder holding not less than ten percent (10%) of the votes attaching to the Shares Present, and unless a poll is so demanded, a declaration by the chairman of the meeting that a resolution has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of, or against, that resolution.
74. If a poll is duly demanded it shall be taken in such manner as the chairman of the meeting directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
75. All questions submitted to a meeting shall be decided by an Ordinary Resolution except where a greater majority is required by these Articles or by the Companies Act. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a second or casting vote.
76. A poll demanded on the election of a chairman of the meeting or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs.

#### **VOTES OF SHAREHOLDERS**

77. Subject to any rights and restrictions for the time being attached to any Share, on a show of hands every Shareholder Present at the meeting shall, at a general meeting of the Company, each have one vote and on a poll every Shareholder Present at the meeting shall have one (1) vote for each Class A Ordinary Share, three (3) votes for each Class B Ordinary Share and fifteen (15) votes for each of Class C Ordinary Share of which he is the holder.

78. In the case of joint holders the vote of the senior who tenders a vote whether in person or by proxy (or, if a corporation or other non-natural person, by its duly authorised representative or proxy) shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register.
79. Shares carrying the right to vote that are held by a Shareholder of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may be voted, whether on a show of hands or on a poll, by his committee, or other Person in the nature of a committee appointed by that court, and any such committee or other Person may vote in respect of such Shares by proxy.
80. No Shareholder shall be entitled to vote at any general meeting of the Company unless all calls, if any, or other sums presently payable by him in respect of Shares carrying the right to vote held by him have been paid.
81. On a poll votes may be given either personally or by proxy.
82. Each Shareholder, other than a recognised clearing house (or its nominee(s)) or depositary (or its nominee(s)), may only appoint one proxy on a show of hand. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised. A proxy need not be a Shareholder.
83. An instrument appointing a proxy may be in any usual or common form or such other form as the Directors may approve.
84. The instrument appointing a proxy shall be deposited at the Registered Office or at such other place as is specified for that purpose in the notice convening the meeting, or in any instrument of proxy sent out by the Company:
  - (a) not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or
  - (b) in the case of a poll taken more than 48 hours after it is demanded, be deposited as aforesaid after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll; or
  - (c) where the poll is not taken forthwith but is taken not more than 48 hours after it was demanded be delivered at the meeting at which the poll was demanded to the chairman of the meeting or to the secretary or to any Director;provided that the Directors may in the notice convening the meeting, or in an instrument of proxy sent out by the Company, direct that the instrument appointing a proxy may be deposited at such other time (no later than the time for holding the meeting or adjourned meeting) at the Registered Office or at such other place as is specified for that purpose in the notice convening the meeting, or in any instrument of proxy sent out by the Company. The chairman of the meeting may in any event at his discretion direct that an instrument of proxy shall be deemed to have been duly deposited. An instrument of proxy that is not deposited in the manner permitted shall be invalid.
85. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
86. A resolution in writing signed by all the Shareholders for the time being entitled to receive notice of and to attend and vote at general meetings of the Company (or being corporations by their duly authorised representatives) shall be as valid and effective as if the same had been passed at a general meeting of the Company duly convened and held.

#### **CORPORATIONS ACTING BY REPRESENTATIVES AT MEETINGS**

87. Any corporation which is a Shareholder or a Director may by resolution of its directors or other governing body authorise such Person as it thinks fit to act as its representative at any meeting of the Company or of any meeting of holders of a Class or of the Directors or of a committee of Directors, and the Person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual Shareholder or Director.

## DEPOSITARY AND CLEARING HOUSES

88. If a recognised clearing house (or its nominee(s)) or depositary (or its nominee(s)) is a Member of the Company it may, by resolution of its directors or other governing body or by power of attorney, authorise such Person(s) as it thinks fit to act as its representative(s) at any general meeting of the Company or of any Class of Shareholders provided that, if more than one Person is so authorised, the authorisation shall specify the number and Class of Shares in respect of which each such Person is so authorised. A Person so authorised pursuant to this Article shall be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) or depositary (or its nominee(s)) which he represents as that recognised clearing house (or its nominee(s)) or depositary (or its nominee(s)) could exercise if it were an individual Member holding the number and Class of Shares specified in such authorisation, including the right to vote individually on a show of hands.

## DIRECTORS

89. (a) Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than three (3) Directors, the exact number of Directors to be determined from time to time by the Board of Directors.
- (b) The Chairman shall be the Founder, as long as the Founder is a Director. In the event that the Founder is not a Director, the Board of Directors shall elect and appoint a Chairman by a majority of the Directors then in office. The period for which the Chairman will hold office will also be determined by a majority of all of the Directors then in office. The Chairman shall preside as chairman at every meeting of the Board of Directors. To the extent the Chairman is not present at a meeting of the Board of Directors within fifteen minutes after the time appointed for holding the same, the attending Directors may choose one of their number to be the chairman of the meeting.
- (c) The Company may by Ordinary Resolution appoint any person to be a Director.
- (d) The Board may, by the affirmative vote of a simple majority of the remaining Directors present and voting at a Board meeting, appoint any person as a Director, to fill a casual vacancy on the Board or as an addition to the existing Board.
- (e) An appointment of a Director may be on terms that the Director shall automatically retire from office (unless he has sooner vacated office) at the next or a subsequent annual general meeting or upon any specified event or after any specified period in a written agreement between the Company and the Director, if any; but no such term shall be implied in the absence of express provision. Each Director whose term of office expires shall be eligible for re-election at a meeting of the Shareholders or re-appointment by the Board.
90. A Director may be removed from office by Ordinary Resolution (except with regard to the renewal of the Chairman, who may be removed from office by Special Resolution), notwithstanding anything in these Articles or in any agreement between the Company and such Director (but without prejudice to any claim for damages under such agreement). A vacancy on the Board created by the removal of a Director under the previous sentence may be filled by Ordinary Resolution or by the affirmative vote of a simple majority of the remaining Directors present and voting at a Board meeting. The notice of any meeting at which a resolution to remove a Director shall be proposed or voted upon must contain a statement of the intention to remove that Director and such notice must be served on that Director not less than ten (10) calendar days before the meeting. Such Director is entitled to attend the meeting and be heard on the motion for his removal.
91. The Board may, from time to time, and except as required by applicable law or Designated Stock Exchange Rules, adopt, institute, amend, modify or revoke the corporate governance policies or initiatives of the Company and determine on various corporate governance related matters of the Company as the Board shall determine by resolution of Directors from time to time.

92. A Director shall not be required to hold any Shares in the Company by way of qualification. A Director who is not a Member of the Company shall nevertheless be entitled to attend and speak at general meetings.
93. The remuneration of the Directors may be determined by the Directors or by Ordinary Resolution.
94. The Directors shall be entitled to be paid for their travelling, hotel and other expenses properly incurred by them in going to, attending and returning from meetings of the Directors, or any committee of the Directors, or general meetings of the Company, or otherwise in connection with the business of the Company, or to receive such fixed allowance in respect thereof as may be determined by the Directors from time to time, or a combination partly of one such method and partly the other.

#### **ALTERNATE DIRECTOR OR PROXY**

95. Any Director may in writing appoint another Person to be his alternate and, save to the extent provided otherwise in the form of appointment, such alternate shall have authority to sign written resolutions on behalf of the appointing Director, but shall not be required to sign such written resolutions where they have been signed by the appointing director, and to act in such Director's place at any meeting of the Directors at which the appointing Director is unable to be present. Every such alternate shall be entitled to attend and vote at meetings of the Directors as a Director when the Director appointing him is not personally present and where he is a Director to have a separate vote on behalf of the Director he is representing in addition to his own vote. A Director may at any time in writing revoke the appointment of an alternate appointed by him. Such alternate shall be deemed for all purposes to be a Director of the Company and shall not be deemed to be the agent of the Director appointing him. The remuneration of such alternate shall be payable out of the remuneration of the Director appointing him and the proportion thereof shall be agreed between them.
96. Any Director may appoint any Person, whether or not a Director, to be the proxy of that Director to attend and vote on his behalf, in accordance with instructions given by that Director, or in the absence of such instructions at the discretion of the proxy, at a meeting or meetings of the Directors which that Director is unable to attend personally. The instrument appointing the proxy shall be in writing under the hand of the appointing Director and shall be in any usual or common form or such other form as the Directors may approve, and must be lodged with the chairman of the meeting of the Directors at which such proxy is to be used, or first used, prior to the commencement of the meeting.

#### **POWERS AND DUTIES OF DIRECTORS**

97. Subject to the Companies Act, these Articles and to any resolutions passed in a general meeting, the business of the Company shall be managed by the Directors, who may pay all expenses incurred in setting up and registering the Company and may exercise all powers of the Company. No resolution passed by the Company in general meeting shall invalidate any prior act of the Directors that would have been valid if that resolution had not been passed.
98. Subject to these Articles, the Directors may from time to time appoint any natural person or corporation, whether or not a Director to hold such office in the Company as the Directors may think necessary for the administration of the Company, including but not limited to, chief executive officer, and for such term and at such remuneration (whether by way of salary or commission or participation in profits or partly in one way and partly in another), and with such powers and duties as the Directors may think fit. Any natural person or corporation so appointed by the Directors may be removed by the Directors. The Directors may also appoint one or more of their number to the office of managing director upon like terms, but any such appointment shall ipso facto terminate if any managing director ceases for any cause to be a Director, or if the Company by Ordinary Resolution resolves that his tenure of office be terminated.
99. The Directors may appoint any natural person or corporation to be a Secretary (and if need be an assistant Secretary or assistant Secretaries) who shall hold office for such term, at such remuneration and upon such conditions and with such powers as they think fit. Any Secretary or assistant Secretary so appointed by the Directors may be removed by the Directors or by the Company by Ordinary Resolution.

100. The Directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Directors.
101. The Directors may from time to time and at any time by power of attorney (whether under Seal or under hand) or otherwise appoint any company, firm or Person or body of Persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys or authorised signatory (any such Person being an "Attorney" or "Authorised Signatory", respectively) of the Company for such purposes and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such power of attorney or other appointment may contain such provisions for the protection and convenience of Persons dealing with any such Attorney or Authorised Signatory as the Directors may think fit, and may also authorise any such Attorney or Authorised Signatory to delegate all or any of the powers, authorities and discretion vested in him.
102. The Directors may from time to time provide for the management of the affairs of the Company in such manner as they shall think fit and the provisions contained in the three next following Articles shall not limit the general powers conferred by this Article.
103. The Directors from time to time and at any time may establish any committees, local boards or agencies for managing any of the affairs of the Company and may appoint any natural person or corporation to be a member of such committees or local boards and may appoint any managers or agents of the Company and may fix the remuneration of any such natural person or corporation.
104. The Directors from time to time and at any time may delegate to any such committee, local board, manager or agent any of the powers, authorities and discretions for the time being vested in the Directors and may authorise the members for the time being of any such local board, or any of them to fill any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Directors may think fit and the Directors may at any time remove any natural person or corporation so appointed and may annul or vary any such delegation, but no Person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.
105. Any such delegates as aforesaid may be authorised by the Directors to sub-delegate all or any of the powers, authorities, and discretion for the time being vested in them.

#### **BORROWING POWERS OF DIRECTORS**

106. The Directors may from time to time at their discretion exercise all the powers of the 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 the Company or of any third party.

#### **THE SEAL**

107. The Seal shall not be affixed to any instrument except by the authority of a resolution of the Directors provided always that such authority may be given prior to or after the affixing of the Seal and if given after may be in general form confirming a number of affixing of the Seal. The Seal shall be affixed in the presence of a Director or a Secretary (or an assistant Secretary) or in the presence of any one or more Persons as the Directors may appoint for the purpose and every Person as aforesaid shall sign every instrument to which the Seal is so affixed in their presence.
108. The Company may maintain a facsimile of the Seal in such countries or places as the Directors may appoint and such facsimile Seal shall not be affixed to any instrument except by the authority of a resolution of the Directors provided always that such authority may be given prior to or after the affixing of such facsimile Seal and if given after may be in general form confirming a number of affixing of such facsimile Seal. The facsimile Seal shall be affixed in the presence of such Person or Persons as the Directors shall for this purpose appoint and such Person or Persons as aforesaid shall sign every instrument to which the facsimile Seal is so affixed in their presence and such affixing of the facsimile Seal and signing as aforesaid shall have the same meaning and effect as if the Seal had been affixed in the presence of and the instrument signed by a Director or a Secretary (or an assistant Secretary) or in the presence of any one or more Persons as the Directors may appoint for the purpose.

109. Notwithstanding the foregoing, a Secretary or any assistant Secretary shall have the authority to affix the Seal, or the facsimile Seal, to any instrument for the purposes of attesting authenticity of the matter contained therein but which does not create any obligation binding on the Company.

#### **DISQUALIFICATION OF DIRECTORS**

110. The office of Director shall be vacated, if the Director:
- (a) becomes bankrupt or makes any arrangement or composition with his creditors;
  - (b) dies or is found to be or becomes of unsound mind;
  - (c) resigns his office by notice in writing to the Company;
  - (d) without special leave of absence from the Board, is absent from meetings of the Board for three consecutive meetings and the Board resolves that his office be vacated; or
  - (e) is removed from office pursuant to any other provision of these Articles.

#### **PROCEEDINGS OF DIRECTORS**

111. The Directors may meet together (either within or outside the Cayman Islands) for the dispatch of business, adjourn, and otherwise regulate their meetings and proceedings as they think fit. Questions arising at any meeting shall be decided by a majority of votes. At any meeting of the Directors, each Director present in person or represented by his proxy or alternate shall be entitled to one vote. In case of an equality of votes the Chairman shall have a second or casting vote. A Director may, and a Secretary or assistant Secretary on the requisition of a Director shall, at any time summon a meeting of the Directors.
112. A Director may participate in any meeting of the Directors, or of any committee appointed by the Directors of which such Director is a member, by means of telephone or similar communication equipment by way of which all Persons participating in such meeting can communicate with each other and such participation shall be deemed to constitute presence in person at the meeting.
113. The quorum necessary for the transaction of the business of the Board may be fixed by the Directors, and unless so fixed, the quorum shall be a majority of Directors then in office, including the Chairman; provided, however, a quorum shall nevertheless exist at a meeting at which a quorum would exist but for the fact that the Chairman is voluntarily absent from the meeting and notifies the Board of his decision to be absent from that meeting, before or at the meeting. A Director represented by proxy or by an alternate Director at any meeting shall be deemed to be present for the purposes of determining whether or not a quorum is present.
114. A Director who is in any way, whether directly or indirectly, interested in a contract or transaction or proposed contract or transaction with the Company shall declare the nature of his interest at a meeting of the Directors. A general notice given to the Directors by any Director to the effect that he is a member of any specified company or firm and is to be regarded as interested in any contract or transaction which may thereafter be made with that company or firm shall be deemed a sufficient declaration of interest in regard to any contract so made or transaction so consummated. Subject to the Designated 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 may be counted in the quorum at any meeting of the Directors at which any such contract or transaction or proposed contract or transaction shall come before the meeting for consideration.

115. A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established. A Director, notwithstanding his interest, may be counted in the quorum present at any meeting of the Directors whereat he or any other Director is appointed to hold any such office or place of profit under the Company or whereat the terms of any such appointment are arranged and he may vote on any such appointment or arrangement.
116. Any Director may act by himself or through his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director; provided that nothing herein contained shall authorise a Director or his firm to act as auditor to the Company.
117. The Directors shall cause minutes to be made for the purpose of recording:
  - (a) all appointments of officers made by the Directors;
  - (b) the names of the Directors present at each meeting of the Directors and of any committee of the Directors; and
  - (c) all resolutions and proceedings at all meetings of the Company, and of the Directors and of committees of Directors.
118. When the chairman of a meeting of the Directors signs the minutes of such meeting the same shall be deemed to have been duly held notwithstanding that all the Directors have not actually come together or that there may have been a technical defect in the proceedings.
119. A resolution in writing signed by all the Directors or all the members of a committee of Directors entitled to receive notice of a meeting of Directors or committee of Directors, as the case may be (an alternate Director, subject as provided otherwise in the terms of appointment of the alternate Director, being entitled to sign such a resolution on behalf of his appointer), shall be as valid and effectual as if it had been passed at a duly called and constituted meeting of Directors or committee of Directors, as the case may be. When signed a resolution may consist of several documents each signed by one or more of the Directors or his duly appointed alternate.
120. The continuing Directors may act notwithstanding any vacancy in their body but if and for so long as their number is reduced below the number fixed by or pursuant to these Articles as the necessary quorum of Directors, the continuing Directors may act for the purpose of increasing the number, or of summoning a general meeting of the Company, but for no other purpose.
121. Subject to any regulations imposed on it by the Directors, a committee appointed by the Directors may elect a chairman of its meetings. If no such chairman is elected, or if at any meeting the chairman is not present within fifteen minutes after the time appointed for holding the meeting, the committee members present may choose one of their member to be chairman of the meeting.
122. A committee appointed by the Directors may meet and adjourn as it thinks proper. Subject to any regulations imposed on it by the Directors, questions arising at any meeting shall be determined by a majority of votes of the committee members present and in case of an equality of votes the chairman shall have a second or casting vote.
123. All acts done by any meeting of the Directors or of a committee of Directors, or by any Person acting as a Director, shall notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or Person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such Person had been duly appointed and was qualified to be a Director.



#### PRESUMPTION OF ASSENT

124. A Director who is present at a meeting of the Board of Directors at which an action on any Company matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent from such action with the person acting as the chairman or secretary of the meeting before the adjournment thereof or shall forward such dissent by registered post to such person immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favour of such action.

#### DIVIDENDS

125. Subject to any rights and restrictions for the time being attached to any Shares, the Directors may from time to time declare dividends (including interim dividends) and other distributions on Shares in issue and authorise payment of the same out of the funds of the Company lawfully available therefor.
126. Subject to any rights and restrictions for the time being attached to any Shares, the Company by Ordinary Resolution may declare dividends, but no dividend shall exceed the amount recommended by the Directors.
127. The Directors may, before recommending or declaring any dividend, set aside out of the funds legally available for distribution such sums as they think proper as a reserve or reserves which shall, in the absolute discretion of the Directors, be applicable for meeting contingencies or for equalising dividends or for any other purpose to which those funds may be properly applied, and pending such application may in the absolute discretion of the Directors, either be employed in the business of the Company or be invested in such investments (other than Shares of the Company) as the Directors may from time to time think fit.
128. Any dividend payable in cash to the holder of Shares may be paid in any manner determined by the Directors. If paid by cheque it will be sent by mail addressed to the holder at his address in the Register, or addressed to such person and at such addresses as the holder may direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the Register in respect of such Shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company.
129. The Directors may determine that a dividend shall be paid wholly or partly by the distribution of specific assets (which may consist of the shares or securities of any other company) and may settle all questions concerning such distribution. Without limiting the generality of the foregoing, the Directors may fix the value of such specific assets, may determine that cash payment shall be made to some Shareholders in lieu of specific assets and may vest any such specific assets in trustees on such terms as the Directors think fit.
130. Subject to any rights and restrictions for the time being attached to any Shares, all dividends shall be declared and paid according to the amounts paid up on the Shares, but if and for so long as nothing is paid up on any of the Shares dividends may be declared and paid according to the par value of the Shares. No amount paid on a Share in advance of calls shall, while carrying interest, be treated for the purposes of this Article as paid on the Share.
131. If several Persons are registered as joint holders of any Share, any of them may give effective receipts for any dividend or other moneys payable on or in respect of the Share.
132. No dividend shall bear interest against the Company.
133. Any dividend unclaimed after a period of six calendar years from the date of declaration of such dividend may be forfeited by the Board of Directors and, if so forfeited, shall revert to the Company.

#### ACCOUNTS, AUDIT AND ANNUAL RETURN AND DECLARATION

134. The books of account relating to the Company's affairs shall be kept in such manner as may be determined from time to time by the Directors.

135. The books of account shall be kept at the Registered Office, or at such other place or places as the Directors think fit, and shall always be open to the inspection of the Directors.
136. The Directors may from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Shareholders not being Directors, and no Shareholder (not being a Director) shall have any right to inspect any account or book or document of the Company except as conferred by law or authorised by the Directors or by Ordinary Resolution.
137. The accounts relating to the Company's affairs shall be audited in such manner and with such financial year end as may be determined from time to time by the Directors or failing any determination as aforesaid shall not be audited.
138. The Directors may appoint an auditor of the Company who shall hold office until removed from office by a resolution of the Directors and may fix his or their remuneration.
139. Every auditor of the Company shall have a right of access at all times to the books and accounts and vouchers of the Company and shall be entitled to require from the Directors and officers of the Company such information and explanation as may be necessary for the performance of the duties of the auditors.
140. The auditors shall, if so required by the Directors, make a report on the accounts of the Company during their tenure of office at the next annual general meeting following their appointment, and at any time during their term of office, upon request of the Directors or any general meeting of the Members.
141. The Directors in each calendar year shall prepare, or cause to be prepared, an annual return and declaration setting forth the particulars required by the Companies Act and deliver a copy thereof to the Registrar of Companies in the Cayman Islands.

#### **CAPITALISATION OF RESERVES**

142. Subject to the Companies Act, the Directors may:
  - (a) resolve to capitalise an amount standing to the credit of reserves (including a Share Premium Account, capital redemption reserve and profit and loss account), which is available for distribution;
  - (b) appropriate the sum resolved to be capitalised to the Shareholders in proportion to the nominal amount of Shares (whether or not fully paid) held by them respectively and apply that sum on their behalf in or towards:
    - (i) paying up the amounts (if any) for the time being unpaid on Shares held by them respectively, or
    - (ii) paying up in full unissued Shares or debentures of a nominal amount equal to that sum,and allot the Shares or debentures, credited as fully paid, to the Shareholders (or as they may direct) in those proportions, or partly in one way and partly in the other, but the Share Premium Account, the capital redemption reserve and profits which are not available for distribution may, for the purposes of this Article, only be applied in paying up unissued Shares to be allotted to Shareholders credited as fully paid;
  - (c) make any arrangements they think fit to resolve a difficulty arising in the distribution of a capitalised reserve and in particular, without limitation, where Shares or debentures become distributable in fractions the Directors may deal with the fractions as they think fit;
  - (d) authorise a Person to enter (on behalf of all the Shareholders concerned) into an agreement with the Company providing for either:

- (i) the allotment to the Shareholders respectively, credited as fully paid, of Shares or debentures to which they may be entitled on the capitalisation, or
  - (ii) the payment by the Company on behalf of the Shareholders (by the application of their respective proportions of the reserves resolved to be capitalised) of the amounts or part of the amounts remaining unpaid on their existing Shares, and any such agreement made under this authority being effective and binding on all those Shareholders; and
  - (e) generally do all acts and things required to give effect to the resolution.
143. Notwithstanding any provisions in these Articles and subject to the Companies Act, the Directors may resolve to capitalise an amount standing to the credit of reserves (including the share premium account, capital redemption reserve and profit and loss account) or otherwise available for distribution by applying such sum in paying up in full unissued Shares to be allotted and issued to:
- (a) employees (including Directors) or service providers of the Company or its Affiliates upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the Directors or the Members;
  - (b) any trustee of any trust or administrator of any share incentive scheme or employee benefit scheme to whom shares are to be allotted and issued by the Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the Directors or Members; or
  - (c) any depository of the Company for the purposes of the issue, allotment and delivery by the depository of ADSs to employees (including Directors) or service providers of the Company or its Affiliates upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the Directors or the Members.

#### **SHARE PREMIUM ACCOUNT**

144. The Directors shall in accordance with the Companies Act establish a Share Premium Account and shall carry to the credit of such account from time to time a sum equal to the amount or value of the premium paid on the issue of any Share.
145. There shall be debited to any Share Premium Account on the redemption or purchase of a Share the difference between the nominal value of such Share and the redemption or purchase price provided always that at the discretion of the Directors such sum may be paid out of the profits of the Company or, if permitted by the Companies Act, out of capital.

#### **NOTICES**

146. Except as otherwise provided in these Articles, any notice or document may be served by the Company or by the Person entitled to give notice to any Shareholder either personally, or by posting it by airmail or a recognised courier service in a prepaid letter addressed to such Shareholder at his address as appearing in the Register unless otherwise specified in writing by such Shareholder, or by electronic mail to any electronic mail address such Shareholder may have specified in writing for the purpose of such service of notices, or by facsimile to any facsimile number such Shareholder may have specified in writing for the purpose of such service of notices, or by placing it on the Company's Website should the Directors deem it appropriate. In the case of joint holders of a Share, all notices shall be given to that one of the joint holders whose name stands first in the Register in respect of the joint holding, and notice so given shall be sufficient notice to all the joint holders.
147. Notices sent from one country to another shall be sent or forwarded by prepaid airmail or a recognised courier service.

148. Any Shareholder Present, at any meeting of the Company shall for all purposes be deemed to have received due notice of such meeting and, where requisite, of the purposes for which such meeting was convened.

149. Any notice or other document, if served by:

- (a) post, shall be deemed to have been served five (5) calendar days after the time when the letter containing the same is posted;
- (b) facsimile, shall be deemed to have been served upon production by the transmitting facsimile machine of a report confirming transmission of the facsimile in full to the facsimile number of the recipient;
- (c) recognised courier service, shall be deemed to have been served 48 hours after the time when the letter containing the same is delivered to the courier service; or
- (d) electronic means, shall be deemed to have been served immediately (i) upon the time of the transmission to the electronic mail address supplied by the Shareholder to the Company or (ii) upon the time of its placement on the Company's Website.

In proving service by post or courier service it shall be sufficient to prove that the letter containing the notice or documents was properly addressed and duly posted or delivered to the courier service.

150. Any notice or document delivered or sent by post to or left at the registered address of any Shareholder (unless otherwise specified in writing by such Shareholder) in accordance with the terms of these Articles shall notwithstanding that such Shareholder be then dead or bankrupt, and whether or not the Company has notice of his death or bankruptcy, be deemed to have been duly served in respect of any Share registered in the name of such Shareholder as sole or joint holder, unless his name shall at the time of the service of the notice or document have been removed from the Register as the holder of the Share, and such service shall for all purposes be deemed a sufficient service of such notice or document on all Persons interested (whether jointly with or as claiming through or under him) in the Share.

151. Notice of every general meeting of the Company shall be given to:

- (a) all Shareholders holding Shares with the right to receive notice and who have supplied to the Company an address for the giving of notices to them; and
- (b) every Person entitled to a Share in consequence of the death or bankruptcy of a Shareholder, who but for his death or bankruptcy would be entitled to receive notice of the meeting.

No other Person shall be entitled to receive notices of general meetings.

#### **INFORMATION**

152. Subject to the relevant laws, rules and regulations applicable to the Company, no Member shall be entitled to require discovery of any information in respect of any detail of the Company's trading or any information which is or may be in the nature of a trade secret or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Board would not be in the interests of the Members of the Company to communicate to the public.

153. Subject to due compliance with the relevant laws, rules and regulations applicable to the Company, the Board shall be entitled to release or disclose any information in its possession, custody or control regarding the Company or its affairs to any of its Members including, without limitation, information contained in the Register and transfer books of the Company.

#### INDEMNITY

154. Every Director (including for the purposes of this Article any alternate Director appointed pursuant to the provisions of these Articles), Secretary, assistant Secretary, or other officer for the time being and from time to time of the Company (but not including the Company's auditors) and the personal representatives of the same (each an "Indemnified Person") shall be indemnified and secured harmless against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such Indemnified Person, other than by reason of such Indemnified Person's own dishonesty, wilful default or fraud, in or about the conduct of the Company's business or affairs (including as a result of any mistake of judgment) or in the execution or discharge of his duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by such Indemnified Person in defending (whether successfully or otherwise) any civil proceedings concerning the Company or its affairs in any court whether in the Cayman Islands or elsewhere.
155. No Indemnified Person shall be liable:
- (a) for the acts, receipts, neglects, defaults or omissions of any other Director or officer or agent of the Company; or
  - (b) for any loss on account of defect of title to any property of the Company; or
  - (c) on account of the insufficiency of any security in or upon which any money of the Company shall be invested; or
  - (d) for any loss incurred through any bank, broker or other similar Person; or
  - (e) for any loss occasioned by any negligence, default, breach of duty, breach of trust, error of judgement or oversight on such Indemnified Person's part; or
  - (f) for any loss, damage or misfortune whatsoever which may happen in or arise from the execution or discharge of the duties, powers, authorities, or discretions of such Indemnified Person's office or in relation thereto;
- unless the same shall happen through such Indemnified Person's own dishonesty, wilful default or fraud.

#### FINANCIAL YEAR

156. Unless the Directors otherwise prescribe, the financial year of the Company shall end on December 31<sup>st</sup> in each calendar year and shall begin on January 1<sup>st</sup> in each calendar year.

#### NON-RECOGNITION OF TRUSTS

157. No Person shall be recognised by the Company as holding any Share upon any trust and the Company shall not, unless required by law, be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any Share or (except only as otherwise provided by these Articles or as the Companies Act requires) any other right in respect of any Share except an absolute right to the entirety thereof in each Shareholder registered in the Register.

#### WINDING UP

158. If the Company shall be wound up the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Companies Act, divide amongst the Members in species or in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may for that purpose value any assets and determine how the division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the Members as the liquidator, with the like sanction, shall think fit, but so that no Member shall be compelled to accept any asset upon which there is a liability.
159. If the Company shall be wound up, and the assets available for distribution amongst the Members shall be insufficient to repay the whole of the share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the par value of the Shares held by them. If in a winding up the assets available for distribution amongst the Members 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 the Members 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 the Company for unpaid calls or otherwise. This Article is without prejudice to the rights of the holders of Shares issued upon special terms and conditions.

## AMENDMENT OF ARTICLES OF ASSOCIATION

160. Subject to the Companies Act, the Company may at any time and from time to time by Special Resolution alter or amend these Articles in whole or in part.

### CLOSING OF REGISTER OR FIXING RECORD DATE

161. For the purpose of determining those Shareholders that are entitled to receive notice of, attend or vote at any meeting of Shareholders or any adjournment thereof, or those Shareholders that are entitled to receive payment of any dividend, or in order to make a determination as to who is a Shareholder for any other purpose, the Directors may provide that the Register shall be closed for transfers for a stated period which shall not exceed in any case thirty (30) calendar days in any calendar year.
162. In lieu of or apart from closing the Register, the Directors may fix in advance a date as the record date for any such determination of those Shareholders that are entitled to receive notice of, attend or vote at a meeting of the Shareholders and for the purpose of determining those Shareholders that are entitled to receive payment of any dividend the Directors may, at or within ninety (90) calendar days prior to the date of declaration of such dividend, fix a subsequent date as the record date for such determination.
163. If the Register is not so closed and no record date is fixed for the determination of those Shareholders entitled to receive notice of, attend or vote at a meeting of Shareholders or those Shareholders that are entitled to receive payment of a dividend, the date on which notice of the meeting is posted or the date on which the resolution of the Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of Shareholders. When a determination of those Shareholders that are entitled to receive notice of, attend or vote at a meeting of Shareholders has been made as provided in this Article, such determination shall apply to any adjournment thereof.

### REGISTRATION BY WAY OF CONTINUATION

164. The Company may by Special Resolution resolve to be registered by way of continuation in a jurisdiction outside the Cayman Islands or such other jurisdiction in which it is for the time being incorporated, registered or existing. In furtherance of a resolution adopted pursuant to this Article, the Directors may cause an application to be made to the Registrar of Companies to deregister the Company in the Cayman Islands or such other jurisdiction in which it is for the time being incorporated, registered or existing and may cause all such further steps as they consider appropriate to be taken to effect the transfer by way of continuation of the Company.

### DISCLOSURE

165. The Directors, or any service providers (including the officers, the Secretary and the Registered Office provider of the Company) specifically authorised by the Directors, shall be entitled to disclose to any regulatory or judicial authority or to any stock exchange on which securities of the Company may from time to time be listed any information regarding the affairs of the Company including without limitation information contained in the Register and books of the Company.

### EXCLUSIVE FORUM

166. For the avoidance of doubt and without limiting the jurisdiction of the Cayman Courts to hear, settle and/or determine disputes related to the 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 the Company, (ii) any action asserting a claim of breach of a fiduciary duty owed by any Director, officer, or other employee of the Company to the Company or the Members, (iii) any action asserting a claim arising pursuant to any provision of the Companies Act or these Articles including but not limited to any purchase or acquisition of Shares, security, or guarantee provided in consideration thereof, or (iv) any action asserting a claim against the 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).

167. Unless the Company consents 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, regardless of whether such legal suit, action, or proceeding also involves parties other than the Company. Any person or entity purchasing or otherwise acquiring any Share or other securities in the 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 this Article. Without prejudice to the foregoing, if the provision in this Article is held to be illegal, invalid or unenforceable under applicable law, the legality, validity or enforceability of the rest of these Articles shall not be affected and this Article shall be interpreted and construed to the maximum extent possible to apply in the relevant jurisdiction with whatever modification or deletion may be necessary so as best to give effect to the intention of the Company.

**AIHUI SHOU INTERNATIONAL CO. LTD.**

Number

Class A Ordinary Shares

Incorporated under the laws of the Cayman Islands  
Share capital is **US\$1,000,000** divided into  
**1,000,000,000 shares** of a par value of **US\$0.001** each, comprising of  
(i) **941,472,561 Class A Ordinary Shares** of a par value of **US\$0.001** each,  
(ii) **47,240,103 Class B Ordinary Shares** of a par value of **US\$0.001** each, and  
(iii) **11,287,336 Class C Ordinary Shares** of a par value of **US\$0.001** each

THIS IS TO CERTIFY THAT

is the registered holder of

Class A Ordinary

Shares in the above-named Company subject to the Memorandum and Articles of Association thereof.

EXECUTED on behalf of the said Company on the \_\_\_\_\_ day of \_\_\_\_\_ by:

DIRECTOR \_\_\_\_\_



**THE EIGHTH AMENDED AND RESTATED SHAREHOLDERS AGREEMENT**

**THE EIGHTH AMENDED AND RESTATED SHAREHOLDERS AGREEMENT** (this “**Agreement**”), dated April 16, 2021 among

1. **AIHUSHOU INTERNATIONAL CO. LTD.**, a company limited by shares incorporated under Cayman Islands Law on November 22, 2011 (the “**Company**”);
2. **AIHUSHOU INTERNATIONAL COMPANY LIMITED**, a company limited by shares incorporated under Hong Kong Law (the “**HK Subsidiary**”);
3. **SHANGHAI AIHUI TRADING CO., LTD (上海艾慧商贸有限公司)**, a wholly foreign-owned enterprise organized under PRC Law (the “**WFOE**”);
4. **SHANGHAI YUEOU INFORMATION TECHNOLOGY CO., LTD (上海悦欧信息技术有限公司)**, a limited liability company organized under the PRC Law (the “**WFOE Subsidiary**”);
5. **SHANGHAI YUEYI NETWORK INFORMATION TECHNOLOGY CO., LTD (上海悦易网络信息技术有限公司)**, a limited liability company organized under PRC Law (the “**Domestic Enterprise**”);
6. **SHANGHAI YUEYI NETWORK INFORMATION TECHNOLOGY CO., LTD (上海悦亿网络信息技术有限公司)**, a limited liability company organized under the PRC Law (the “**Shanghai Subsidiary**”);
7. **YUEYI COMMERCIAL FACTORING (SHENZHEN) CO., LTD (乐易商业保理 (深圳) 有限公司)**, a limited liability company organized under the PRC Law (the “**Shenzhen Subsidiary**”);
8. **CHANGZHOU YUEYI NETWORK INFORMATION TECHNOLOGY CO., LTD (常州悦亿网络信息技术有限公司)**, a limited liability company organized under the PRC Law (together with the Shanghai Subsidiary and the Shenzhen Subsidiary, collectively, the “**Domestic Subsidiaries**”);
9. **AHS DEVICE HONG KONG LIMITED**, a company limited by shares incorporated under the Hong Kong Law (the “**HK Co**”, together with the Company, the HK Subsidiary, the WFOE, the WFOE Subsidiary, the Domestic Enterprise, the Domestic Subsidiaries, each a “**Major Group Company**”);
10. **SUN Wenjun(孙文俊)**, a citizen of the PRC whose PRC identification card number is \*\*\*;
11. **CHEN Xuefeng (陈雪峰)**, a citizen of the PRC whose PRC identification card number is \*\*\* (together with SUN Wenjun(孙文俊), the “**Founders**” and each, a “**Founder**”);
12. **S&WJ GROUP LIMITED**, a company limited by shares incorporated under the Law of the British Virgin Islands;
13. **C&XF GROUP LIMITED**, a company limited by shares incorporated under the Law of the British Virgin Islands (together with S&WJ GROUP LIMITED, the “**Founder Holding Companies**” and each, a “**Founder Holding Company**”);

14. **MORNINGSIDE CHINA TMT TOP UP FUND, L.P.**, with its registered office located at Appleby Trust (Cayman) Ltd., 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands;
15. **MORNINGSIDE CHINA TMT FUND II, L.P.**, with its registered office located at Clifton House, 75 Fort Street, PO Box 1350, KY1-1108, Grand Cayman, Cayman Islands (together with MORNINGSIDE CHINA TMT TOP UP FUND, L.P., each separately and jointly as “**5Y Capital**”);
16. **INTERNATIONAL FINANCE CORPORATION**, an international organization established by Articles of Agreement among its member countries including the Cayman Islands (“**IFC**”);
17. **TIANTU CHINA CONSUMER FUND I, L.P.**, with its registered office located at Intertrust Corporate Services (Cayman) Limited, One Nexus Way, Camana Bay, Grand Cayman KY1-9005, Cayman Islands;
18. **TIANTU CHINA CONSUMER FUND II, L.P.**, with its registered office located at Intertrust Corporate Services (Cayman) Limited, One Nexus Way, Camana Bay, Grand Cayman KY1-9005, Cayman Islands;
19. **JD.COM DEVELOPMENT LIMITED**, with its registered office located at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands (“**Jing Dong**”);
20. **EAGLE INTELLIGENCE LIMITED**, with its registered office located at the office of Sertus Incorporations (BVI) Limited, Sertus Chambers, P.O. Box 905, Quastisky Building Road Town, Tortola, British Virgin Islands (“**Greenwoods**”);
21. **EURO ECO LIMITED (欧之碧有限公司)**, with its registered office located at Room 1501, Grand Millennium Plaza (Lower Block), 181 Queen’s Road, Central, Hong Kong (“**Cathay**”);
22. **QIANHAI FUND OF FUND EQUITY INVESTMENT (SHENZHEN) CO., LTD.**, with its registered office located at Room 201, Building A, No.1 Qianwan 1st Road, Shenzhen Qianhai Shenzhen Hong Kong Cooperation Zone (“**Qianhai**”);
23. **YYT CAPITAL INC.**, with its registered office located at the Office of Sertus Incorporations (Cayman)Limited, Sertus Chambers, Governors Square, Suite # 5-204, 23 Lime Tree Bay Avenue, P.O. Box 2547,Grand Cayman, KY1-1104, Cayman Islands;
24. **INTERNET FUND IV PTE. LTD.**, a company duly incorporated and validly existing under the Laws of Singapore (“**Tiger**”);
25. **FRESH CAPITAL FUND I, L.P.**, with its registered office located at Maples Corporate Services Limited, PO Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands;
26. **GENERATION MU HK INVESTMENT LIMITED**, with its registered office located at Suite 2409 Everbright Ctr 108, Gloucester Rd, Wanchai, Hong Kong;
27. **GUOTAI JUNAN FINANCE (HONG KONG) LIMITED 國泰君安財務 (香港) 有限公司**, with its registered office located at 27/F Low Blk, 181 Queens Road, Grand Millennium Plaza Central, Hong Kong (“**GTJA**”);
28. **TIANJIN HUIHE HAIHE INTELLIGENT LOGISTICS INDUSTRY FUND PARTNERSHIP (LIMITED PARTNERSHIP) (天津汇禾海河智能物流产业基金合伙企业 (有限合伙))**, with its registered office located at Room 212, No. 1, Second Avenue, Airport International Logistics Zone, Tianjin Pilot Free Trade Zone (Airport Economic Zone);

29. **SHANGHAI QINGXIN INVESTMENT MANAGEMENT CO., LTD.** (上海清新投资管理有限公司), with its registered office located at Room 2120A, Building 2, No.6111 Zhongchun Road, Minhang District, Shanghai;
30. **REFRESHER LIMITED**, with its registered office located at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands;
31. **ZIBO MINSHENG OUMING EQUITY INVESTMENT PARTNERSHIP (LIMITED PARTNERSHIP)** (淄博民生欧明股权投资合伙企业(有限合伙)), with its registered office located at No.1301-82, Block B, China World Trade Center, No.107 Liuquan Road, Gaoxin District, Zibo City, Shandong Province;
32. **SHENZHEN TIAN TU XING LI INVESTMENT ENTERPRISE (LIMITED PARTNERSHIP)**, with its registered office located at Room 201, Building A, No.1 Qianwan 1st Road, Shenzhen Qianhai Shenzhen Hong Kong Cooperation Zone (together with TIAN TU CHINA CONSUMER FUND I, L.P. and TIAN TU CHINA CONSUMER FUND II, L.P., “**Tiantu**”);
33. **SHANGHAI CHENXI VENTURE CAPITAL CENTER (LIMITED PARTNERSHIP)**, with its registered office located at 26th floor, 828-838 Zhangyang Road, China (Shanghai) Pilot Free Trade Zone;
34. **SHANGHAI JINGLIN JINGHUI EQUITY INVESTMENT CENTER (LIMITED PARTNERSHIP)**, with its registered office located at Room 202-4, 13 Lane, 1502 Luoshan Road, China (Shanghai) Pilot Free Trade Zone;
35. **INNOVEN CAPITAL CHINA PTE. LTD.**, with its registered office located at 138 MARKET STREET #27-01 CAPITAGREEN SINGAPORE (048946) (“**InnoVen**”);
36. **BEING CAPITAL FUND I LP**, a partnership duly incorporated and validly existing under the Law of the Cayman Islands;
37. **TIAN ZHAN INVESTMENT LIMITED** (天展投资有限公司), a company duly incorporated and validly existing under the Law of Hong Kong (together with BEING CAPITAL FUND I LP, “**Being Capital**”);
38. **TIGER PACIFIC MASTER FUND LP**, with its registered office located at c/o Walkers Corporate Limited, Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman KY1-9008, Cayman Islands;
39. **YIHENG CAPITAL PARTNERS, L.P.**, with its registered office located at 2711 Centerville Road, Suite 400, Wilmington, DE;
40. **PLUTO CONNECTION LIMITED**, with its registered office located at NovaSage Chambers, P.O. Box 4389, Road Town, Tortola, British Virgin Islands (“**Pluto Connection**”); and
41. **DESIGN TIME LIMITED** (“**Design Time**”, together with the Persons listed in items 14 to 40 above, collectively, the “**Investors**” and each, an “**Investor**”), with its registered office located at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.  
Collectively, the “**Parties**”, and each a “**Party**”.

## RECITALS

A. The Company, the Founders, the HK Subsidiary, the WFOE, the Domestic Enterprise, the WFOE Subsidiary, the Domestic Subsidiaries, certain shareholders and other parties named therein have entered into the Seventh Amended and Restated Shareholders Agreement dated September 4, 2020 (the “**Prior Shareholders Agreement**”) to govern their relationship as shareholders of the Company and management and affairs of the Company on the terms and conditions of the Prior Shareholders Agreement.

B. The Series F Investors have agreed to subscribe for and purchase from the Company, and the Company has agreed to issue and sell to the Series F Investors, a certain number of the Series F Preferred Shares, the Series C-3 Preferred Shares and the Ordinary Shares of the Company on the terms and conditions set forth in the Share Purchase Agreement dated as of April 16, 2021 by and among the Company, the HK Subsidiary, the WFOE, the WFOE Subsidiary, the HK Co, the Domestic Enterprise, the Domestic Subsidiaries, the Founders, the Founder Holding Companies, the Series F Investors and certain other parties thereto (the “**Series F Preferred Share Purchase Agreement**”).

C. In connection with the Series F Investors’ subscription and purchase of the Series F Preferred Shares, the Series C-3 Preferred Shares and the Ordinary Shares, the Parties have agreed to further govern their relationship as shareholders of the Company and management and affairs of the Company on the terms and conditions of this Agreement, which shall replace and supersede the Prior Shareholders Agreement in its entirety.

D. In this Agreement, unless the context otherwise requires, capitalized terms used herein shall have the meanings ascribed to them in Exhibit A hereto.

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

### 1. INFORMATION RIGHTS; BOARD REPRESENTATION

#### 1.1 Information and Inspection Rights.

(a) Information Rights. The Company covenants and agrees that, commencing on the date of this Agreement, the Company will deliver to each Preferred Holder:

audited annual consolidated financial statements within one hundred and twenty (120) days after the end of each fiscal year, prepared in accordance with the GAAP and IFRS and audited by the Auditor; and a summary of transactions with a Related Party or a Shareholder (or any Affiliates or Associates of such a Shareholder) during such fiscal year;

audited annual individual financial statements in respect of each Group Company (on an unconsolidated basis) within one hundred and twenty (120) days after the end of each fiscal year, prepared in accordance with the GAAP and IFRS and audited by the Auditor;

unaudited quarterly consolidated financial statements, within forty-five (45) days of the end of each fiscal quarter, prepared in accordance with the GAAP and IFRS;

unaudited quarterly individual financial statements in respect of each Group Company (on an unconsolidated basis) within forty-five (45) days of the end of each fiscal quarter, prepared in accordance with the GAAP and IFRS;

unaudited monthly consolidated financial statements of the Group Companies, a report on the updated shareholding structure of the Group Companies, which shall include names of shareholders of each Group Company and the number and type of equity securities held by each of them, and a summary of transactions with a Related Party or a Shareholder (or any Affiliates or Associates of such a Shareholder) during such month, within thirty (30) days after the end of each calendar month;

any management letter or any letter of similar nature issued by the Auditor or auditors of any other Group Company within fifteen (15) days after receipt thereof;

proposed annual business plan of the Group Companies forecasting the Group Companies' revenues, expenses, and cash position on a month-to-month basis for the following fiscal year as approved by the Board, at least forty-five (45) days prior to the end of each fiscal year;

copies of all documents (including notice, agenda and other relevant materials) or other information sent to the Shareholders of the Company before date of the proposed general or extraordinary meeting of the Shareholders pursuant to the Memorandum and Articles;

minutes of a general or extraordinary meeting of Shareholders duly reflecting the decisions adopted at such meeting within fifteen (15) days after the Shareholders meeting;

upon the written request by the Preferred Holders, such other information as the Preferred Holders shall reasonably request (the above rights, collectively, the "**Information Rights**").

All financial statements to be provided to the Preferred Holders pursuant to this Section 1.1(a) shall include an income statement, a balance sheet and a cash flow statement for the relevant period as well as for the fiscal year to-date and shall be prepared in conformance with the GAAP and IFRS and verified and certified as true, correct and not misleading by the chief financial officer or the chief executive officer of the Company.

(b) Inspection Rights. The Company further covenants and agrees that, commencing on the date of this Agreement, each Preferred Holder who holds no less than two percent (2%) of the Shares then outstanding (calculated on a fully diluted and as-converted basis) shall have: (i) the right to inspect facilities, records and books of each Group Company at any time during regular working hours on reasonable prior notice to the Company, and (ii) the right to discuss the business, operations and conditions of each Group Company with its directors, officers, employees, accountants, legal counsel and investment bankers, in each case at the own expenses of such Preferred Holder (the "**Inspection Rights**").

(c) Termination of Rights. The Information Rights and Inspection Rights shall terminate upon consummation of a Qualified Public Offering save that the Information Right in relation to the matters set forth in Exhibit C shall survive such a Qualified Public Offering.

#### 1.2 Board of Directors.

(a) Board Constitution. The Memorandum and Articles shall provide that the Company's Board shall consist of no more than ten (10) directors, which number of directors shall not be changed unless approved pursuant to this Agreement.

So long as the Majority Series A Preferred Holder(s) holds no less than five percent (5%) of the outstanding share capital of the Company on a fully diluted and as-converted basis, the Majority Series A Preferred Holder(s) shall be entitled to nominate one (1) director of the Board (the "**Series A Director**"). For so long as the Majority Series A Preferred Holder(s) holds less than five percent (5%) of the outstanding share capital of the Company on a fully diluted and as-converted basis, the Series A Director shall be immediately removed from the Board.

So long as Jing Dong holds no less than five percent (5%) of the outstanding share capital of the Company on a fully diluted and as-converted basis, Jing Dong shall be entitled to nominate two (2) directors of the Board (the “**JD Directors**”, and each a “**JD Director**”). For so long as Jing Dong holds less than five percent (5%) of the outstanding share capital of the Company on a fully diluted and as-converted basis, the JD Directors shall be immediately removed from the Board.

So long as the Majority Series C Preferred Holder(s) holds no less than five percent (5%) of the outstanding share capital of the Company on a fully diluted and as-converted basis, the Majority Series C Preferred Holder(s) shall be entitled to nominate one (1) director of the Board (the “**Series C Director**”) and so long as Tiantu holds no less than five percent (5%) of the outstanding share capital of the Company on a fully diluted and as-converted basis, the holders of the Series C Preferred Shares shall agree and ensure that Tiantu shall nominate the Series C Director. For so long as Tiantu holds less than five percent (5%) of the outstanding share capital of the Company on a fully diluted and as-converted basis, the Series C Director appointed by Tiantu shall be immediately removed from the Board and the one or group holders of the Series C Preferred Shares constituting the Majority Series C Preferred Holder(s) shall be entitled to nominate the Series C Director. For so long as the Majority Series C Preferred Holder(s) holds less than five percent (5%) of the outstanding share capital of the Company on a fully diluted and as-converted basis, the Series C Director shall be immediately removed from the Board.

So long as the Majority Series D Preferred Holder(s) holds no less than five percent (5%) of the outstanding share capital of the Company on a fully diluted and as-converted basis, the Majority Series D Preferred Holder(s) shall be entitled to nominate one (1) director of the Board (the “**Series D Director**”). For so long as the Majority Series D Preferred Holder(s) holds less than five percent (5%) of the outstanding share capital of the Company on a fully diluted and as-converted basis, the Series D Director shall be immediately removed from the Board.

So long as Jing Dong holds no less than five percent (5%) of the outstanding share capital of the Company on a fully diluted and as-converted basis, Jing Dong and the Majority Ordinary Holder(s) shall be collectively entitled to nominate one (1) director of the Board. For so long as Jing Dong holds less than five percent (5%) of the outstanding share capital of the Company on a fully diluted and as-converted basis, such director shall be solely nominated by the Majority Ordinary Holder(s).

So long as GTJA (together with its Affiliates) holds all of the Series E Preferred Shares purchased by GTJA pursuant to the Follow-On Series E Preferred Share Purchase Agreement, GTJA and the Majority Ordinary Holder(s) shall be collectively entitled to nominate one (1) director of the Board (“**GTJA Director**”), whom shall initially be Yuen Chiu (趙玄); and in the event that GTJA and the Majority Ordinary Holder(s) fail to reach an agreement on the appointment of alternative nominee for such director, such nominee shall be decided by GTJA. For so long as (A) GTJA (together with its Affiliates) fails to hold all of the Series E Preferred Shares purchased by GTJA pursuant to the Follow-On Series E Preferred Share Purchase Agreement; (B) GTJA (or its Affiliates) fails to cause GTJA Director to comply with its acting-in-concert undertakings as provided in paragraph (h) below, or (C) the prospectus of Company’s public offering has been prepared for filing or submission, or the Company’s public offering is likely to be negatively or adversely affected by such joint appointment of such director, then such director shall be solely nominated by the Majority Ordinary Holder(s).

The Majority Ordinary Holder(s) shall be entitled to nominate three (3) directors, one of whom shall initially be CHEN Xuefeng (陈雪峰) and another two (2) of whom may be appointed by the Majority Ordinary Holder(s) from time to time. In the event that only CHEN Xuefeng (陈雪峰) is appointed by the Majority Ordinary Holder(s), CHEN Xuefeng (陈雪峰) shall be entitled to three (3) votes and the votes entitled to CHEN Xuefeng (陈雪峰) shall be reduced by one (1) upon each additional director being appointed by the Majority Ordinary Holder(s). Each Shareholder shall cause the directors nominated by them (if any) to always vote for election of CHEN Xuefeng (陈雪峰) as the chairman of the Board, in any case of an equality of votes other than for actions provided under Section 7.3, CHEN Xuefeng (陈雪峰) shall have a second or casting vote.

(b) Committees. Upon the written request of the Supermajority Preferred Holders, the Board shall establish an audit committee and a corporate governance and nomination committee, each of the audit committee and the corporate governance and nomination committee shall consist of no more than ten (10) members, and the Shareholders who are entitled to nominate directors to the Board according to Section 1.2(a) shall be entitled the right to nominate members to such committees as the same number they are entitled to nominate to the Board.

(c) Expenses; Notices. All meetings of the Board and any committee thereof shall be held either telephonically or in person. The Company shall reimburse the directors for all reasonable out-of-pocket expenses incurred in connection with attending any meetings of the Board and any committee thereof. The Company shall procure that a notice of each meeting, agenda of the business to be transacted at the meeting and all documents and materials to be circulated at or presented to the meeting are sent to all directors entitled to receive notice of the meeting at least seven (7) days before the meeting and a copy of the minutes of the meeting is sent to the directors within twenty (20) days following the meeting.

(d) Quorum. For so long as any Preferred Shares are outstanding, the quorum for the transaction of business at any meeting of the Board shall be at least five (5) directors, including at least two-thirds (2/3) of the Preferred Directors (which shall include at least one JD Director) and CHEN Xuefeng (陈雪峰).

(e) D&O Insurance. The Company shall purchase and maintain insurance in relation to any person who is or was a director or officer of the Company, or who at the request of the Company is or was serving as a director or officer of, or in any other capacity is or was acting for, another company or a partnership, joint venture, trust or other enterprise, against any liability asserted against the person and incurred by the person in that capacity on the terms and conditions acceptable to the Supermajority Preferred Holders.

(f) Each of the Company, the Founders and the Founder Holding Companies undertakes that, to the extent permitted by the applicable Laws, it/he will exercise all its rights and power, and will procure any person appointed by it/him to the board of any other Group Company to exercise the right and power he may have, in respect of any other Group Company in compliance with this Agreement.

(g) Observers. IFC, 5Y Capital, Tiantu, Jing Dong, Greenwoods, Cathay, Tiger, GTJA, Being Capital, Pluto Connection and Design Time shall each be entitled to appoint one (1) observer to the board of directors of each Group Company and each Founder and his applicable Founder Holding Company shall procure that each Group Company shall take all actions that are necessary for such an observer to attend meetings of the board of such Group Company, receive notice, agenda and other materials in connection with such meetings and such observer be given the reasonable opportunity to speak and express their opinion on matters discussed at such meetings.

(h) Acting-in-Concert. GTJA hereby undertakes and ensures that, and shall procure the GTJA Director to comply with the following covenants:

The GTJA Director and CHEN Xuefeng (陈雪峰) shall be deemed as actors in concert, and shall act in concert in relation to all matters that require the decisions of the Directors of the Company, including but not limited to voting unanimously to approve, reject, or to abstain from voting in relation to motions that need to be resolved at Board meetings of the Company, and to jointly sign all necessary documents.

Before the GTJA Director and CHEN Xuefeng (陈雪峰) act in concert, they shall vote on the matters that require action in concert, and joint action shall be taken based on the results of such voting; if they are unable to reach a unanimous opinion in relation to the matters that require action in concert, a decision that is made by CHEN Xuefeng (陈雪峰) shall be deemed as a decision that is unanimously passed by them and shall be binding on them. Such arrangement shall be acknowledged by the other Directors to the extent not in violation of applicable Laws.

For purpose of such acting-in-action, CHEN Xuefeng (陈雪峰) shall be entitled to, at any time he deems fit, require the GTJA Director to (A) appoint CHEN Xuefeng (陈雪峰) or other person designated by CHEN Xuefeng (陈雪峰) as his proxy, and issue an authorization letter to such proxy to authorize such proxy to exercise voting rights on behalf of the GTJA Director regarding any Board meeting or matters to be decided by the Directors; or (B) enter into an acting-in-concert agreement with CHEN Xuefeng (陈雪峰).

If GTJA transfers any Shares held by it to any of its Affiliates, as a prerequisite, it shall ensure that the transferee is bound by the provisions of this Agreement, and the transferee upon receiving the transfer of the Shares shall be deemed as having agreed to the provisions of this Agreement and having agreed to be bound by the provisions of this Agreement.

### 1.3 Voting Agreement.

(a) For as long as any Preferred Shares are outstanding, at each election of the directors of the Board, each Shareholder shall vote at any meeting of members, such number of Shares as may be necessary, or in lieu of any such meeting, shall give such Shareholder's written consent in the form of a written resolution or otherwise, as the case may be, with respect to such number of Shares (i) to keep the size of the Board at no more than ten (10) directors, and (ii) to elect or re-elect the directors of the Board pursuant to Section 1.2(a) above.

(b) Any Person or group of Persons entitled to designate any individual to be elected as a director of the Board pursuant to Section 1.2(a) shall have the right to remove any such director occupying such position and to fill any vacancy caused by the death, disability, retirement, resignation or removal of any director occupying such position. Each Shareholder agrees to always vote such Shareholder's respective Shares in support of the principle that a director to the Board appointed pursuant to Section 1.2(a) shall be removed from the Board with or without cause only upon the vote or written consent of the Shareholders entitled to appointed such director pursuant to Section 1.2(a), and each such Shareholder further agrees not to seek, vote for or otherwise effect the removal with or without cause of any such director without such vote or written consent. If a vacancy is created on the Board at any time by the death, disability, retirement, resignation or removal of any director appointed pursuant to Section 1.2(a), the replacement to fill such vacancy shall be designated in the same manner, in accordance with Section 1.2(a), as the director whose seat was vacated.

1.4 Other Group Companies. Upon the request of the Supermajority Preferred Holders, each of the other Group Companies shall, and the Company, the Founders and the Founder Holding Companies shall cause the board of directors of each other Group Company to have the same number of directors with the same voting rights as the Board, to consist of the same directors as the Board, and to follow the same nomination mechanism, quorum and meeting requirements applicable to the Board as set forth in Section 1.2.



1.5 Anti-Corruption Undertakings. No Party (excluding the Preferred Holders for the purpose of this [Section 1.5](#)) shall engage in (nor authorize or permit any Affiliate or any other person acting on its behalf to engage in) any corrupt practice, fraudulent practice, coercive practice, collusive practice or obstructive practice with respect to the Company, and each of such other Parties (excluding the Preferred Holders) agrees to promptly notify IFC if it becomes aware of any such violation. Should IFC notify any of them of its concern that there has been a violation of this provision, each of such other Parties shall cooperate in good faith to determine whether such a violation has occurred, and shall respond promptly and in reasonable detail to any notice from IFC, and shall furnish documentary support for such response upon IFC's request. Interpretations of "corrupt practice", "fraudulent practice", "coercive practice", "collusive practice" and "obstructive practice" are set out in [Exhibit D](#).

1.6 IFC Policy Undertakings. The Company shall, and shall procure each other Group Company shall, strictly comply with each covenant set forth in [Exhibit C](#) during the term of this Agreement.

1.7 Undertaking as to Auditors. The Company shall (i) appoint the Auditor as auditors of the Company; (ii) authorize and instruct them, in the form set forth in [Exhibit E](#) (*Form of Letter to Company's Auditors*), to communicate directly with IFC; and (iii) take such actions, issued such instructions and delivered such documents as necessary to procure the firm's compliance with such request.

1.8 Undertaking as to Accounting Systems. The Company shall install and have in operation an accounting and control system, management information system and books of account and other records, which together adequately give a true and fair view of the financial condition of the Company and the results of its operations in conformity with the GAAP and IFRS.

1.9 Undertaking as to Insurance Requirements. The Company shall provide the Preferred Holders with copies of all insurance policies evidencing compliance with the requirements of [Annex A](#) (*Minimum Insurance Requirements*) and a certification from the Company's insurers or insurance agents confirming that such policies are in full force and effect and all premiums then due and payable under those policies have been paid.

1.10 Undertaking as to Director Indemnification. Upon nomination of any Series A Director, JD Director, Series C Director or Series D Director, the Company shall execute the Director Indemnification Agreement in substantially the form and substance as set out in [Exhibit H](#).

## 2. REGISTRATION RIGHTS.

2.1 Applicability of Rights. The Holders shall be entitled to the following rights with respect to any potential public offering of the Company's Ordinary Shares in the United States and shall be entitled to reasonably equivalent or analogous rights with respect to any other offering of the Company's securities in any other jurisdiction in which the Company undertakes to publicly offer or list such securities for trading on a recognized securities exchange.

2.2 Non-U.S. Jurisdiction Applicability. For purposes of this Agreement, reference to registration of securities under the Securities Act and the Exchange Act shall be deemed to mean the equivalent registration in a jurisdiction other than the United States as designated by such Holders, it being understood and agreed that in each such case all references in this Agreement to the Securities Act, the Exchange Act and Laws, forms of registration statements and registration of securities thereunder, U.S. Laws and the SEC, shall be deemed to refer, to the equivalent Laws, forms of registration statements and registration of securities and equivalent government authority in the applicable non-U.S. jurisdiction.

### 2.3 Demand Registration.

(a) **Request by Holders.** Upon receipt of a written request from the Holders of at least thirty percent (30%) of the Registrable Securities Then Outstanding that the Company file a registration statement under the Securities Act covering the registration of any Registrable Securities Then Outstanding pursuant to this [Section 2.3](#), the Company shall, within ten (10) Business Days of the receipt of such written request, give written notice of such request ("**Request Notice**") to all Holders, and use its best efforts to effect, as soon as practicable, the registration under the Securities Act of all Registrable Securities that the Holders request to be registered and included in such registration by written notice given by such Holders to the Company within twenty (20) days after receipt of the Request Notice, subject only to the limitations of this [Section 2.3](#); provided that the Company shall not be obligated to effect any such registration if the Company has, within the six (6) month period preceding the date of such request, already effected a registration under the Securities Act pursuant to this [Section 2.3](#) or [Section 2.5](#) or in which the Holders had an opportunity to participate pursuant to the provisions of [Section 2.4](#) other than a registration from which the Registrable Securities the Holders have been excluded (with respect to all or any portion of the Registrable Securities the Holders requested to be included in such registration) pursuant to the provisions of [Section 2.4\(a\)](#).

(b) **Underwriting.** If the Holders initiating the registration request under this [Section 2.3](#) (the "**Initiating Holders**") intend to distribute the Registrable Securities covered by their request by means of an underwriting, then they shall so advise the Company as a part of their request made pursuant to this [Section 2.3](#) and the Company shall include such information in the Request Notice. In such event, the right of any Holder to include its Registrable Securities in such registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting (unless otherwise mutually agreed by a majority in interest of the Initiating Holders and such Holder) to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall enter into an underwriting agreement in customary form with the managing underwriter or underwriters selected for such underwriting by the Holders of at least a majority of the Registrable Securities being registered and reasonably acceptable to the Company. Notwithstanding any other provision of this [Section 2.3](#), if the underwriter(s) advise(s) the Company in writing that marketing factors require a limitation of the number of securities to be underwritten, then the Company shall so advise all Holders of Registrable Securities which would otherwise be registered and underwritten pursuant hereto, and the number of Registrable Securities that may be included in the underwriting shall be reduced as required by the underwriter(s) and allocated among the Holders of Registrable Securities on a pro rata basis according to the number of Registrable Securities Then Outstanding held by each Holder requesting registration (including the Initiating Holders); provided, however, that the number of shares of Registrable Securities to be included in such underwriting and registration shall not be reduced unless all other securities are first entirely excluded from the underwriting and registration including, without limitation, all Shares that are not Registrable Securities and are held by any other Person, including, without limitation, any Person who is an employee, officer or director of the Company or any Subsidiary of the Company; provided further, that at least twenty-five percent (25%) of shares of Registrable Securities requested by the Holders to be included in such underwriting and registration shall be so included. If any Holder disapproves of the terms of any such underwriting, such Holder may elect to withdraw therefrom by written notice to the Company and the underwriter(s), delivered at least ten (10) Business Days prior to the effective date of the registration statement. Any Registrable Securities excluded or withdrawn from such underwriting shall be excluded and withdrawn from the registration.

(c) **Maximum Number of Demand Registrations.** The Company shall not be obligated to effect more than three (3) such demand registrations pursuant to this [Section 2.3](#).

(d) **Deferral.** Notwithstanding the foregoing, if the Company shall furnish to Holders requesting registration pursuant to this [Section 2.3](#), a certificate signed by the President or Chief Executive Officer of the Company stating that in the good faith judgment of the Board, it would be materially detrimental to the Company and its Shareholders for such registration statement to be filed at such time, then the Company shall have the right to defer such filing for a period of not more than ninety (90) days after receipt of the request of the Initiating Holders; provided, however, that the Company may not utilize this right more than once in any twelve (12) month period; provided further, that the Company shall not register any other of its Shares during such twelve (12) month period. A demand right shall not be deemed to have been exercised until such deferred registration shall have been effected.

#### 2.4 Piggyback Registrations.

(a) The Company shall notify all Holders of Registrable Securities in writing at least thirty (30) days prior to filing any registration statement under the Securities Act for purposes of effecting a public offering of securities of the Company (or as the case may be, the shares or securities of the relevant entity resulting from any merger, consolidation, reorganization or other arrangement made by or to the Company for the purpose of such public offering) including, but not limited to, registration statements relating to secondary offerings of securities of the Company, but excluding registration statements relating to any registration under Section 2.3 or Section 2.5 of this Agreement or to any employee benefit plan or a corporate reorganization), and shall afford each such Holder an opportunity to include in such registration statement all or any part of the Registrable Securities then held by such Holder. Each Holder desiring to include in any such registration statement all or any part of the Registrable Securities held by it shall within twenty (20) days after receipt of the above-described notice from the Company, so notify the Company in writing, and in such notice shall inform the Company of the number of Registrable Securities such Holder wishes to include in such registration statement. If a Holder decides not to include all of its Registrable Securities in any registration statement thereafter filed by the Company, such Holder shall nevertheless continue to have the right to include any Registrable Securities in any subsequent registration statement or registration statements as may be filed by the Company with respect to offerings of its securities, all upon the terms and conditions set forth herein.

(b) Underwriting. If a registration statement under which the Company gives notice under this Section 2.4 is for an underwritten offering, then the Company shall so advise the Holders of Registrable Securities. In such event, the right of any such Holder's Registrable Securities to be included in a registration pursuant to this Section 2.4 shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their Registrable Securities through such underwriting shall enter into an underwriting agreement in customary form with the managing underwriter or underwriters selected for such underwriting. Notwithstanding any other provision of this Agreement but subject to Section 2.12, if the managing underwriter(s) determine(s) in good faith that marketing factors require a limitation of the number of Shares to be underwritten, the managing underwriter(s) may exclude Shares from the registration and the underwriting, and the number of Shares that may be included in the registration and the underwriting shall be allocated, first, to the Company, second, to each of the Holders requesting inclusion of their Registrable Securities in such registration statement on a pro rata basis based on the total number of shares of Registrable Securities then held by each such Holder, and third, to holders of other securities of the Company; provided, however, that the right of the underwriter(s) to exclude Shares (including Registrable Securities) from the registration and underwriting as described above shall be restricted so that (i) the number of Registrable Securities included in any such registration is not reduced below twenty-five percent (25%) of the aggregate number of shares of Registrable Securities for which inclusion has been requested; and (ii) all Shares that are not Registrable Securities and are held by any other Person, including, without limitation, any Person who is an employee, officer or director of the Company (or any Subsidiary of the Company) shall first be excluded from such registration and underwriting before any Registrable Securities are so excluded. If any Holder disapproves of the terms of any such underwriting, such Holder may elect to withdraw therefrom by written notice to the Company and the underwriter(s), delivered at least ten (10) Business Days prior to the effective date of the registration statement. Any Registrable Securities excluded or withdrawn from such underwriting shall be excluded and withdrawn from the registration.

(c) Not Demand Registration. Registration pursuant to this Section 2.4 shall not be deemed to be a demand registration as described in Section 2.3 above. There shall be no limit on the number of times the Holders may request registration of Registrable Securities under this Section 2.4.

**2.5 Form F-3 Registration.** In case the Company shall receive from any Holder or Holders of at least a majority of all Registrable Securities Then Outstanding a written request or requests that the Company effect a registration on Form F-3 and any related qualification or compliance with respect to all or a part of the Registrable Securities owned by such Holder or Holders, then the Company will:

(a) **Notice.** Promptly give written notice of the proposed registration and the Holder's or Holders' request herefore, and any related qualification or compliance, to all other Holders of Registrable Securities; and

(b) **Registration.** As soon as practicable, effect such registration and all such qualifications and compliances as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of such Holders or Holders' Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any other Holder or Holders joining in such request as are specified in a written request given within twenty (20) days after the Company provides the notice contemplated by Section 2.5(a); provided, however, that the Company shall not be obligated to effect any such registration, qualification or compliance pursuant to this Section 2.5:

if Form F-3 is not available for such offering by the Holders;

if the Holders, together with the holders of any other securities of the Company entitled to inclusion in such registration, propose to sell Registrable Securities and such other securities (if any) at an aggregate price to the public of less than US\$500,000;

if the Company shall furnish to the Holders a certificate signed by the President or Chief Executive Officer of the Company stating that in the good faith judgment of the Board, it would be materially detrimental to the Company and its Shareholders for such Form F-3 Registration to be effected at such time, in which event the Company shall have the right to defer the filing of the Form F-3 registration statement no more than once during any twelve (12) month period for a period of not more than sixty (60) days after receipt of the request of the Holder or Holders under this Section 2.5; provided that the Company shall not register any of its other Shares during such sixty (60) day period;

if the Company has, within the twelve (12) month period preceding the date of such request, already effected two (2) registrations under the Securities Act other than a registration from which the Registrable Securities of Holders have been excluded (with respect to all or any portion of the Registrable Securities the Holders requested be included in such registration) pursuant to the provisions of Sections 2.3(b) and 2.4(b); or

if in any particular jurisdiction in which the Company would be required to qualify to do business or to execute a general consent to service of process in effecting such registration, qualification or compliance.

(c) **Not Demand Registration.** Form F-3 registrations shall not be deemed to be demand registrations as described in Section 2.3 above. Except as otherwise provided herein, there shall be no limit on the number of times the Holders may request registration of Registrable Securities under this Section 2.5.

2.6 Expenses. All Registration Expenses incurred in connection with any registration pursuant to Sections 2.3, 2.4, 2.5 or 2.14 (but excluding Selling Expenses) shall be borne by the Company. Each Holder participating in a registration pursuant to Sections 2.3, 2.4, 2.5 or 2.14 shall bear such Holder's proportionate share (based on the total number of Shares sold in such registration by such Holder other than for the account of the Company) of all Selling Expenses or other amounts payable to underwriter(s) or brokers, in connection with such offering by the Holders. Notwithstanding the foregoing, the Company shall not be required to pay for any expense of any registration proceeding begun pursuant to Section 2.3 if the registration request is subsequently withdrawn at the request of the Holders of at least a majority of the Registrable Securities to be registered, unless the Holders of at least a majority of the Registrable Securities Then Outstanding agree that such registration constitutes the use by the Holders of one (1) demand registration pursuant to Section 2.3 (in which case such registration shall also constitute the use by all Holders of Registrable Securities of one (1) such demand registration); provided further, however, that if at the time of such withdrawal, the Holders have learned of a material adverse change in the condition, business, or prospects of the Company not known to the Holders at the time of their request for such registration and have withdrawn their request for registration with reasonable promptness after learning of such material adverse change, the Holders shall not be required to pay any of such expenses and such registration shall not constitute the use of a demand registration pursuant to Section 2.3.

2.7 Obligations of the Company. Whenever required to effect the registration of any Registrable Securities under this Agreement the Company shall, as expeditiously as reasonably possible:

(a) Registration Statement. Prepare and file with the SEC a registration statement with respect to such Registrable Securities and use its best efforts to cause such registration statement to become effective, and, upon the request of the Holders of at least twenty-five percent (25%) of the Registrable Securities registered thereunder, keep such registration statement effective for a period of up to ninety (90) days or, in the case of Registrable Securities registered under Form F-3 in accordance with Rule 415 under the Securities Act or a successor rule, until the distribution contemplated in the registration statement has been completed; provided, however, that (i) such ninety (90) day period shall be extended for a period of time equal to the period any Holder refrains from selling any securities included in such registration at the request of the underwriter(s), and (ii) in the case of any registration of Registrable Securities on Form F-3 which are intended to be offered on a continuous or delayed basis, such ninety (90) day period shall be extended, if necessary, to keep the registration statement effective until all such Registrable Securities are sold.

(b) Amendments and Supplements. Prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement.

(c) Prospectuses. Furnish to the Holders such number of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as they may reasonably request in order to facilitate the disposition of the Registrable Securities owned by them that are included in such registration.

(d) Blue Sky. Use its best efforts to register and qualify the securities covered by such registration statement under such other securities or "blue sky" laws of such jurisdictions as shall be reasonably requested by the Holders, provided that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions, unless the Company is already subject to service in such jurisdiction and except as may be required by the Securities Act.

(e) Underwriting. In the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement in usual and customary form, with the managing underwriter(s) of such offering. Each Holder participating in such underwriting shall also enter into and perform its obligations under such an agreement.

(f) **Notification.** Notify each Holder of Registrable Securities covered by such registration statement at any time when a prospectus relating thereto is required to be delivered under the Securities Act of (i) the issuance of any stop order by the SEC in respect of such registration statement, or (ii) the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing. The Company shall, to the extent permitted by the applicable laws, rules and regulations, keep each Holder of Registrable Securities informed of all material activities undertaken in connection with a public offering undertaken by the Company.

(g) **Opinion and Comfort Letter.** Furnish, at the request of any Holder requesting registration of Registrable Securities, on the date that such Registrable Securities are delivered to the underwriter(s) for sale, if such securities are being sold through underwriters, or, if such securities are not being sold through underwriters, on the date that the registration statement with respect to such securities becomes effective, (i) an opinion, dated as of such date, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering and reasonably satisfactory to a majority in interest of the Holders requesting registration, addressed to the underwriters, if any, and to the Holders requesting registration of Registrable Securities and (ii) letters dated as of (x) the effective date of the registration statement covering such Registrable Securities and (y) the closing date of the offering, from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering and reasonably satisfactory to a majority in interest of the Holders requesting registration, addressed to the underwriters, if any, and to the Holders requesting registration of Registrable Securities.

2.8 **Furnish Information.** It shall be a condition precedent to the obligations of the Company to take any action pursuant to Sections 2.3, 2.4 or 2.5 that the selling Holders shall furnish to the Company such information regarding themselves, the Registrable Securities held by them and the intended method of disposition of such securities as shall be required to timely effect the Registration of their Registrable Securities.

2.9 **Indemnification.** In the event any Registrable Securities are included in a registration statement under Sections 2.3, 2.4, 2.5 or 2.14:

(a) **By the Company.** To the extent permitted by applicable Laws, the Company will indemnify and hold harmless each Holder, its partners, officers, directors, legal counsel, any underwriter (as defined in the Securities Act) for such Holder and each Person, if any, who Controls such Holder or underwriter within the meaning of the Securities Act or the Exchange Act, against any of the losses, claims, damages, liabilities (joint or several) or legal or other expenses reasonably incurred by them, as such expenses are incurred, in connection with investigating or defending any such loss, claim, damage, liability or action, to which they may become subject under the Securities Act, the Exchange Act or other United States federal or state Laws, insofar as such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (collectively a “**Violation**”):

any untrue statement or alleged untrue statement of a material fact contained in such registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto;

any omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading; or

any violation or alleged violation by the Company of the Securities Act, the Exchange Act, or any United States federal or state securities Laws or (in the case of non-US jurisdiction) the applicable Laws, regulations and rules of the relevant jurisdiction, in each case, in connection with the offering covered by such registration statement;

provided, however, that the indemnity agreement contained in this Section 2.9(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld), nor shall the Company be liable in any such case for any such loss, claim, damage, liability or action to the extent that it arises out of or is based upon a Violation which occurs in reliance upon and in conformity with written information furnished expressly for use in connection with such registration by such Holder, partner, officer, director, legal counsel, underwriter or Controlling Person of such Holder.

(b) By Selling Holders. To the extent permitted by applicable Laws, each selling Holder will, if Registrable Securities held by such Holder are included in the securities as to which such registration qualifications or compliance is being effected, indemnify and hold harmless the Company, each of its directors, each of its officers who has signed the registration statement, each Person, if any, who Controls the Company within the meaning of the Securities Act, any underwriter and any other Holder selling securities under such registration statement or any of such other Holder's partners, directors, officers, legal counsel or any Person who Controls such Holder within the meaning of the Securities Act or the Exchange Act, against any losses, claims, damages, liabilities (joint or several) or legal or other expenses reasonably incurred by them, as such expenses are incurred, in connection with investigating or defending any such loss, claim, damage, liability or action, to which the Company or any such director, officer, legal counsel, Controlling Person, underwriter or other such Holder, partner or director, officer or Controlling Person of such other Holder may become subject under the Securities Act, the Exchange Act or other United States federal or state Laws, insofar as such losses, claims, damages or liabilities (or actions in respect thereto) arise out of or are based upon any Violation, in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in conformity with written information furnished by such Holder expressly for use in connection with such registration; provided, however, that the indemnity agreement contained in this Section 2.9(b) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Holder, which consent shall not be unreasonably withheld; and provided, further, that in no event shall any indemnity under this Section 2.9(b), exceed the net proceeds received by such Holder in the registered offering out of which the applicable Violation arises.

(c) Notice. Promptly after receipt by an indemnified Party under this Section 2.9 of notice of the commencement of any action (including any governmental action), such indemnified Party will, if a claim in respect thereof is to be made against any indemnifying Party under this Section 2.9, deliver to the indemnifying Party a written notice of the commencement thereof and the indemnifying Party shall have the right to participate in, and, to the extent the indemnifying Party so desires, jointly with any other indemnifying Party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the Parties; provided, however, that an indemnified Party shall have the right to retain its own counsel, with the fees and expenses to be paid by the indemnifying Party, if representation of such indemnified Party by the counsel retained by the indemnifying Party would be inappropriate due to actual or potential conflict of interests between such indemnified Party and any other Party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying Party within a reasonable time of the commencement of any such action shall relieve such indemnifying Party of liability to the indemnified Party under this Section 2.9 to the extent the indemnifying Party is prejudiced as a result thereof, but the omission to so deliver written notice to the indemnifying Party will not relieve it of any liability that it may have to any indemnified Party otherwise than under this Section 2.9.

(d) Contribution. In order to provide for just and equitable contribution to joint liability under the Securities Act in any case in which either (i) any indemnified Party makes a claim for indemnification pursuant to this Section 2.9 but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case notwithstanding the fact that this Section 2.9 provides for indemnification in such case, or (ii) contribution under the Securities Act may be required on the part of any indemnified Party in circumstances for which indemnification is provided under this Section 2.9, in each such case, the indemnified Party and the indemnifying Party will contribute to the aggregate losses, claims, damages or liabilities to which they may be subject (after contribution from others) in such proportion so that a Holder (together with its related Persons) is responsible for the portion represented by the percentage that the public offering price of its Registrable Securities offered by and sold under the registration statement bears to the public offering price of all securities offered by and sold under such registration statement, and the Company and other selling Holders are responsible for the remaining portion. The relative fault of the indemnifying Party and of the indemnified Party shall be determined by a court of law by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying Party or by the indemnified Party and the Parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission; provided, however, that, in any such case: (A) no Holder will be required to contribute any amount in excess of the net proceeds to such Holder from the sale of all such Registrable Securities offered and sold by such Holder pursuant to such registration statement; and (B) no Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

(e) Survival; Consents to Judgments and Settlements. The obligations of the Company and Holders under this Section 2.9 shall survive the completion of any offering of Registrable Securities in a registration statement, regardless of the expiration of any statutes of limitation or extensions of such statutes. No indemnifying Party, in the defense of any such claim or litigation, shall, except with the consent of each indemnified Party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified Party of a release from all liability in respect to such claim or litigation.

2.10 Termination of the Company's Obligations. The Company's obligations under Sections 2.3, 2.4 or 2.5 with respect to any Registrable Securities proposed to be sold by a Holder in a registration pursuant to Sections 2.3, 2.4 or 2.5 shall be terminated on the fifth (5<sup>th</sup>) anniversary of the date of closing of a Qualified Public Offering, or, if, in the opinion of counsel to the Company, all such Registrable Securities proposed to be sold by a Holder may then be sold without registration in any ninety (90) day period pursuant to Rule 144 promulgated under the Securities Act.

2.11 No Registration Rights to Third Parties. The Company covenants and agrees that, without the prior written consent of the Holders of at least a majority of the Registrable Securities Then Outstanding, it shall not grant, or cause or permit to be created, for the benefit of any Person or entity any registration rights of any kind (whether similar to the demand, "piggyback" or Form F-3 registration rights described in this Section 2, or otherwise) relating to any securities of the Company which are senior to, or on a parity with, those granted to the Holders.

2.12 Market Stand-Off. Each Party agrees that, so long as it holds any Shares, in connection with a Qualified Public Offering, upon request by the Company or the underwriters managing such Qualified Public Offering of the Company's securities and subject to the applicable Laws, regulations and rules, it will not sell or otherwise transfer or dispose of any securities of the Company (other than those permitted to be included in the registration and other transfers to Affiliates permitted by Laws) without the prior written consent of the Company or such underwriters, as the case may be, for a period of time specified by the representative of the underwriters not to exceed one hundred and eighty (180) days from the effective date of the registration statement covering such Qualified Public Offering or the pricing date of such offering as may be requested by the underwriters. The foregoing provision of this Section 2.12 shall not apply to the sale of any securities of the Company to an underwriter pursuant to any underwriting agreement and shall only be applicable to the Holders if all officers, directors and holders of one percent (1%) or more of the Company's outstanding share capital enter into similar agreements, and if the Company or any underwriter releases any officer, director or holder of one percent (1%) or more of the Company's outstanding share capital from his or her sale restrictions so undertaken, then each Holder shall be notified prior to such release and shall itself be simultaneously released to the same proportional extent. The Company shall require all future acquirers of the Company's securities holding at least one percent (1%) of the then outstanding share capital of the Company to execute prior to a Qualified Public Offering a market stand-off agreement containing substantially similar provisions as those contained in this Section 2.12.



2.13 Rule 144 Reporting. With a view to making available to the Holders the benefits of certain rules and regulations of the SEC which may at any time permit the sale of the Registrable Securities to the public without registration or pursuant to a registration on Form F-3, after such time as a public market exists for the Ordinary Shares, the Company agrees to:

(a) Make and keep public information available, as those terms are understood and defined in Rule 144 under the Securities Act, at all times after the effective date of the first registration under the Securities Act filed by the Company for an offering of its securities to the general public;

(b) File with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements); and

(c) So long as a Holder owns any Registrable Securities, to furnish to such Holder forthwith upon request (i) a written statement by the Company as to its compliance with the reporting requirements of Rule 144 (at any time after ninety (90) days after the effective date of the Company's initial public offering), the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements), or its qualification as a registrant whose securities may be resold pursuant to Form F-3 (at any time after it so qualifies), (ii) a copy of the most recent annual or quarterly report of the Company, and (iii) such other reports and documents of the Company as a Holder may reasonably request in availing itself of any rule or regulation of the SEC that permits the selling of any such securities without registration or pursuant to Form F-3.

2.14 Preferred Holder Demand. Where no Qualified Public Offering has been consummated by December 31, 2022, the Preferred Holders together holding more than fifty percent (50%) of the issued Preferred Shares shall have the right at any time thereafter to serve a notice in writing (a "QPO Notice") on the Company and the other Shareholders to request the Company to, at the Company's cost, undertake a Qualified Public Offering such that all Registrable Securities held by the Preferred Holders shall be fully registered and become freely tradable. On service of a QPO Notice, the Company shall do, and each of the Shareholders shall do and shall procure that the Company shall do, all such things as may be necessary and desirable to effect a Qualified Public Offering, including the exercise by each of the Shareholders of their voting rights as Shareholders or in relation to the Board or the board of other Group Companies in such a way as to facilitate a Qualified Public Offering, causing directors nominated by them to execute all requisite documents and granting all such powers of attorney as may be required. The provisions set out in Section 2.4(b) shall apply *mutatis mutandis* to an initial public offering undertaken pursuant to this Section 2.14.

### 3. RIGHT OF PARTICIPATION

3.1 General. Any Preferred Holder and its respective permitted transferees to which rights under this Section 3 have been duly assigned in accordance with Section 5 (a "Participation Rights Holder") shall have the right of first refusal to purchase such Participation Rights Holder's Pro Rata Share of all (or any part) of any New Securities that the Company may from time to time issue after the date of this Agreement and the New Securities (if any) that have not been subscribed by the other Shareholders (the "Right of Participation").

3.2 New Securities. "New Securities" shall mean any Preferred Shares, any Ordinary Shares or other Equity Securities of the Company, whether now authorized or not, and rights, options or warrants to purchase such Preferred Shares, Ordinary Shares, Equity Securities of the Company, or securities of any type whatsoever that are, may become, convertible or exchangeable into such Preferred Shares, Ordinary Shares or Equity Securities of the Company, provided, however, that the term "New Securities" shall not include:

(a) Ordinary Shares issued upon the conversion of the Preferred Shares;

(b) any Shares issued in connection with any share split, share consolidation, share dividend or other similar event in which the Participation Rights Holder is entitled to participate on a pro rata basis;

(c) any Shares issued upon the exercise, conversion or exchange of any outstanding security if such outstanding security constitutes any New Securities;

(d) any Equity Securities issued pursuant to a Qualified Public Offering;

(e) the Series E Preferred Shares issued pursuant to the Follow-On Series E Preferred Share Purchase Agreement;

(f) the Series E Preferred Shares issued upon the InnoVen Warrant Exercise;

(g) the Series F Preferred Shares, the Series C-3 Preferred Shares and the Ordinary Shares issued pursuant to the Series F Preferred Share Purchase Agreement;

(h) any securities issued pursuant to the acquisition of another corporation or entity by the Company by consolidation, merger, purchase of assets, or other reorganization in which the Company acquires, in a single transaction or series of related transactions, all or substantially all assets of such other corporation or entity, or fifty percent (50%) or more of the equity ownership or voting power of such other corporation or entity; and

(i) up to 28,096,153 Ordinary Shares (and/or options or warrants therefor) issued to employees, officers, directors, consultants or advisers of the Group Companies pursuant to the ESOP.

### 3.3 Procedures.

(a) **Participation Notice.** If the Company wishes to make any issue of New Securities, it shall prior to such issue give each Participation Rights Holder a written notice of the proposed issue. The notice shall set forth the terms and conditions of the proposed issue (including the number of New Securities to be offered and the price, if any, for which the Company proposes to offer such New Securities), and the number of New Securities that the Participation Rights Holder can elect to purchase and shall constitute an offer to issue the relevant portion of the New Securities to the Participation Rights Holder on such terms and conditions.

(b) **Acceptance Notice.** A Participation Rights Holder may accept such offer by delivering a written notice of acceptance (the “**Acceptance Notice**”) to the Company within thirty (30) days (the “**Participation Period**”) after receipt of the notice of the Company of the proposed issue. The Participation Rights Holder exercising its right of participation shall be entitled to participate in the purchase of New Securities for the price and upon the terms and conditions specified in the notice issued by the Company and by delivering the Acceptance Notice stating therein the quantity of New Securities to be purchased (not to exceed such Participation Rights Holder’s full Pro Rata Share). If any Participation Rights Holder fails to so respond in writing within the Participation Period, then such Participation Rights Holder shall forfeit the right hereunder to purchase its Pro Rata Share of such New Securities, but shall not be deemed to forfeit any right with respect to any other issuance of New Securities. If any Participation Rights Holder elects not to purchase its Pro Rata Share of such New Securities in full, the Company shall, after its receipt of written notices from all of the Participation Rights Holders pursuant to this Section or upon the expiration of the Participation Period, send a second written notice to all of the Participation Rights Holders that have elected to purchase in full their respective Pro Rata Share of such New Securities (the “**Oversubscription Participants**”), setting forth the total number of New Securities that have not been subscribed for. Each such Oversubscription Participants shall then have ten (10) days (the “**Second Participation Period**”) after the receipt of the second written notice to notify the Company of its desire to purchase more than its Pro Rata Share of the New Securities, stating the number of the additional New Securities it proposes to purchase (the “**Additional Number**”). If, as a result thereof, such oversubscription exceeds the total number of the remaining New Securities available for purchase, each Oversubscription Participant will be cut back by the Company with respect to its oversubscription to such number of remaining New Securities equal to the lesser of (x) the Additional Number and (y) the product obtained by multiplying (i) the number of the remaining New Securities available for oversubscription by (ii) a fraction, the numerator of which is the number of Ordinary Shares (calculated on a fully diluted and as-converted basis) held by such Oversubscription Participant and the denominator of which is the total number of Ordinary Shares (calculated on a fully diluted and as-converted basis) held by all the Oversubscription Participants who have applied to purchase the Additional Number.

(c) Failure to Exercise. Upon the expiration of the Participation Period (or the Second Participation Period, if relevant), the Company may complete the issue of New Securities with respect to which the right of participation hereunder were not exercised on the terms and conditions specified in the Company's notice within ninety (90) days following the expiration of the Participation Period (or the Second Participation Period, if relevant). If the Company does not complete the issue of the New Securities within such ninety (90)-day period, the right of participation provided in this Section 3.3 in respect of such New Securities shall be deemed to be revived and the New Securities shall not be offered to any person unless first re-offered to the Participation Rights Holder in accordance with this Section 3.3 again.

(d) Adherence to this Agreement. The Company shall not issue any Shares to a Person who is not a Shareholder unless such Person has agreed to adhere to the terms and conditions of this Agreement and become a party to this Agreement.

(e) Prohibited Issuance. Notwithstanding any other provision in this Agreement, the Company shall in no event issue or transfer any securities to a Person who is on (i) the lists promulgated by the United Nations Security Council or its committees pursuant to resolutions issued under Chapter VII of the United Nations Charter or (ii) the World Bank Listing of Ineligible Firms.

(f) Termination. The Right of Participation for each Participation Rights Holder shall terminate upon the consummation of a Qualified Public Offering.

#### 4. TRANSFER RESTRICTIONS

4.1 Sale of Ordinary Shares; Notice of Sale. Subject to Section 4.6 of this Agreement, if any Selling Shareholder proposes to sell or transfer any Ordinary Share Equivalents held by it directly or indirectly, then such Selling Shareholder shall promptly give a written notice (the "**Transfer Notice**") to the Company and each Preferred Holder prior to such sale or transfer. The Transfer Notice shall describe in reasonable detail the proposed sale or transfer including, without limitation, the number of Offered Shares, the nature of such sale or transfer, the consideration to be paid, and the name and address of each prospective purchaser or transferee.

4.2 Right of First Refusal by the Company. Subject to the Companies Act (as amended) of the Cayman Islands, the Company will have the right, exercisable upon a written notice (the "**First Refusal Notice**") to the Selling Shareholder and the Preferred Holders within thirty-five (35) days after receipt of the Transfer Notice (the "**Company Option Period**") of its election to exercise its right of first refusal hereunder. The First Refusal Notice shall set forth the number of Offered Shares that the Company wishes to purchase.

4.3 Right of First Refusal by Preferred Holders. Upon receipt of a Transfer Notice, the Company shall convene a general meeting to determine whether it will exercise its right of first refusal. A Selling Shareholder shall abstain from voting on a resolution in relation to the Company's repurchase of such Selling Shareholder's Equity Securities. If the Company does not timely elect to purchase all of the Offered Shares pursuant to Section 4.2 above, then the Company shall deliver to each Preferred Holder written notice (the "**Company Notice**") thereof within ten (10) days after the expiration of the Company Option Period, and each Preferred Holder shall have an option for a period of ten (10) days following receipt of the Company Notice (the "**Option Period**") to elect to purchase all or any portion of the Offered Shares at the same price and subject to the same terms and conditions as described in the Transfer Notice, by notifying the Selling Shareholder and the Company in writing before expiration of the Option Period as to the number of such Offered Shares that it wishes to purchase. Each Preferred Holder may allocate the Offered Shares it is entitled to purchase under this Section 4.3 to another Person nominated by it. Such right of first refusal may be exercised as follows:

(a) **First Refusal Allocation.** Each Preferred Holder shall have the right to purchase such number of the Offered Shares (the “**First Refusal Allocation**”) that is equal to the product obtained by multiplying the aggregate number of the Offered Shares by a fraction, the numerator of which is the number of Ordinary Share Equivalents held by that Preferred Holder at the time of the transaction (on an as-converted basis) and the denominator of which is the total number of Ordinary Share Equivalents owned by all Preferred Holders at the time of the transaction (on an as-converted basis). The Preferred Holders shall not have a right to purchase any of the Offered Shares unless it exercises its right of first refusal within the Option Period to purchase up to all of its First Refusal Allocation of the Offered Shares. If a Preferred Holder has not applied to purchase its First Refusal Allocation of the Offered Shares, the Company shall give each other Preferred Holder that has applied to purchase up to all of its First Refusal Allocation of the Offered Shares a written notice specifying the number of remaining Offered Shares (the “**First Refusal Second Allocation Notice**”). Within ten (10) days after receipt of the First Refusal Second Allocation Notice (the “**Second Option Period**”), such other Preferred Holder may apply to acquire such number of the remaining Offered Shares that is equal to the product obtained by multiplying the aggregate number of the remaining Offered Shares by a fraction, the numerator of which is the number of Ordinary Share Equivalents held by that Preferred Holder at the time of the transaction (on an as-converted basis) and the denominator of which is the total number of Ordinary Share Equivalents held by all the Preferred Holders who have applied to acquire such remaining Offered Shares.

(b) **Expiration Notice.** Within ten (10) days after expiration of the Option Period or the Second Option Period (as the case may be), the Company shall give a written notice (the “**First Refusal Expiration Notice**”) to the Selling Shareholder and the Preferred Holders (i) specifying the number of the Offered Shares that will be purchased by the Preferred Holder(s) and the identity of such Preferred Holder(s) or such other Person as such Preferred Holder(s) may nominate who will purchase the Offered Shares and/or (ii) to the extent that there are any remaining Offered Shares that have not been taken up by the Preferred Holders, specifying the Co-Sale Pro Rata Portion of the remaining Offered Shares for the purpose of the Preferred Holder’s co-sale right described in [Section 4.4](#) below.

(c) **Purchase Price.** The purchase price for the Offered Shares to be purchased by the Preferred Holders will be the price set forth in the Transfer Notice, but will be payable as set forth in [Section 4.3\(d\)](#) below. If the purchase price in the Transfer Notice includes consideration other than cash, the cash equivalent value of the non-cash consideration will be as previously determined by the Board in good faith, which determination will be binding upon the Company, the Preferred Holders and the Selling Shareholder, absent fraud or error.

(d) **Payment.** Payment of the purchase price for the Offered Shares purchased by a Preferred Holder shall be made by wire transfer or cheque as directed by the Selling Shareholder within thirty (30) days following the date of the First Refusal Expiration Notice, and concurrently therewith, the Selling Shareholder shall (i) sell and deliver the Offered Shares to such Preferred Holder or such other Person as such Preferred Holder may nominate, (ii) deliver all necessary documents, duly executed, to enable the relevant Offered Shares to pass fully and effectively into the name of such Preferred Holder or such other Person as such Preferred Holder may nominate, and (iii) do all such other acts and/or execute all such other documents in a form satisfactory to such Preferred Holder as it may reasonably require to give effect to the transfer of the relevant Offered Shares to it, and the Company shall concurrently therewith (i) deliver to such Preferred Holder a copy of the Company’s register of members, updated to show such Preferred Holder or such other Person as such Preferred Holder may nominate as the transferee and owner of the applicable number of Offered Shares it purchased under this [Section 4.3](#) and (ii) deliver to such Preferred Holder or such other Person as such Preferred Holder may nominate the new share certificate representing the Offered Shares.

(e) Rights of a Selling Shareholder. If a Preferred Holder exercises its right of first refusal to purchase the Offered Shares, then, upon the date the notice of such exercise is given by such Preferred Holder, the Selling Shareholder will have no further rights as a holder of such Offered Shares except the right to receive payment for such Offered Shares from such Preferred Holder in accordance with the terms of this Agreement, and the Selling Shareholder will forthwith cause all certificate(s) evidencing such Offered Shares to be surrendered to the Company.

(f) Application of Co-Sale Right. In the event that a Preferred Holder has not elected to purchase any or all of its First Refusal Allocation of the Offered Shares, then the sale of the remaining Offered Shares will become subject to the co-sale right of the Preferred Holders as set forth in Section 4.4 below.

4.4 Co-Sale Right. To the extent that a Preferred Holder has not exercised its right of first refusal with respect to all of its First Refusal Allocation of the Offered Shares, then the Preferred Holder who has not exercised its right of first refusal (the "**Co-Sale Right Holder**") shall have the right, exercisable upon a written notice to the Selling Shareholder and the Company (the "**Co-Sale Notice**") within twenty (20) days after receipt of the First Refusal Expiration Notice (the "**Co-Sale Right Period**"), to participate in such sale of the Offered Shares that are the subject of the co-sale right on the same terms and conditions as set forth in the Transfer Notice. The Co-Sale Notice given by a Co-Sale Right Holder shall set forth the number of Ordinary Share Equivalents (on both an absolute and as-converted to Ordinary Shares basis) that such Co-Sale Right Holder wishes to include in such sale or transfer, which amount shall not exceed the Co-Sale Pro Rata Portion of such Co-Sale Right Holder. To the extent a Co-Sale Right Holder exercises such co-sale right in accordance with the terms and conditions set forth below, the Selling Shareholder shall procure the prospective purchaser to acquire the Ordinary Share Equivalents that are the subject of the Co-Sale Notice. The co-sale right of a Co-Sale Right Holder shall be subject to the following terms and conditions:

(a) Co-Sale Pro Rata Portion. A Co-Sale Right Holder may sell all or any part of such number of Ordinary Share Equivalents held by it that is equal to the Co-Sale Pro Rata Portion.

(b) Transferred Shares. Each Co-Sale Right Holder shall effect its participation in the sale by promptly delivering to the Selling Shareholder for transfer to the prospective purchaser an instrument of transfer, which represents the number of Ordinary Share Equivalents which such Co-Sale Right Holder elects to sell.

(c) Payment to Co-Sale Right Holder. The instrument of transfer that a Co-Sale Right Holder delivers to the Selling Shareholder pursuant to Section 4.4(b) shall be transferred to the prospective purchaser in consummation of the sale of the Offered Shares pursuant to the terms and conditions specified in the Transfer Notice, and the Selling Shareholder shall concurrently therewith remit to such Co-Sale Right Holder that portion of the sale proceeds to which such Co-Sale Right Holder is entitled by reason of its participation in such sale. To the extent that any prospective purchaser or purchasers prohibits such assignment or otherwise refuses to purchase any Share or other securities from a Co-Sale Right Holder, the Selling Shareholder shall not sell to such prospective purchaser or purchasers any Ordinary Share Equivalents unless and until, simultaneously with such sale, the Selling Shareholder shall purchase such Shares or other Equity Securities of the Company from such Co-Sale Right Holder.

(d) **Right to Transfer.** To the extent that the Preferred Holders have not purchased all the Offered Shares subject to the Transfer Notice and have elected not to exercise their respective co-sale right in respect of such Offered Shares, the Selling Shareholder may, not later than ninety (90) days following delivery to the Company and the Preferred Holders of the Transfer Notice, conclude a transfer of the Offered Shares which are the subject of the Transfer Notice and which no Preferred Holder has applied to purchase or to participate in the sale, on substantially the same terms and conditions as those described in the Transfer Notice to the transferee identified in the Transfer Notice provided that such a transferee is a bona fide third party. Any proposed transfer on terms and conditions which are materially different from those described in the Transfer Notice, as well as any subsequent proposed transfer of any Ordinary Share Equivalents by the Selling Shareholder, shall again be subject to the right of first refusal and the co-sale right of the Company and the Preferred Holders, as applicable, and shall require compliance by the Selling Shareholder with the procedures described in Section 4.2 through Section 4.4 of this Agreement.

(e) **Full Co-Sale Right.** Notwithstanding any other provision in this Section 4.4, (i) where as a result of a proposed transfer of all or any of Ordinary Share Equivalents, a change of Control in the Company or (as the case may be) another Group Company would occur, a Co-Sale Right Holder shall have the right to participate in the proposed transfer by selling all of its Ordinary Share Equivalents; and (ii) where any Preferred Holder would hold less than a half percent (0.5%) of the total issued share capital of the Company, such Co-Sale Right Holder shall have the right to participate in the proposed transfer by selling all of its Ordinary Share Equivalents. The provisions set out in Sections 4.4(b) and 4.4(c) shall apply *mutatis mutandis* to such a transfer.

(f) **Representations and Warranties.** Where a Preferred Holder exercises its co-sale right pursuant to Section 4.4, it shall not be required to give any representations and warranties other than the warranties in respect of its title to the Equity Interests to be sold pursuant to the exercise of its co-sale right, warranties in respect of its authority to consummate a sale pursuant to the exercise of its co-sale right, and warranties that there is no encumbrances on the Equity Interests to be sold pursuant to the exercise of its co-sale right.

(g) Notwithstanding anything to the contrary contained herein, each Shareholder agrees that it will not, and will procure that no other Person will, circumvent or otherwise avoid the requirements and transfer restrictions in this Section 4 (including for the avoidance of doubt, the requirements and restrictions under Sections 4.3 and 4.4) or take any action that has the purpose of evasion of the requirements, restrictions and limitations on sale or disposal of Equity Securities contained in this Section 4 (including, for the avoidance of doubt, the requirements and restrictions under Sections 4.3 and 4.4) by way of direct or indirect sale of Equity Securities, or by the holding of Equity Securities indirectly through another Person (including a holding company).

#### 4.5 Right of Drag-along.

(a) Notwithstanding anything herein to the contrary (including any provision of Section 7.1 and Section 7.2), if at any time during the term of this Agreement, (i) the Company fails to consummate a Qualified Public Offering before December 31, 2022, and (ii) the Supermajority Preferred Holders (the “**Drag-Along Shareholders**”) vote in favor of a proposed Trade Sale for cash consideration valuing the Company at not lower than US\$4,000,000,000 or the equivalent in any other currency (the “**Drag-Along Sale**”), then, in any such event, upon written notice from such Drag-Along Shareholders requesting them to do so, each of the other Shareholders of the Company (the “**Dragged Shareholders**”) shall (i) be present, in person or by proxy, as a holder of Shares, at all meetings (if any) for the vote upon any such Drag-Along Sale (so as to be counted for the purposes of determining the presence of a quorum at such meetings); (ii) vote, or give its written consent with respect to, all the Shares held by them in favor of such proposed Drag-Along Sale and in opposition of any proposal that could reasonably be expected to delay or impair the consummation of any such proposed Drag-Along Sale; (iii) transfer all of their Ordinary Shares or securities convertible into or exercisable for Ordinary Shares of the Company (the “**Equity Interests**”) in such Drag-Along Sale to such purchaser; (iv) refrain from exercising any dissenters’ rights or rights of appraisal under applicable law at any time with respect to or in connection with such proposed Drag-Along Sale; and (v) take all actions reasonably necessary to consummate the proposed Drag-Along Sale, including without limitation amending the then existing Memorandum and Articles.

(b) Save as otherwise approved by the Supermajority Preferred Holders:

all proceeds derived from a Dragged-Along Sale shall be distributed among the Preferred Holders and the Ordinary Holders in accordance with the Memorandum and Articles, taking into account any liquidation preferences to which the Preferred Holders are entitled thereunder. Notwithstanding any provision to the contrary, the share transfer restrictions of other provisions of Section 4 of this Agreement shall not apply to any transfers made pursuant to this Section 4.5:

the consideration payable to each Preferred Holder pursuant to a Dragged-Along Sale shall be in cash;

the purchaser or the surviving entity following a merger with the Company shall not be a Related Party of the Company or any of its Shareholders; and

no Preferred Holder shall be required to give any representations and warranties other than the warranties in respect of the seller's title to the Equity Interests to be sold pursuant to a Dragged-Along Sale, warranties in respect of seller's authority to consummate a Dragged-Along Sale, and warranties that there is no encumbrances on the Equity Interests to be sold pursuant to a Dragged-Along Sale;

provided that: (A) if the consideration payable to IFC pursuant to a Dragged-Along Sale or any part of such consideration consists of Equity Securities of any Person, (1) such Person shall not be named on the lists promulgated by the United Nations Security Council or its committees pursuant to resolutions issued under Chapter VII of the United Nations Charter or the World Bank Listing of Ineligible Firms, (2) IFC is satisfied with the results of its integrity due diligence checks on such Person, and (3) that such Person undertakes to IFC to comply with IFC's policy requirements (including but not limited to having such Person enter into any agreement or other instrument setting out IFC's policy requirements in form and substance satisfactory to IFC); and (B) save as otherwise approved by IFC, IFC shall not be required to give any representations and warranties or indemnities or post-closing restrictive covenants other than the warranties and indemnities in respect of IFC's title to the Equity Interests to be sold pursuant to the Dragged-Along Sale, warranties in respect of IFC's authority to consummate the Dragged-Along Sale, and warranties that there is no encumbrances on the Equity Interests to be sold by IFC pursuant to the Dragged-Along Sale.

(c) Representation and Undertaking.

Any such sale or disposition by the Dragged Shareholders shall be on the terms and conditions as the proposed Drag-Along Sale by the Drag-Along Shareholders. Such Dragged Shareholders shall be required to make customary and usual representations and warranties in connection with the Drag-Along Sale, including, without limitation, as to their ownership and authority to sell, free of all liens, claims and encumbrances of any kind, the shares proposed to be transferred or sold by such persons or entities; and any violation or breach of or default under (with or without the giving of notice or the lapse of time or both) any law or regulation applicable to such Dragged Shareholders or any material contract to which such Dragged Shareholders is a party or by which they are bound and shall, without limitation as to time, indemnify and hold harmless to the full extent permitted by law, the purchasers against all obligations, cost, damages, expenses, losses, judgments, assessments, or other liabilities including, without limitation, any special, indirect, consequential or punitive damages, any court costs, costs of preparation, attorney's fees or expenses, or any accountant's or expert witness' fees arising out of, in connection with or related to any breach or alleged breach of any representation or warranty made by, or agreements, understandings or covenants of such Dragged Shareholders as the case may be, under the terms of the agreements relating to such Drag-Along Sale.

(i) Each of the Dragged Shareholders undertakes to obtain all consents, permits, approvals, orders, authorizations or registrations, qualifications, designations, declarations or filings with any Governmental Authority or any third party, which are required to be obtained or made in connection with the Drag-Along Sale.

Each of the Dragged Shareholders undertakes to pay its pro rata share of expenses incurred in connection with the Drag-Along Sale.

(d) **Drag-Along Notice.** Prior to making any Drag-Along Sale in which the Drag-Along Shareholders wish to exercise their rights under this Section 4.5, the Drag-Along Shareholders shall provide the Company and the Dragged Shareholders with written notice (the "**Drag-Along Notice**") not less than thirty (30) days prior to the proposed date of closing of the Drag-Along Sale (the "**Drag-Along Sale Date**"). The Drag-Along Notice shall set forth: (i) the name and address of the purchasers; (ii) the proposed amount and form of consideration to be paid, and the terms and conditions of payment offered by each of the purchasers; (iii) the Drag-Along Sale Date; (iv) the number of Equity Interests held of record by the Drag-Along Shareholders on the date of the Drag-Along Notice which form the subject to be transferred, sold or otherwise disposed of by the Drag-Along Shareholders; and (v) the number of Equity Interests of the Dragged Shareholders to be included in the Drag-Along Sale. In the event that the Drag-Along Sale Date does not occur within ninety (90) days after the date of the Drag-Along Notice, the Shareholders shall have no obligations to sell their Equity Interests unless they receive a new Drag-Along Notice or otherwise agree with the purchaser(s) in writing.

(e) **Transfer Certificate.** On the Drag-Along Sale Date, each of the Drag-Along Shareholders and the Dragged Shareholders shall deliver or cause to be delivered an instrument of transfer and a certificate or certificates evidencing its Equity Interests to be included in the Drag-Along Sale, duly endorsed for transfer with signatures guaranteed or cancellation, as the case may be, to such third party purchasers in the manner and at the address indicated in the Drag-Along Notice.

(f) **Payment.** Subject to the provisions of Section 4.5(b)(i), the Dragged Shareholders shall receive consideration per Equity Interest equal to the per Equity Interest consideration received by the Drag-Along Shareholders pursuant to the proposed Drag-Along Sale. Where an amount is payable by a Dragged Shareholder to the Company as exercise price upon exercise of its right to acquire any Ordinary Shares, such amount shall be deducted from the consideration per Equity Interest to be received by such Dragged Shareholder. If the Drag-Along Shareholders or the Dragged Shareholders receive the purchase price for their Equity Interests or such purchase price is made available to them as part of a Drag-Along Sale and, in either case they fail to deliver an instrument of transfer and certificates evidencing their Equity Interests as described in this Section 4.5, they shall for all purposes be deemed no longer to be a shareholder of the Company (with the record books of the Company updated to reflect such status), shall have no voting rights, shall not be entitled to any dividends or other distributions with respect to any Equity Interests held by them, shall have no other rights or privileges as a Shareholder of the Company and, in the event of liquidation of the Company, their rights with respect to any consideration they would have received if they had complied with this Section 4.5, if any, shall be subordinate to the rights of any other Shareholder. In addition, the Company shall not approve or register or effect any subsequent transfer of any such Equity Interests held by such Shareholders. Each Shareholder irrevocably and unconditionally appoints any director (by way of security for the performance of its obligations under this Agreement) as its attorney to execute any instrument of transfer or share certificate which the appointing Shareholder may fail to execute when obliged to do so under this Agreement, and to execute all such other documents, and doing all such other acts, as it may in its absolute discretion consider necessary or desirable to transfer title to the Equity Interests which are the subject of a Drag-Along Sale, on behalf of such appointing Shareholder; each Shareholder undertakes to approve, ratify and confirm the execution of any transfer of the Equity Interests which are the subject of a Drag-Along Sale, and other relevant documents, and the performance of all such other acts, by the attorney appointed hereunder and to indemnify and keep such attorney indemnified and held harmless from and against all losses which the attorney may suffer or incur as a result of the lawful exercise by it of the powers conferred on it under this Section.



4.6 Exempt Transfers. Notwithstanding anything to the contrary contained herein, the right of first refusal and co-sale rights of the Preferred Holders under this Section 4 shall not apply to (a) any sale or transfer of Ordinary Share Equivalents to the Company pursuant to a repurchase right or right of first refusal held by the Company in the event of a termination of employment or consulting relationship; (b) any transfer of Ordinary Share Equivalents by each Founder to a company or an entity one hundred percent (100%) owned (legally and beneficially) by such Founder (the "**Founder Holdco**"), provided that such Founder and the applicable Founder Holding Company shall undertake in writing that without the prior written consent of the Supermajority Preferred Holders: (i) such Founder Holdco (including the applicable Founder Holding Company) shall remain as a company or an entity one hundred percent (100%) owned (legally and beneficially) by such Founder; (ii) such Founder shall not sell, assign, transfer, pledge, hypothecate, mortgage, encumber or otherwise dispose of any of his shares in such Founder Holdco (including the applicable Founder Holding Company); and (iii) such Founder Holdco (including the applicable Founder Holding Company) shall not engage in any business other than passively holding the shares of the Company, or to trusts of such Founder for bona fide estate planning purposes, and (c) subject to any limitation provided hereunder or in the Memorandum and Articles, any transfer of Ordinary Share Equivalents by any Preferred Holder (each transferee pursuant to the foregoing subsections (a), (b) and (c), a "**Permitted Transferee**"); provided that, in any event, adequate documentation therefor is provided to each Preferred Holder to its satisfaction with respect to such transfer and that any such Permitted Transferee agrees in writing to be bound by this Agreement in place of the relevant transferor; provided, further, that such transferor shall remain liable for any breach by such Permitted Transferee of any provision hereunder. Notwithstanding any other provisions of this Agreement, the right of first refusal and co-sale rights of the Preferred Holders under this Section 4 shall not apply to any sale or transfer of Ordinary Share Equivalents as a result of exercise of the put option in accordance with the Put Option Agreement.

4.7 Prohibited Transfers.

(a) Except for transfers to his Permitted Transferees as provided in Section 4.6 above, none of the Founders, the Founder Holding Companies, or their Permitted Transferees shall, without the prior written consent of the Supermajority Preferred Holders, directly or indirectly, sell, assign, transfer, pledge, hypothecate, mortgage, encumber or otherwise dispose through one or series of transactions any Company's Equity Securities now or hereafter held by him/it to any Person.

(b) Save for transfers pursuant to Section 4.6, a Shareholder shall not sell, assign, transfer, pledge, hypothecate, mortgage, encumber or otherwise dispose through one or series of transactions any Company's Equity Securities now or hereafter held by it to any Person unless such Person has agreed to adhere to the terms hereof and become a party to this Agreement.

(c) Notwithstanding of any other provisions in this Agreement, a Shareholder shall not sell, assign, transfer, pledge, hypothecate, mortgage, encumber or otherwise dispose through one or series of transactions any Company's Equity Securities now or hereafter held by it to any Person who is on (i) the lists promulgated by the United Nations Security Council or its committees pursuant to resolutions issued under Chapter VII of the United Nations Charter; or (ii) the World Bank Listing of Ineligible Firms.

(d) Any attempt by a Party to sell or transfer any Equity Securities of the Company in violation of this Section 4 shall be void and the Company hereby agrees it will not effect such a transfer nor will it treat any alleged transferee as the holder of such Equity Securities and such alleged transferee shall not be entitled to any right under this Agreement and the Memorandum and Articles.

(e) Restriction on Indirect Transfers. Notwithstanding anything to the contrary contained herein but subject to Section 4.6, without the prior written approval of the Supermajority Preferred Holders, (i) none of the Group Companies shall, nor shall any of them cause or permit any other Person to, directly or indirectly, sell, assign, transfer, pledge, hypothecate, mortgage, encumber or otherwise dispose through one or a series of transactions any Equity Securities in any Group Company to any Person which is not a Group Company, and (ii) none of the Founders and the Founder Holding Companies shall, nor shall any of them cause or permit any other Person to, directly or indirectly, sell, assign, transfer, pledge, hypothecate, mortgage, encumber or otherwise dispose through one or a series of transactions any Equity Securities in any PRC Group Company to any Person. Any transfer in violation of this Section 4.7(e) shall be void and each Group Company, each of the Founders and the Founder Holding Companies hereby agrees that it/he will not effect such sale, assignment, transfer, pledge, hypothecation, mortgage, encumbrance or otherwise disposition nor will it/he treat any alleged transferee as the holder of such Equity Securities unless in accordance with this Section 4.7(e). Notwithstanding any other provisions in this Agreement, any transfer of Equity Securities in the Company made pursuant to the Put Option Agreement shall not be subject to any provisions in Sections 4.1, 4.2, 4.3 and 4.4.

#### 4.8 Legend.

(a) Each certificate representing the Ordinary Shares held by the Founders through the Founder Holding Companies shall be endorsed with the following legend:

“THE SALE, PLEDGE, HYPOTHECATION OR TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER SET FORTH IN A SHAREHOLDERS AGREEMENT, AS AMENDED, A COPY OF WHICH MAY BE OBTAINED UPON WRITTEN REQUEST TO THE BOARD OF DIRECTORS OF THE COMPANY.”

(b) Each Party agrees that the Company may instruct its transfer agent to impose transfer restrictions on the Shares represented by certificates bearing the legend referred to in Section 4.8(a) above to enforce the provisions of this Agreement and the Company agrees to promptly do so. The legend shall be removed upon termination of the provisions of this Section 4.

4.9 Termination. The provisions under this Section 4 (other than Section 4.7(d)) shall terminate upon consummation of a Qualified Public Offering.

## 5. ASSIGNMENT AND AMENDMENT

5.1 Assignment. Notwithstanding anything herein to the contrary:

(a) Registration Rights. The registration rights of the Holders under Section 2 may be assigned to any other Holder or to any Person acquiring the Registrable Securities; provided, however, that (i) in either case no Party may be assigned any of the foregoing rights unless the Company is given written notice by the assigning Party stating the name and address of the assignee and identifying the securities of the Company as to which the rights in question are being assigned; (ii) any such assignee shall receive such assigned rights subject to all the terms and conditions of this Agreement, including without limitation the provisions of this Section 5; and (iii) in the event of assignment of the registration rights of a Holder under Section 2, such assignment (x) (in the case of a Holder holding less than 1,000,000 shares of Registrable Securities) is in connection with a transfer of all the Registrable Securities owned by such Holder, (y) involves a transfer of at least 1,000,000 shares of Registrable Securities, or (z) is to constituent partners or shareholders who agree to act through a single representative.

(b) Other Preferred Rights. The Information Rights and Inspection Rights under Section 1.1 and the rights of a Participation Rights Holder under Section 3 and the rights of a Preferred Holder under Section 4 and any other rights a Preferred Holder may have hereunder are fully assignable in connection with a transfer of Shares of the Company by such Participation Rights Holder or Preferred Holder; provided, however, the rights of GTJA under Section 1.2(a)(vi) shall not be assignable other than to its Affiliates; provided, however, that no Party may be assigned any of the foregoing rights unless the Company is given written notice by such Participation Rights Holder or Preferred Holder stating the name and address of the assignee and identifying the Shares of the Company as to which the rights in question are being assigned; provided further, that any such assignee shall receive such assigned rights subject to all the terms and conditions of this Agreement.

(c) Other Rights Not Assignable. Unless otherwise expressly provided hereunder, the rights and obligations of the Founders, the Founder Holding Companies and the Group Companies shall not be assignable without the prior written consent of the Supermajority Preferred Holders.

5.2 Amendment of Rights. Any provision in this Agreement may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only by the written consent of (i) as to the Group Companies, only by the Company; (ii) as to the Series A Preferred Shares and the holders thereof, only by the Supermajority Series A Preferred Holder(s); (iii) as to the Founders and the Founder Holding Companies, only by the Majority Ordinary Holder(s); (iv) as to the Series B Preferred Shares and the holders thereof, only by the Supermajority Series B Preferred Holder(s); (v) as to the Series C Preferred Shares and the holders thereof, only by the Supermajority Series C Preferred Holder(s); (vi) as to the Series D Preferred Shares and the holders thereof, only by the Majority Series D Preferred Holder(s); (vii) as to the Series E Preferred Shares and the holders thereof, only by the Majority Series E Preferred Holder(s); and (viii) as to the Series F Preferred Shares and the holders thereof, only by the Supermajority Series F Preferred Holder(s). Any amendment or waiver effected in accordance with this Section 5.2 shall be binding upon each Party and its assigns.

## 6. CONFIDENTIALITY AND NON-DISCLOSURE

6.1 Disclosure of Terms. The Financing Terms, including their existence, shall be considered confidential information and shall not be disclosed by any Party hereto to any third party except in accordance with the provisions set forth below; provided that such confidential information shall not include any information that is in the public domain other than caused by the breach of the confidentiality obligations hereunder.

6.2 Press Releases, Etc. Any press release issued by the Company shall not disclose any of the Financing Terms and the final form of such press release shall be approved in advance in writing by the Parties mentioned therein. No other announcement regarding any of the Financing Terms in a press release, conference, advertisement, announcement, professional or trade publication, mass marketing materials or otherwise to the general public may be made without the prior written consent of the Parties mentioned therein.

6.3 Permitted Disclosures. Notwithstanding the foregoing, any Party may disclose any of the Financing Terms to its current or bona fide prospective investors, employees, investment bankers, lenders, partners, accountants and attorneys, in each case only where such Persons or entities are under appropriate nondisclosure obligations. Without limiting the generality of the foregoing, (i) the Preferred Holders shall be entitled to disclose the Financing Terms for the purposes of fund reporting or inter-fund reporting or to their respective fund manager, other funds managed by their respective fund manager and their respective auditors, counsel, directors, officers, employees, shareholders or investors and (ii) IFC shall be entitled to disclose any information relating to the transactions contemplated by this Agreement in accordance with the World Bank Group Access to Information Policy.

6.4 Legally Compelled Disclosure. In the event that any Party is requested or becomes legally compelled (including without limitation, pursuant to securities laws and regulations) to disclose the existence of this Agreement, the Series A Purchase Agreement, the Series B Subscription Agreement, the Series C Preferred Share Purchase Agreement, the Series C-3 Preferred Share Purchase Agreement, the Follow-On Series C-3 Preferred Share Purchase Agreement, the Series D Preferred Share Purchase Agreement, the Series E Preferred Share Purchase Agreements, the Follow-On Series E Preferred Share Purchase Agreement, the Series F Preferred Share Purchase Agreement and any of the exhibits and schedules attached to such agreements, or any of the Financing Terms hereof in contravention of the provisions of this Section 6, the disclosing party shall furnish only that portion of the information which is legally required to be disclosed.

6.5 Other Information. The provisions of this Section 6 shall be in addition to, and not in substitution for, the provisions of any separate nondisclosure agreement executed by any of the Parties with respect to the transactions contemplated hereby.

6.6 Affiliates. Each Party shall cause each of its Affiliates to comply with all of the restrictions, limitations and obligations set forth in this Section 6 as if it were a party hereto.

## 7. PROTECTIVE PROVISIONS

7.1 Approval by the Preferred Holders. Notwithstanding any other provisions of the Memorandum and Articles, the Shareholders and the Company shall each take all steps necessary to ensure that neither the Company nor any of other Group Companies shall change or adversely affect the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of Preferred Shares (including without limitation (i) the issuance of any Series A Preferred Shares, the Series B Preferred Shares, the Series C-1 Preferred Shares and Series C-2 Preferred Shares, Series C-3 Preferred Shares, Series D Preferred Shares, Series E Preferred Shares or Series F Preferred Shares (or warrants, options or similar rights to acquire such Preferred Shares); (ii) any amendment or change of the Automatic Conversion mechanism of any series of Preferred Shares set forth in Clause 7.4(b) of the Memorandum and Articles, which adversely affects the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of Preferred Shares; (iii) any amendment or change of the definition of "Trade Sale" or "Liquidation Event", which adversely affects the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of Preferred Shares; and (iv) any amendment or waiver of the distribution preferences in any liquidation or Trade Sale of the Company or any Preferred Holder's right to challenge the valuation set forth in Clause 7.3 of the Memorandum and Articles, which adversely affects the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of Preferred Shares), except with (a) with respect to Series A Preferred Shares, the prior written consents of the Majority Series A Preferred Holder(s); or (b) with respect to Series B Preferred Shares, the prior written consents of the Majority Series B Preferred Holder(s); or (c) with respect to the Series C-1 Preferred Shares and Series C-2 Preferred Shares, the prior written consents of the Supermajority Series C-1/C-2 Preferred Holder(s); or (d) with respect to the Series C-3 Preferred Shares, the prior written consents of the Supermajority Series C-3 Preferred Holder(s); (e) with respect to Series D Preferred Shares, the prior written consents of the Majority Series D Preferred Holder(s); (f) with respect to Series E Preferred Shares, the prior written consents of the Majority Series E Preferred Holder(s); or (g) with respect to Series F Preferred Shares, the prior written consents of the Supermajority Series F Preferred Holder(s). For the avoidance of doubt, any act that authorizes, creates or issues any Equity Securities of the Company (except any of the Series A Preferred Shares, the Series B Preferred Shares, the Series C-1 Preferred Shares, the Series C-2 Preferred Shares, the Series C-3 Preferred Shares, the Series D Preferred Shares, the Series E Preferred Shares or the Series F Preferred Shares (or warrants, options or similar rights to acquire such Preferred Shares), including those ranking *pari passu* with or senior to the Preferred Shares, shall not be deemed as an act that requires the prior written consents of holders of the Preferred Shares set forth in this Section 7.1. The right of IFC under Section 1.6 and Exhibit C shall not be amended or terminated without prior consent of IFC.

7.2 Approval by Supermajority Preferred Holders and Majority Ordinary Holder(s). In addition to such other limitations as may be provided in the Memorandum and Articles, the following acts of the Company and each other Group Company (whether in a single transaction or a series of related transactions, and whether directly or indirectly, or by amendment, merger, consolidation, or otherwise) shall require the prior written approval of the Supermajority Preferred Holders and the Majority Ordinary Holder(s) (for the avoidance of doubt, this Section 7.2 applies to the Company itself as well as each other Group Company, unless expressly specified otherwise):

(a) any repurchase or redemption of any Equity Securities of the Company (other than pursuant to the terms herein, or conditions upon which such Equity Securities are issued including in accordance with the re-purchase or redemption provisions in the Memorandum and Articles or other constitutional documents or pursuant to the terms of the ESOP and the repurchase of any Ordinary Share Equivalents as a result of an exercise of the put option in accordance with the Put Option Agreement) and the issuance of Equity Securities with such rights of repurchase or redemption;

- (b) any share subdivision, share consolidation or share dividend, reclassification or other forms of restructuring of capital of the Company;
- (c) any material change in the nature or scope of the business of the Company or any other Group Company;
- (d) any public offering of any debt or equity securities of the Company (or as the case may be any debt or equity securities of any other Group Company or the shares or securities of the relevant entity resulting from any merger, reorganization or other arrangement made by or to the Company for the purpose of such public offering) or delisting thereof;
- (e) any change in the authorized number of any class of the Preferred Shares;
- (f) the authorization, creation or issuance of any class or series of securities (or warrants, options or similar rights to acquire such securities) having any right on a parity with any class of the Preferred Shares or any new issuance of debt or Equity Securities (or warrants, options or similar rights to acquire such securities) of the Company;
- (g) a Liquidation Event (except for any Drag-Along Sale proposed or requested by the Drag-Along Shareholders pursuant to Section 4.5);
- (h) any amendment or repeal of any provision of the Memorandum and Articles or other constitutional documents in any material respect (for the avoidance of doubt, where the amendment of the Memorandum and Articles relate to the amendment contemplated under Section 7.1, then Section 7.1 shall apply);
- (i) any material change to the aggregate number of Ordinary Share Equivalents reserved for issuance under ESOP;
- (j) entering into (in a single transaction or a series of related transactions) any commitments for mergers, acquisitions, sale consolidation, joint venture, establishment of any subsidiary or branch, strategic alliance with or into one or more entities, (whether by the acquisition, contribution or disposition of shares, assets, or otherwise), for a consideration with fair value in excess of US\$8,000,000 (or the equivalent in any other currency);
- (k) increase or decrease of the share capital or registered capital (as the case may be), except for additional capital contribution made by any Group Company to any of its wholly-owned Subsidiaries;
- (l) (i) transactions with a Related Party or a Shareholder (or any Affiliates or Associates of such a Shareholder) other than in the ordinary course of business or (ii) transactions with a Related Party or a Shareholder (or any Affiliates or Associates of such a Shareholder) for a consideration in excess of RMB10,000,000 (or the equivalent in any other currency) in a single transaction or in excess of RMB20,000,000 (or the equivalent in any other currency) in all transactions during any fiscal year in the ordinary course of business (excluding (i) the Restructuring Documents, (ii) the transactions with Jing Dong and its Affiliates; (iii) the transactions among the Group Companies and their wholly-owned Subsidiaries);
- (m) the appointment or removal of the auditors of the Company which is not one of KPMG, Deloitte Touche Tohmatsu, Pricewaterhouse Coopers and Ernst & Young and the determination of their fees, remuneration or other compensation;

- (n) amendment of accounting policies or change of the financial year of the Company;
- (o) approving or amending the annual business plan and the annual budget, and the establishment of milestones;
- (p) entering into any obligation outside the normal course of business in excess of US\$5,000,000 (or the equivalent in any other currency);
- (q) entering into (in a single transaction or a series of related transactions) any commitments for capital investments in excess of US\$5,000,000 (or the equivalent in any other currency);
- (r) incurring (in a single transaction or a series of related transactions) any Financial Debt in excess of US\$10,000,000 (or the equivalent in any other currency) other than the Financial Debt listed in annual business plan and the annual budget; or
- (s) any increase or decrease in the number of directors of the Company's Board.

Notwithstanding anything to the contrary contained in this provision, where any act listed above requires the approval of the shareholders of the Company in accordance with the Cayman Islands Companies Act, and if the Shareholders vote in favor of such act but the holders of Shares who are entitled to the right of additional prior consent have delivered a written notice of disapproval to the Company pursuant thereto, then such disapproving Shareholders who are entitled to the additional approval votes shall, in such vote, have such number of votes as equal to the aggregate number of votes of the Shareholders who voted in favor of such act plus one.

For purpose of the above Sections 5.2, 7.1 and 7.2, the approval of the Majority Ordinary Holder(s) shall not be required for any act relating to a Trade Sale that represents a valuation of the Company which values each Ordinary Share (on a fully diluted and as-converted basis) equal to or higher than the then effective Series F Conversion Price.

Notwithstanding anything contained herein, the Company may conduct the Qualified Public Offering without approvals required under Sections 7.1 and 7.2, provided that approvals of the Shareholders and the Board required under all applicable Laws have obtained for such Qualified Public Offering; further provided that the Qualified Public Offering shall comply with other provisions of this Agreement.

7.3 Approval by the Directors. Notwithstanding any other provisions of the Memorandum and Articles, the Shareholders and the Company shall each take all steps necessary to ensure that neither the Company nor any of the other Group Companies shall carry out any of the following actions, without the prior approval of the Supermajority Directors (including the affirmative votes of two-thirds (2/3) of the Preferred Directors) present at a meeting at which there is a quorum (for the avoidance of doubt, this Section 7.3 applies to the Company itself as well as each other Group Company, unless expressly specified otherwise):

(a) the adoption or amendment of the ESOP, or equivalent, for the benefit of the employees, directors and consultants of the Company and other Group Companies and the amendment to any terms and conditions thereof;

(b) transactions with a Related Party or a Shareholder (or any Affiliates or Associates of such a Shareholder) for a consideration in excess of RMB5,000,000 (or the equivalent in any other currency) in a single transaction or in excess of RMB10,000,000 (or the equivalent in any other currency) in all transactions during any fiscal year (excluding (i) the Restructuring Documents, (ii) the transactions with Jing Dong and its Affiliates, (iii) the transactions among the Group Companies and their wholly-owned Subsidiaries and (iv) the transactions that are subject to the prior written consent of the Supermajority Preferred Holders and the Majority Ordinary Holder(s) under Section 7.2(1));

- (c) any matter in which the Company or any other Group Company pledges or mortgages its assets or acts in excess of US\$5,000,000 as a guarantor;
- (d) the appointment of the Chief Executive Officer, Chief Financial Officer, Chief Technology Officer and Chief Operating Officer of the Company;
- (e) the declaration or payment of a dividend on any shares of the Company or any other Group Company;
- (f) entering into (in a single transaction or a series of related transactions) any commitments for mergers, acquisitions, sale consolidation, joint venture, establishment of any subsidiary or branch, strategic alliance with or into one or more entities, (whether by the acquisition, contribution or disposition of shares, assets, or otherwise), for a consideration with fair value in excess of US\$4,000,000 (or the equivalent in any other currency);
- (g) any increase in compensation of any of the five (5) most highly compensated employees of the Company more than thirty percent (30%) by once or multiple times within a fiscal year; or
- (h) settlement of any dispute in connection with any Restructuring Documents or enforcement of any rights thereunder, in each case, by a Group Company.

7.4 Restructuring Documents. Each of the Company, the Founders and the Founder Holding Companies undertakes that:

- (a) the Company and the HK Subsidiary shall maintain one hundred percent (100%) ownership of the WFOE and shall maintain control of the Company VIE Structure, including any Subsidiary of the Domestic Enterprise and the Domestic Subsidiaries established from time to time;
- (b) the Restructuring Documents shall not be amended, supplemented or terminated nor the rights thereunder shall be waived, without prior written consent of the Supermajority Preferred Holders; and
- (c) the directors of the Board who are not interested in the subject matter may pass resolutions to approve the settlement of any disputes relating to any Restructuring Document or enforcement of the rights thereunder, in each case, by a Group Company provided that (i) such resolutions shall be passed in accordance with the Memorandum and Articles and (ii) all of the Preferred Directors who are not interested in the subject matter shall have cast affirmative votes for such resolutions.

## 8. GENERAL PROVISIONS

8.1 Notices. Except as may be otherwise provided herein, all notices, requests, waivers and other communications made pursuant to this Agreement shall be in writing and shall be conclusively deemed to have been duly given (a) when hand delivered to the other Party, upon delivery; (b) when sent by facsimile at the number set forth in Exhibit B hereto, upon receipt of confirmation of error-free transmission; (c) seven (7) Business Days after deposit in the mail as air mail or certified mail, receipt requested, postage prepaid and addressed to the other Party as set forth in Exhibit B; (d) three (3) Business Days after deposit with an international overnight delivery service, postage prepaid, addressed to the Parties as set forth in Exhibit B with next Business Day delivery guaranteed, provided that the sending Party receives a confirmation of delivery from the delivery service provider; or (e) when sent by email at the email address set forth in Exhibit B hereto, upon sending by email (without errors in transmission), if sent on a Business Day and during normal business hours of the recipient, otherwise on the next Business Day. Each Person making a communication hereunder by facsimile shall promptly confirm by telephone to the Person to whom such communication was addressed each communication made by it by facsimile pursuant hereto but the absence of such confirmation shall not affect the validity of any such communication. A Party may change or supplement the addresses given above, or designate additional addresses, for purposes of this Section 8.1 by giving the other Party written notice of the new address in the manner set forth above.

8.2 Entire Agreement. This Agreement, together with all the exhibits hereto, constitute and contain the entire agreement and understanding of the Parties with respect to the subject matter hereof and supersedes any and all prior negotiations, correspondence, agreements, understandings, duties or obligations between the Parties respecting the subject matter hereof, including without limitation the Prior Shareholders Agreement.

8.3 Governing Law. This Agreement shall be governed by and construed exclusively in accordance with the Law of Hong Kong without regard to its principles of conflicts of laws.

8.4 Severability. If any provision of this Agreement is found to be invalid or unenforceable, then such provision shall be construed, to the extent feasible, so as to render the provision enforceable and to provide for the consummation of the transactions contemplated hereby on substantially the same terms as originally set forth herein, and if no feasible interpretation would save such provision, it shall be severed from the remainder of this Agreement, which shall remain in full force and effect unless the severed provision is essential to the rights or benefits intended by the Parties. In such event, the Parties shall use best efforts to negotiate, in good faith, a substitute, valid and enforceable provision or agreement which most nearly effects the Parties' intent in entering into this Agreement.

8.5 Third Parties. Nothing in this Agreement, express or implied, is intended to confer upon any Person, other than the Parties hereto and their permitted successors and assigns any rights or remedies under or by reason of this Agreement.

8.6 Successors and Assigns. Subject to the provisions of Section 5.1, the provisions of this Agreement shall inure to the benefit of, and shall be binding upon, the successors and permitted assigns of the Parties hereto.

8.7 Interpretation; Captions. This Agreement shall be construed according to its fair language. The rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not be employed in interpreting this Agreement. The captions to sections of this Agreement have been inserted for identification and reference purposes only and shall not be used to construe or interpret this Agreement. Unless otherwise expressly provided herein, all references to Sections and Exhibits herein are to Sections and Exhibits of this Agreement.

8.8 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

8.9 Adjustments for Share Splits, Etc. Wherever in this Agreement there is a reference to a specific number of shares of Preferred Shares or Ordinary Shares of the Company, then, upon the occurrence of any subdivision, combination or share dividend of the Preferred Shares or Ordinary Shares, the specific number of Shares so referenced in this Agreement shall automatically be proportionally adjusted to reflect the effect on the outstanding Shares of such class or series of Shares by such subdivision, combination or share dividend.

8.10 Aggregation of Shares. All Preferred Shares or Ordinary Shares held or acquired by Affiliated entities or Persons shall be aggregated together for the purpose of determining the availability of any rights under this Agreement.



8.11 Shareholders Agreement to Prevail. If and to the extent that there are inconsistencies between the provisions of this Agreement and those of the Memorandum and Articles, the terms of this Agreement shall prevail among the Shareholders. The Parties agree to take all actions necessary or advisable, as promptly as practicable after the discovery of such inconsistency, to amend the Memorandum and Articles so as to eliminate such inconsistency.

8.12 Dispute Resolution.

(a) Any dispute, controversy or claim arising out of or relating to this Agreement, or the interpretation, breach, termination or validity hereof, shall first be subject to resolution through consultation of the parties to such dispute, controversy or claim. Such consultation shall begin within seven (7) days after one Party hereto has delivered to the other Parties involved a written request for such consultation. If within thirty (30) days following the commencement of such consultation the dispute cannot be resolved, the dispute shall be submitted to arbitration upon the request of any Party with notice to the other Parties.

(b) The arbitration shall be conducted in Hong Kong under the auspices of the HKIAC. There shall be three arbitrators. The complainant and the respondent to such dispute shall each select one arbitrator within thirty (30) days after giving or receiving the demand for arbitration. Such arbitrators shall be freely selected, and the parties shall not be limited in their selection to any prescribed list. The Chairman of the HKIAC shall select the third arbitrator, who shall be qualified to practice Law in Hong Kong. If either party to the arbitration does not appoint an arbitrator who has consented to participate within thirty (30) days after selection of the first arbitrator, the relevant appointment shall be made by the Chairman of the HKIAC.

The arbitration proceedings shall be conducted in English and Chinese. The arbitration tribunal shall apply the arbitration rules of the HKIAC (the "**Rules**") in effect at the time of the arbitration. However, if such Rules are in conflict with the provisions of this Section 8.12, including the provisions concerning the appointment of arbitrators, the provisions of this Section 8.12 shall prevail;

The arbitrators shall decide any dispute submitted by the parties to the arbitration strictly in accordance with the substantive Law of Hong Kong and shall not apply any other substantive law. Each Party hereto shall cooperate with any party to the dispute in making full disclosure of and providing complete access to all information and documents requested by such party in connection with such arbitration proceedings, subject only to any confidentiality obligations binding on the Party receiving the request.

The award of the arbitration tribunal shall be final and binding upon the disputing parties, and any party to the dispute may apply to a court of competent jurisdiction for enforcement of such award.

Any party to the dispute shall be entitled to seek preliminary injunctive relief, if possible, from any court of competent jurisdiction pending the constitution of the arbitral tribunal.

The costs and expenses of the arbitration, including the fees of the arbitrators, shall in the first instance be borne equally by the Parties that are the parties to the dispute, and each Party shall in the first instance pay its own fees, disbursements and other charges of its counsel, and the liability for such costs and expenses of the arbitration and the parties' fees, disbursement and counsel charges shall be borne by the party or parties as determined by the arbitrators in the award. In the case of a dispute between the Company, the Founders and the Founder Holding Companies on the one hand and merely the Preferred Holders on the other hand, as between such Preferred Holders, the costs and expenses of the arbitration that shall be borne by such Preferred Holders shall be allocated on a pro rata basis in accordance with the number of Shares held by each Preferred Holder.

(c) The Parties hereby acknowledge that IFC shall be entitled under applicable Law, including the provisions of the International Organizations Immunities Act, to immunity from a trial by jury in any action, suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby brought against IFC in any court of any jurisdiction. The Parties (other than IFC) hereby waive any and all rights to demand a trial by jury in any action, suit or proceeding arising out of or relating to this Agreement or the transactions contemplated by this Agreement, brought against IFC in any forum in which it is not entitled to immunity from a trial by jury. For the avoidance of doubt, the Parties acknowledge and agree that no provision of this Agreement or of the Rules, nor the submission to arbitration by IFC, in any way constitutes or implies a waiver, termination or modification by IFC of any privilege, immunity or exemption of IFC granted in the Articles of Agreement, international conventions, or applicable law.

8.13 Most Favored Investor. In the event the Company hereafter grants any other investors or shareholders any rights, privileges or protections more favorable than those granted to Jing Dong, Jing Dong shall, at its option, be entitled to the same rights, privileges or protections *pari passu* with the other investors or shareholders, except for (i) ranking of the Equity Securities of the Company issued in a bona fide equity financing with a pre-money valuation which values each Ordinary Share (on a fully diluted and as-converted basis) higher than the then effective Series E Conversion Price prior to the Preferred Shares held by Jing Dong with respect to dividends, payment of redemption price and distribution of liquidation proceeds; (ii) the non-competition covenants of JD.com, Inc. and its Controlled Affiliates in the BCA Implementary Agreement; and (iii) the more favorable rights, privileges or protections that have been granted to the other investors or shareholders under this Agreement and Memorandum and Articles.

8.14 Effectiveness. This Agreement shall become effective subject to and upon the Closing. For the avoidance of any doubt, if any Series F Investor fails to complete the Closing or make the full payment of its purchase price for the Series F Preferred Shares to be purchased by it, or any Follow-on Series E Investor fails to complete the Follow-On Series E Closing or make the full payment of its purchase price for the Series E Preferred Shares to be purchased by it, or InnoVen fails to complete the InnoVen Warrant Exercise or make the full payment of its exercise price, then such Series F Investor or Follow-On Series E Investor or InnoVen, as applicable shall not be entitled to any right granted to the portion of the Preferred Shares the purchase price/exercise price of which is not paid (or the Conversion Shares thereof) under this Agreement and the Memorandum and Articles. For avoidance of doubt, the foregoing provision shall not affect any Shareholder's right in respect of Series E Preferred Shares issued under the Series E Preferred Share Purchase Agreement. Upon the date when this Agreement takes effect, this Agreement shall terminate, supersede and replace the Prior Shareholders Agreement in its entirety with immediate effect. This Agreement shall terminate (i) upon mutual consent of the Parties hereto, (ii) upon a liquidation, winding up or dissolution of the Company; (iii) with respect to any Shareholder, if such Shareholder and its Affiliates no longer hold any Equity Securities of the Company. Furthermore, this Agreement, except for Section 2, Section 4.7(d) (as it relates to the surviving Sections), Section 6, Exhibit A, Exhibit B and Exhibit C, shall terminate automatically or upon the closing of the Qualified Public Offering.

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IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**COMPANY:**

**AIHUSHOU INTERNATIONAL CO. LTD.**

By: /s/ CHEN Xuefeng

Name: CHEN Xuefeng (陈雪峰)

Title: Director

**HK SUBSIDIARY:**

**AIHUSHOU INTERNATIONAL COMPANY LIMITED**

By: /s/ CHEN Xuefeng

Name: CHEN Xuefeng (陈雪峰)

Title: Director

**DOMESTIC ENTERPRISE:**

**SHANGHAI YUEYI NETWORK INFORMATION TECHNOLOGY CO., LTD (上海悦易网络信息技术有限公司) (Seal)**

/s/ SHANGHAI YUEYI NETWORK INFORMATION TECHNOLOGY CO., LTD

Seal of SHANGHAI YUEYI NETWORK INFORMATION TECHNOLOGY CO., LTD

By: /s/ CHEN Xuefeng

Name: CHEN Xuefeng (陈雪峰)

Title: Legal Representative

**HK CO:**

**AHS DEVICE HONG KONG LIMITED**

By: /s/ CHEN Xuefeng

Name: CHEN Xuefeng (陈雪峰)

Title: Director

**Signature Page to the Eighth Amended and Restated Shareholders Agreement  
AIHUSHOU INTERNATIONAL CO. LTD.**

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**DOMESTIC SUBSIDIARIES:**

**SHANGHAI YUEYI NETWORK INFORMATION TECHNOLOGY CO., LTD (上海悦亿网络信息技术有限公司) (Seal)**  
/s/ SHANGHAI YUEYI NETWORK INFORMATION TECHNOLOGY CO., LTD  
Seal of SHANGHAI YUEYI NETWORK INFORMATION TECHNOLOGY CO., LTD

By: /s/ CHEN Yike  
Name: CHEN Yike (陈逸轲)  
Title: Legal Representative

**CHANGZHOU YUEYI NETWORK INFORMATION TECHNOLOGY CO., LTD (常州悦亿网络信息技术有限公司) (Seal)**  
/s/ CHANGZHOU YUEYI NETWORK INFORMATION TECHNOLOGY CO., LTD  
Seal of CHANGZHOU YUEYI NETWORK INFORMATION TECHNOLOGY CO., LTD

By: /s/ CHEN Yike  
Name: CHEN Yike (陈逸轲)  
Title: Legal Representative

**YUEYI COMMERCIAL FACTORING (SHENZHEN) CO., LTD (乐易商业保理 (深圳) 有限公司) (Seal)**  
/s/ YUEYI COMMERCIAL FACTORING (SHENZHEN) CO., LTD  
Seal of YUEYI COMMERCIAL FACTORING (SHENZHEN) CO., LTD

By: /s/ CHEN Yike  
Name: CHEN Yike (陈逸轲)  
Title: Legal Representative

**Signature Page to the Eighth Amended and Restated Shareholders Agreement  
AIHUSHOU INTERNATIONAL CO. LTD.**

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**WFOE:**

**SHANGHAI AIHUI TRADING CO., LTD (上海艾慧商贸有限公司)**

(Seal)

/s/ SHANGHAI AIHUI TRADING CO., LTD

Seal of SHANGHAI AIHUI TRADING CO., LTD

By: /s/ CHEN Xuefeng

Name: CHEN Xuefeng (陈雪峰)

Title: Legal Representative

**WFOE SUBSIDIARY:**

**SHANGHAI YUEOU INFORMATION TECHNOLOGY CO., LTD**

(上海悦欧信息技术有限公司) (Seal)

/s/ SHANGHAI YUEOU INFORMATION TECHNOLOGY CO., LTD

Seal of SHANGHAI YUEOU INFORMATION TECHNOLOGY CO., LTD

By: /s/ CHEN Xuefeng

Name: CHEN Xuefeng (陈雪峰)

Title: Legal Representative

**Signature Page to the Eighth Amended and Restated Shareholders Agreement  
AIHUI SHOU INTERNATIONAL CO. LTD.**

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**FOUNDERS:**

**SUN Wenjun(孙文俊)**

/s/ SUN Wenjun \_\_\_\_\_

**CHEN Xuefeng (陈雪峰)**

/s/ CHEN Xuefeng \_\_\_\_\_

**FOUNDER HOLDING COMPANIES:**

**S&WJ GROUP LIMITED**

By: /s/ SUN Wenjun \_\_\_\_\_

Name: SUN Wenjun(孙文俊)

Title: Director

**C&XF GROUP LIMITED**

By: /s/ CHEN Xuefeng \_\_\_\_\_

Name: CHEN Xuefeng (陈雪峰)

Title: Director

**Signature Page to the Eighth Amended and Restated Shareholders Agreement  
AIHUI SHOU INTERNATIONAL CO. LTD.**

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**MORNINGSIDE CHINA TMT TOP UP FUND, L.P.**,  
a Cayman Islands exempted limited partnership

By: MORNINGSIDE CHINA TMT GP II, L.P.,  
a Cayman Islands exempted limited partnership,  
its general partner

By: TMT GENERAL PARTNER LTD.,  
a Cayman Islands exempted company,  
its general partner in on

/s/ Jill Marie FRANKLIN  
Jill Marie FRANKLIN  
Director/Authorised Signatory

**Signature Page to the Eighth Amended and Restated Shareholders Agreement**  
**AIHUSHOU INTERNATIONAL CO. LTD.**

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**MORNINGSIDE CHINA TMT FUND II, L.P.,**  
a Cayman Islands exempted limited partnership

By: MORNINGSIDE CHINA TMT GP II, L.P.,  
a Cayman Islands exempted limited partnership,  
its general partner

By: TMT GENERAL PARTNER LTD.,  
a Cayman Islands exempted company,  
its general partner in on

/s/ Jill Marie FRANKLIN  
Jill Marie FRANKLIN  
Director/Authorised Signatory

**Signature Page to the Eighth Amended and Restated Shareholders Agreement**  
**AIHUSHOU INTERNATIONAL CO. LTD.**



IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**INTERNATIONAL FINANCE CORPORATION**

By: /s/ Hoi Ying So

Name: Hoi Ying So

Title: Global Portfolio Manager, IFC Disruptive Technologies

**Signature Page to the Eighth Amended and Restated Shareholders Agreement  
AIHUSHOU INTERNATIONAL CO. LTD.**

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**JD.com Development Limited**

By: /s/ WANG Nani

Name: WANG Nani (王娜妮)

Title: Director

**Signature Page to the Eighth Amended and Restated Shareholders Agreement  
AIHUI SHOU INTERNATIONAL CO. LTD.**

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**Tiantu China Consumer Fund I, L.P.**

By: /s/ WANG Xinting

Name: WANG Xinting (王欣婷)

Title: Director

**Signature Page to the Eighth Amended and Restated Shareholders Agreement  
AIHUSHOU INTERNATIONAL CO. LTD.**

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**Tiantu China Consumer Fund II, L.P.**

By: /s/ JIANG Xia

Name: JIANG Xia (姜霞)

Title: Director

**Signature Page to the Eighth Amended and Restated Shareholders Agreement  
AIHUSHOU INTERNATIONAL CO. LTD.**

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**YYT CAPITAL Inc.**

By: /s/ CHEN Xuefeng

Name: CHEN Xuefeng (陈雪峰)

Title: Authorized Signatory

**Signature Page to the Eighth Amended and Restated Shareholders Agreement  
AIHUSHOU INTERNATIONAL CO. LTD.**

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**QIANHAI FUND OF FUND EQUITY INVESTMENT  
(SHENZHEN) CO., LTD. (Seal)**

/s/ QIANHAI FUND OF FUND EQUITY INVESTMENT  
(SHENZHEN) CO., LTD.

Seal of QIANHAI FUND OF FUND EQUITY  
INVESTMENT (SHENZHEN) CO., LTD.

By: /s/ KONG Xiang

Name: KONG Xiang (孔翔)

Title: Authorized Signatory

**Signature Page to the Eighth Amended and Restated Shareholders Agreement  
AIHUSHOU INTERNATIONAL CO. LTD.**

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**EAGLE INTELLIGENCE LIMITED**

By: /s/ YANG Zhijian, /s/ WU Wenjun

Name: YANG Zhijian, WU Wenjun

Title: Director

**Signature Page to the Eighth Amended and Restated Shareholders Agreement  
AIHUSHOU INTERNATIONAL CO. LTD.**

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**Euro Eco Limited**  
(欧之碧有限公司)

By: /s/ DUAN, LANCHUN \_\_\_\_\_

Name: DUAN, LANCHUN (段兰春)

Title: Director

**Signature Page to the Eighth Amended and Restated Shareholders Agreement**  
**AIHUSHOU INTERNATIONAL CO. LTD.**



IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**INTERNET FUND IV PTE. LTD.**

By: /s/ Venkatagiri Mudeliar

Name: Venkatagiri Mudeliar

Title: Director

**Signature Page to the Eighth Amended and Restated Shareholders Agreement  
AIHUSHOU INTERNATIONAL CO. LTD.**

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**Fresh Capital Fund I, L.P.**

By:           /s/ HU Yuchen            
Name: HU Yuchen (胡宇晨)  
Title: Director

**Signature Page to the Eighth Amended and Restated Shareholders Agreement  
AIHUI SHOU INTERNATIONAL CO. LTD.**

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**Generation Mu HK Investment Limited**

By: /s/ CHANG Bin

Name: CHANG Bin

Title: Director

**Signature Page to the Eighth Amended and Restated Shareholders Agreement  
AIHUSHOU INTERNATIONAL CO. LTD.**

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**Guotai Junan Finance (Hong Kong) Limited**  
**國泰君安財務（香港）有限公司**

By: /s/ Qi Haiying

Name: Qi Haiying

Title: Director

**Signature Page to the Eighth Amended and Restated Shareholders Agreement**  
**AIHUSHOU INTERNATIONAL CO. LTD.**

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**Tianjin Huihe Haihe Intelligent Logistics Industry Fund Partnership (Limited Partnership) (天津汇禾海河智能物流产业基金合伙企业 (有限合伙)) (Seal)**

/s/ Tianjin Huihe Haihe Intelligent Logistics Industry Fund Partnership (Limited Partnership)

Seal of Tianjin Huihe Haihe Intelligent Logistics Industry Fund Partnership (Limited Partnership)

By: /s/ ZHANG Qi

Name: ZHANG Qi (张奇)

Title: Representative Appointed by Executive Partner

**Signature Page to the Eighth Amended and Restated Shareholders Agreement  
AIHUSHOU INTERNATIONAL CO. LTD.**

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**Refresher Limited**

By:           /s/ PU Wei            
Name: PU Wei (浦伟)  
Title: Authorized Signatory

**Signature Page to the Eighth Amended and Restated Shareholders Agreement**  
**AIHUSHOU INTERNATIONAL CO. LTD.**

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

Shanghai Qingxin Investment Management Co., Ltd.  
(上海清新投资管理有限公司) (Seal)

/s/ Shanghai Qingxin Investment Management Co., Ltd.  
Seal of Shanghai Qingxin Investment Management Co., Ltd.

By: /s/ HU Yuchen  
Name: HU Yuchen (胡宇晨)  
Title: Legal Representative

**Signature Page to the Eighth Amended and Restated Shareholders Agreement**  
**AIHUSHOU INTERNATIONAL CO. LTD.**

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**Zibo Minsheng Ouming Equity Investment Partnership  
(Limited Partnership)** (淄博民生欧明股权投资合伙企业 (有限合伙) ) (Seal)

/s/ Zibo Minsheng Ouming Equity Investment Partnership  
(Limited Partnership)

Seal of Zibo Minsheng Ouming Equity Investment  
Partnership (Limited Partnership)

By: /s/ YANG Ting

Name: YANG Ting (杨婷)

Title: Representative Appointed by Executive Partner

**Signature Page to the Eighth Amended and Restated Shareholders Agreement  
AIHUSHOU INTERNATIONAL CO. LTD.**



IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**Shenzhen Tiantu Xingli Investment Enterprise (Limited Partnership) (Seal)**

/s/ Shenzhen Tiantu Xingli Investment Enterprise (Limited Partnership)

Seal of Shenzhen Tiantu Xingli Investment Enterprise  
(Limited Partnership)

By: /s/ WANG Yonghua

Name: WANG Yonghua (王永华)

Title: Authorized Signatory

**Signature Page to the Eighth Amended and Restated Shareholders Agreement  
AIHUSHOU INTERNATIONAL CO. LTD.**

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**Shanghai Chenxi Venture Capital Center (Limited Partnership) (Seal)**

/s/ Shanghai Chenxi Venture Capital Center (Limited Partnership)

Seal of Shanghai Chenxi Venture Capital Center (Limited Partnership)

By: /s/ XUE Qiong

Name: XUE Qiong

Title: Authorized Signatory

**Signature Page to the Eighth Amended and Restated Shareholders Agreement  
AIHUSHOU INTERNATIONAL CO. LTD.**

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**Shanghai Jinglin Jinghui Equity Investment Center  
(Limited Partnership) (Seal)**

/s/ Shanghai Jinglin Jinghui Equity Investment Center  
(Limited Partnership)

Seal of Shanghai Jinglin Jinghui Equity Investment Center  
(Limited Partnership)

By: /s/ YANG Li

Name: YANG Li (杨莉)

Title: Authorized Signatory

**Signature Page to the Eighth Amended and Restated Shareholders Agreement  
AIHUSHOU INTERNATIONAL CO. LTD.**

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**BEING CAPITAL FUND I LP**

By: /s/ YAN, Jisheng

Name: YAN, Jisheng

Title: Director

**Signature Page to the Eighth Amended and Restated Shareholders Agreement  
AIHUSHOU INTERNATIONAL CO. LTD.**

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

TIAN ZHAN INVESTMENT LIMITED (天展投資有限公司)

By: /s/ Chen Liren

Name: Chen Liren

Title: Director

**Signature Page to the Eighth Amended and Restated Shareholders Agreement  
AIHUSHOU INTERNATIONAL CO. LTD.**

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**TIGER PACIFIC MASTER FUND LP**

By: /s/ Run Ye  
Name: Run Ye  
Title: Managing Partner of the  
Investment Manager

**Signature Page to the Eighth Amended and Restated Shareholders Agreement  
AIHUI SHOU INTERNATIONAL CO. LTD.**

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**YIHENG CAPITAL PARTNERS, L.P.**

By: /s/ JANET JI  
Name: JANET JI  
Title: Chief Financial Officer

**Signature Page to the Eighth Amended and Restated Shareholders Agreement  
AIHUI SHOU INTERNATIONAL CO. LTD.**

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**PLUTO CONNECTION LIMITED**

By: /s/ FANG Hao

Name: FANG Hao

Title:

**Signature Page to the Eighth Amended and Restated Shareholders Agreement  
AIHUSHOU INTERNATIONAL CO. LTD.**



IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**DESIGN TIME LIMITED**

By: /s/ GAO Guiwei

Name: GAO Guiwei

Title:

**Signature Page to the Eighth Amended and Restated Shareholders Agreement  
AIHUSHOU INTERNATIONAL CO. LTD.**

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**INNOVEN CAPITAL CHINA PTE. LTD.**

By: /s/ Cao Yingxue

Name: Cao Yingxue

Title: Director

**Signature Page to the Eighth Amended and Restated Shareholders Agreement  
AIHUI SHOU INTERNATIONAL CO. LTD.**

## EXHIBIT A

### DEFINITIONS

“5Y Capital”	has the meaning as set forth in the Preamble.
“Acceptance Notice”	has the meaning set forth in <u>Section 3.3(b)</u> .
“Additional Number”	has the meaning set forth in <u>Section 3.3(b)</u> .
“Affiliate” of a given Person	means, (i) in the case of a Person other than a natural person, any other Person that directly, or indirectly through one or more intermediaries, Controls, is Controlled by or is under common Control with, such given Person, or (ii) in the case of a natural person, any other Person that directly or indirectly is Controlled by such given Person or is a Relative of such given Person. For the avoidance of doubt, none of the Preferred Holders and their Affiliates shall be deemed as an Affiliate of any Group Company and <i>vice versa</i> .
“Agreement”	has the meaning set forth in the Preamble.
“Associate”	means, with respect to any specified Person, (i) any other Person who or which, directly or indirectly, controls, is controlled by, or is under common control with such specified Person, including, without limitation, any general partner, officer, director or manager of such Person or any venture capital fund now or hereafter existing that is controlled by one or more general partners or managing members of, or is under common investment management with, such Person, or (ii) any other Person in which such specified Person or any general partner, managing member or any venture capital fund now or hereafter existing which is controlled by one or more general partners or managing members of, or shares the same management company with such Person owns more than twenty percent (20%) of the outstanding equity of such Person.
“Auditor”	means one of KPMG, Deloitte Touche Tohmatsu, Pricewaterhouse Coopers and Ernst & Young or an internationally recognized independent public accounting firm acceptable to the Supermajority Preferred Holders under <u>Section 7.2</u> ;
“BCA Implementary Agreement”	means certain implementary agreement to Business Cooperation Agreement entered into between the Company and JD.com, Inc. on June 3, 2019, as amended or restated from time to time.
“Being Capital”	has the meaning as set forth in the Preamble.
“Board”	means the Company’s board of directors.
“Business Day”	a day (other than a Saturday or a Sunday) that the banks in the Cayman Islands, Hong Kong, the PRC are generally open for business.
“Closing”	has the meaning as set forth in the Series F Preferred Share Purchase Agreement.
“Cathay”	has the meaning as set forth in the Preamble.

### Exhibit A

“Co-Sale Notice”	has the meaning set forth in <a href="#">Section 4.4</a> .
“Co-Sale Right Holder”	has the meaning set forth in <a href="#">Section 4.4</a> .
“Co-Sale Pro Rata Portion” of a Co-Sale Right Holder	means the product obtained by multiplying (x) the aggregate number of the Offered Shares subject to the co-sale right under <a href="#">Section 4.4</a> by (y) a fraction, the numerator of which is the number of Ordinary Share Equivalents (on an as-converted basis) owned by such Co-Sale Right Holder at the time of the sale or transfer and the denominator of which is the aggregate number of Ordinary Share Equivalents (on an as-converted basis) at the time owned by all the Co-Sale Right Holders who have exercised their co-sale rights and the Selling Shareholder.
“Co-Sale Right Period”	has the meaning set forth in <a href="#">Section 4.4</a> .
“Company”	has the meaning as set forth in the Preamble.
“Company Notice”	has the meaning set forth in <a href="#">Section 4.3</a> .
“Company Option Period”	has the meaning set forth in <a href="#">Section 4.2</a> .
“Company VIE Structure”	means the VIE Structure adopted by the Company in respect of the business of the Group Companies.
“Control” of a given Person	means the power or authority, whether exercised or not, to direct the business, management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, contractual arrangement or otherwise, which power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such Person or power to control the composition of the board of directors or similar governing body of such Person; and the terms “Controlled”, “Controlling” and “change of Control” shall have the meaning correlative to the foregoing.
“Conversion Shares”	means the Ordinary Shares issued or issuable upon conversion of the Preferred Shares (with each of such Conversion Shares being referred to as a “Conversion Share”).
“Design Time”	has the meaning as set forth in the Preamble.
“Domestic Enterprise”	has the meaning as set forth in the Preamble.
“Domestic Subsidiaries”	has the meaning as set forth in the Preamble.
“Drag-Along Notice”	has the meaning set forth in <a href="#">Section 4.5(d)</a> .
“Drag-Along Sale”	has the meaning set forth in <a href="#">Section 4.5(a)</a> .
“Drag-Along Sale Date”	has the meaning set forth in <a href="#">Section 4.5(d)</a> .
“Drag-Along Shareholders”	has the meaning set forth in <a href="#">Section 4.5(a)</a> .

**Exhibit A**

<b>“Dragged Shareholders”</b>	has the meaning set forth in <a href="#">Section 4.5(a)</a> .
<b>“Equity Interests”</b>	has the meaning set forth in <a href="#">Section 4.5(a)</a> .
<b>“Equity Securities”</b>	means, with respect to a given Person, any share, share capital, registered capital, ownership interest, partnership interest, equity interest, joint venture or other ownership interest of such Person, or any option, warrant, or right to subscribe for, acquire or purchase any of the foregoing, or any other security or instrument convertible into or exercisable or exchangeable for any of the foregoing, or any equity appreciation, phantom equity, equity plan or similar right with respect to such Person, or any contract of any kind for the purchase or acquisition from such Person of any of the foregoing, either directly or indirectly.
<b>“ESOP”</b>	means such share option plans, share incentive scheme or other schemes and agreements of similar nature adopted by the Company pursuant to which shares or options for shares are issued or granted to the directors, the officers, the employees, consultants or advisers of the Company and other Group Companies.
<b>“Exchange Act”</b>	means the U.S. Securities Exchange Act of 1934, as amended, and any successor statute.
<b>“Financial Debt”</b>	means any indebtedness of the Company or any other Group Company or in respect of: <ul style="list-style-type: none"> <li>(i) borrowed money;</li> <li>(ii) the outstanding principal amount of any bonds, debentures, notes, loan stock, commercial paper, acceptance credits, bills or promissory notes drawn, accepted, endorsed or issued by the Company or any other Group Company;</li> <li>(iii) the deferred purchase price of assets or services (except trade accounts incurred and payable in the ordinary course of business to trade creditors within ninety (90) days of the date they are incurred and which are not overdue);</li> <li>(iv) non-contingent obligations of the borrower to reimburse any other person for amounts payable by that person under a letter of credit or similar instrument (excluding any letter of credit or similar instrument issued for the account of the Company or any other Group Company with respect to trade accounts incurred and payable in the ordinary course of business to trade creditors within ninety (90) days of the date they are incurred and which are not overdue);</li> <li>(v) the amount of any obligation in respect of any lease or hire purchase contract which would, under the IFRS and GAAP, be treated as a finance or capital lease;</li> <li>(vi) amounts raised under any other transaction having the financial effect of a borrowing and which would be classified as a borrowing (and not as an off-balance sheet financing) under the IFRS and GAAP;</li> </ul>

**Exhibit A**

	(vii) the amount of the Company's or any other Group Company's obligations under derivative transactions entered into in connection with the protection against or benefit from fluctuation in any rate or price (but only the net amount owing by the Company or any other Group Company after marking the relevant derivative transactions to market);
	(viii) any premium payable on a redemption or replacement of any of the foregoing items; and
	(ix) the amount of any obligation in respect of any guarantee or indemnity given by the Company or any other Group Company for any of the foregoing items incurred by any other person.
<b>"Financing Terms"</b>	means the terms and conditions of this Agreement, the Series A Purchase Agreement, the Series B Subscription Agreement, the Series C Preferred Share Purchase Agreement, the Series C-3 Preferred Share Purchase Agreement, the Follow-On Series C-3 Preferred Share Purchase Agreement, the Series D Preferred Share Purchase Agreement, the Series E Preferred Share Purchase Agreements, the Follow-On Series E Preferred Share Purchase Agreement, the Series F Preferred Share Purchase Agreement and all exhibits and schedules attached to such agreements.
<b>"First Refusal Expiration Notice"</b>	has the meaning set forth in <u>Section 4.3(b)</u> .
<b>"First Refusal Allocation"</b>	has the meaning set forth in <u>Section 4.3(a)</u> .
<b>"First Refusal Notice"</b>	has the meaning set forth in <u>Section 4.2</u> .
<b>"First Refusal Second Allocation Notice"</b>	has the meaning set forth in <u>Section 4.3(a)</u> .
<b>"Follow-On Series C-3 Preferred Share Purchase Agreement"</b>	means the Follow-On Series C-3 Preferred Share Purchase Agreement dated as of June 26, 2018 by and among the Company, the HK Subsidiary, the WFOE, the WFOE Subsidiary, the Domestic Enterprise, the Founders, the Founder Holding Companies, Cathay and certain other parties named therein.
<b>"Follow-On Series E Closing"</b>	shall have the same meaning of "Closing" as defined in the Follow-On Series E Preferred Share Purchase Agreement.
<b>"Follow-On Series E Investors"</b>	means Jing Dong, GTJA, Tianjin Huihe Haihe Intelligent Logistics Industry Fund Partnership (Limited Partnership) (天津汇禾海河智能物流产业基金合伙企业 (有限合伙)), Refresher Limited, Shanghai Qingxin Investment Management Co., Ltd. (上海清新投资管理有限公司), Zibo Minsheng Ouming Equity Investment Partnership (Limited Partnership) (淄博民生欧明股权投资合伙企业 (有限合伙)) (each of such Follow-On Series E Investors being referred to as a <b>"Follow-On Series E Investor"</b> ).

#### Exhibit A

<b>“Follow-On Series E Preferred Share Purchase Agreement”</b>	means the Follow-On Series E Preferred Share Purchase Agreement dated as of September 4, 2020 by and among the Company, the HK Subsidiary, the WFOE, the WFOE Subsidiary, the HK Co, the Domestic Enterprise, the Domestic Subsidiaries, the Founders, the Founder Holding Companies, the Follow-On Series E Investors and certain other parties thereto, as amended.
<b>“Form F-3”</b>	means, for purpose of Section 2, such respective form under the Securities Act or any successor registration form under the Securities Act subsequently adopted by the SEC which permits inclusion or incorporation of substantial information by reference to other documents filed by the Company with the SEC.
<b>“Founders” or “Founder”</b>	has the meaning as set forth in the Preamble.
<b>“Founder Holdco”</b>	has the meaning set forth in <a href="#">Section 4.6</a> .
<b>“Founder Holding Companies” or “Founder Holding Company”</b>	has the meaning as set forth in the Preamble.
<b>“fully diluted and as-converted basis”</b>	means, in relation to an allotment, issuance or grant of shares or options, warrants, rights or other securities of the Company in question (for purpose of this definition, the <b>“issuance”</b> ), on the assumption that the prevailing issued share capital would comprise (i) all shares that all outstanding options, warrants, rights and other securities of the Company would be converted into had all such options, warrants, rights and securities been duly exercised, and (ii) all shares of the Company after the issuance, including without limitation all Ordinary Shares and all series of Preferred Shares and, if such Preferred Shares are convertible into Ordinary Shares, such number of Ordinary Shares that such Preferred Shares would be converted into at the then prevailing conversion price.
<b>“GAAP”</b>	means the generally accepted accounting principles of a jurisdiction agreed by the Supermajority Preferred Holders.
<b>“Governmental Authority”</b>	means any nation, government, province, state, or any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission or instrumentality of any government or any political subdivision thereof, court, tribunal, arbitrator, the governing body of any securities exchange, and self-regulatory organization, in each case having competent jurisdiction.
<b>“Greenwoods”</b>	has the meaning as set forth in the Preamble.

**Exhibit A**

<b>“Group Companies”</b>	means, collectively, the Company, the HK Subsidiary, the WFOE, the WFOE Subsidiary, the Domestic Enterprise, the Domestic Subsidiaries, the HK Co and the Subsidiaries of the foregoing, as of the date hereof, including UP Trade Technologies, Inc., AHS Device US, Inc., Shenzhen Runchu Technology Co., Ltd. (深圳市润楚科技有限公司, a limited liability company organized under the PRC Law), Shanghai Yueqing Information Technology Co., Ltd. (上海悦清信息技术有限公司, a limited liability company organized under the PRC Law), Shanghai Yuxia Trade Co., Ltd. (上海悦呷贸易有限公司, a limited liability company organized under the PRC Law), Shanghai Yuechuan Network Information Technology Co., Ltd. (上海悦川网络信息技术有限公司, a limited liability company organized under the PRC Law), Shenzhen Lvchuang Network Technology Co., Ltd. (深圳市绿创网络科技有限公司, a limited liability company organized under the PRC Law), Shenzhen Aileyou Information Technology Co., Ltd. (深圳爱乐优信息科技有限公司, a limited liability company organized under the PRC Law), Nantong Yueyi Network Technology Co., Ltd. (南通悦亿网络信息技术有限公司, a limited liability company organized under the PRC Law) and Chengdu Yuechuan Network Technology Co., Ltd. (成都悦川网络信息技术有限公司, a limited liability company organized under the PRC Law) (with each of such Group Companies being referred to as a <b>“Group Company”</b> ), excluding AiFenLei Global Co., Ltd (an exempted limited liability company organized under the Cayman Law) and its Subsidiaries.
<b>“GTJA”</b>	has the meaning as set forth in the Preamble.
<b>“GTJA Director”</b>	has the meaning set forth in <u>Section 1.2(a)(vi)</u> .
<b>“HK Co”</b>	has the meaning as set forth in the Preamble.
<b>“HK Subsidiary”</b>	has the meaning as set forth in the Preamble.
<b>“HKIAC”</b>	means Hong Kong International Arbitration Centre.
<b>“Holder”</b>	means, for purpose of <u>Section 2</u> , any Person owning or having the right to acquire Registrable Securities or any permitted assignee of record of such Registrable Securities to whom rights under <u>Section 2</u> have been duly assigned in accordance with this Agreement.
<b>“Hong Kong”</b>	means the Hong Kong Special Administrative Region of the People’s Republic of China.
<b>“IFC”</b>	has the meaning as set forth in the Preamble.
<b>“IFRS”</b>	means the International Financial Reporting Standards.
<b>“Information Rights”</b>	has the meaning set forth in <u>Section 1.1(a)1.1(a)(x)</u> .
<b>“Initiating Holders”</b>	has the meaning set forth in <u>Section 2.3(b)</u> .
<b>“InnoVen”</b>	has the meaning as set forth in the Preamble.
<b>“InnoVen Warrant Exercise”</b>	has the meaning as set forth in the Series F Preferred Share Purchase Agreement.
<b>“Inspection Rights”</b>	has the meaning set forth in <u>Section 1.1(b)</u> .
<b>“Investor” or “Investors”</b>	has the meaning as set forth in the Preamble.

**Exhibit A**



“JD Directors” or “JD Director”	has the meaning set forth in <a href="#">Section 1.2(a)(ii)</a> .
“Jing Dong”	has the meaning as set forth in the Preamble.
“Law” or “Laws”	means any applicable law, rule, constitution, code, ordinance, statute, treaty, decree, regulation, common or customary law, order, official policy, circular, provision, administrative order, interpretation, injunction, judgment, ruling, assessment, writ or other legislative measure of any Governmental Authority.
“Liquidation Event”	means a Trade Sale or liquidation, winding up or dissolution of the Company or any other Major Group Company.
“Major Group Company”	has the meaning as set forth in the Preamble.
“Majority Ordinary Holder(s)”	means the holder(s) holding more than fifty percent (50%) of the issued Ordinary Shares (other than the Conversion Shares).
“Majority Series A Preferred Holder(s)”	means, subject to <a href="#">Section 7.2</a> and other restrictions as otherwise agreed by the Shareholders, the holder(s) holding more than fifty percent (50%) of the issued Series A Preferred Shares.
“Majority Series B Preferred Holder(s)”	means, subject to <a href="#">Section 7.2</a> and other restrictions as otherwise agreed by the Shareholders, the holder(s) holding more than fifty percent (50%) of the issued Series B Preferred Shares.
“Majority Series C Preferred Holder(s)”	means, subject to <a href="#">Section 7.2</a> and other restrictions as otherwise agreed by the Shareholders, the holder(s) holding more than fifty percent (50%) of the issued Series C Preferred Shares.
“Majority Series D Preferred Holder(s)”	means, subject to <a href="#">Section 7.2</a> and other restrictions as otherwise agreed by the Shareholders, the holder(s) holding more than fifty percent (50%) of the issued Series D Preferred Shares.
“Majority Series E Preferred Holder(s)”	means, subject to <a href="#">Section 7.2</a> and other restrictions as otherwise agreed by the Shareholders, the holder(s) holding more than fifty percent (50%) of the issued Series E Preferred Shares.
“Majority Series F Preferred Holder(s)”	means, subject to <a href="#">Section 7.2</a> and other restrictions as otherwise agreed by the Shareholders, the holder(s) holding more than fifty percent (50%) of the issued Series F Preferred Shares.
“Memorandum and Articles”	means the effective memorandum of association and the articles of association of the Company, as amended from time to time.
“New Securities”	has the meaning set forth in <a href="#">Section 3.2</a> .
“Offered Shares”	means, for purpose of <a href="#">Section 4</a> , the Ordinary Share Equivalents to be sold or transferred by the Selling Shareholder (with each of such Offered Shares Equivalents being referred to as an “Offered Share”).
“Option Period”	has the meaning set forth in <a href="#">Section 4.3</a> .

**Exhibit A**

“ <b>Ordinary Holders</b> ”	means the holders of Ordinary Shares from time to time.
“ <b>Ordinary Share Equivalents</b> ”	means, for purpose of <a href="#">Section 4</a> , (i) the Company’s outstanding Ordinary Shares, (ii) the Ordinary Shares issued or issuable upon conversion of the Company’s outstanding preferred shares, (iii) the Ordinary Shares issuable upon exercise of outstanding options or warrants and (iv) the Ordinary Shares issuable upon conversion of any outstanding convertible securities.
“ <b>Ordinary Shares</b> ”	means the ordinary shares, par value US\$0.001 per share, of the Company (with each of such Ordinary Shares being referred to as an “ <b>Ordinary Share</b> ”).
“ <b>Oversubscription Participants</b> ”	has the meaning set forth in <a href="#">Section 3.3(b)</a> .
“ <b>Participation Period</b> ”	has the meaning set forth in <a href="#">Section 3.3(b)</a> .
“ <b>Participation Rights Holder</b> ”	has the meaning set forth in <a href="#">Section 3.1</a> .
“ <b>Parties</b> ” and “ <b>Party</b> ”	has the meaning as set forth in the Preamble.
“ <b>Permitted Transferee</b> ”	has the meaning set forth in <a href="#">Section 4.6</a> .
“ <b>Person</b> ”	means any individual, corporation, partnership, limited partnership, proprietorship, association, limited liability company, firm, trust, estate or other enterprise, entity or legal person.
“ <b>Pluto Connection</b> ”	has the meaning as set forth in the Preamble.
“ <b>PRC</b> ”	means the People’s Republic of China, for the purpose of this Agreement, excluding Hong Kong, Macau Special Administrative Region and Taiwan.
“ <b>PRC Group Company</b> ”	means any of the Group Companies established in the PRC.
“ <b>Preferred Directors</b> ”	means the Series A Director, the JD Directors, the Series C Director and the Series D Director.
“ <b>Preferred Holders</b> ”	means collectively the holders of the Preferred Shares and applicable Conversion Shares and their respective permitted assignees to whom its rights under this Agreement have been duly assigned in accordance with Section 5;
“ <b>Preferred Shares</b> ”	means collectively the Series A Preferred Shares, the Series B Preferred Shares, the Series C Preferred Shares, the Series D Preferred Shares, the Series E Preferred Shares and the Series F Preferred Shares (with each of such Preferred Shares being referred to as a “ <b>Preferred Share</b> ”).
“ <b>Prior Shareholders Agreement</b> ”	has the meaning set forth in the Recitals.
“ <b>Pro Rata Share</b> ” of a Participation Rights Holder	means, for purpose of <a href="#">Section 3</a> , the ratio of (a) the number of Ordinary Shares (calculated on a fully diluted and as-converted basis) held by such Participation Rights Holder, to (b) the total number of outstanding Ordinary Shares (calculated on a fully diluted and as-converted basis) held by all Participation Rights Holders.

**Exhibit A**

“Put Option Agreement”	means the Third Amended and Restated Put Option Agreement entered into among IFC, 5Y Capital, Tiantu, Jing Dong, Greenwoods, Cathay, the Company, the Founders and the Founder Holding Companies.
“Qualified Public Offering”	means a fully underwritten public offering of the Shares or other Equity Securities of the Company (or as the case may be, the shares or securities of the relevant entity resulting from any merger, reorganisation or other arrangement made by or to the Company for the purpose of such public offering) on the Shanghai Stock Exchange, Shenzhen Stock Exchange, the main board of the Stock Exchange of Hong Kong Limited, NASDAQ, the New York Stock Exchange or other stock market acceptable to the Supermajority Preferred Holders (i) with an offer price per Ordinary Share representing pre-offering market capitalization of the Company of at least US\$3,400,000,000 (or the equivalent in any other currency), and (ii) upon consummation of which and subject to any restriction imposed by applicable Laws and rules or regulations of stock market: (A) Ordinary Shares held by each Preferred Holder are tradeable without restriction and all other Equity Securities held by each Preferred Holder are convertible into Ordinary Shares and then immediately become tradeable without restriction (except for any statutory or customary lock-up period or market standoff period required by applicable Laws or the managing underwriter of securities of the Company); and (B) at least fifteen percent (15%) of the Ordinary Shares are held by the general public and tradeable without restriction (where general public excludes the Company, the Founders (through the Founder Holding Companies), the investors who have invested in the Company prior to such Qualified Public Offering and their respective Affiliates).
“QPO Notice”	has the meaning set forth in <a href="#">Section 2.14</a> .
“Registrable Securities”	means, for purpose of <a href="#">Section 2</a> , (i) any Ordinary Shares issued or issuable pursuant to conversion of any Preferred Share (ii) any Ordinary Shares issued (or issuable upon the conversion or exercise of any warrant, right or other security which is issued) as a dividend or other distribution with respect to, in exchange for or in replacement of any Preferred Share described in sub-clause (i) above, and (iii) any other Ordinary Shares owned or hereafter acquired by a Preferred Holder. Notwithstanding the foregoing, “ <b>Registrable Securities</b> ” shall exclude any Registrable Securities sold by a Person in a transaction in which rights under Section 2 are not assigned in accordance with this Agreement, and any Registrable Securities which are sold in a registered public offering under the Securities Act or analogous statute of another jurisdiction, or sold pursuant to Rule 144 promulgated under the Securities Act or analogous rule of another jurisdiction.
“Registrable Securities Then Outstanding”	means, for purpose of <a href="#">Section 2</a> , the Ordinary Shares that are Registrable Securities and are then issued and outstanding, issuable upon conversion of Preferred Shares then issued and outstanding or issuable upon conversion or exercise of any warrant, right or other security then outstanding.
“Registration”	means, for purpose of <a href="#">Section 2</a> , a registration effected by filing a registration statement which is in a form which complies with, and is declared effective by the SEC in accordance with, the Securities Act, and the term “ <b>register</b> ”, “ <b>registered</b> ”, or “ <b>registration</b> ” in <a href="#">Section 2</a> has the meaning correlative to the foregoing.

**Exhibit A**

“Registration Expenses”	means, for purpose of <u>Section 2</u> , all expenses incurred by the Company in complying with <u>Section 2.3</u> , <u>2.4</u> , <u>2.5</u> or <u>2.14</u> hereof, including, without limitation, all registration and filing fees, printing expenses, fees, and disbursements of counsel for the Company, reasonable fees and disbursements of counsel for the Holders, “blue sky” fees and expenses and the expense of any special audits incident to or required by any such registration (but excluding the compensation of regular employees of the Company which shall be paid in any event by the Company).
“Related Party”	means, in respect of a company, any Person; (i) that holds a Material Interest in that company; (ii) in which that company holds a Material Interest; (iii) that is otherwise an Associate of that company; (iv) who serves as a director or officer of that company or has within twelve (12) months served as a director or senior officer of that company; or (v) who is a Relative of any individual included in any of the foregoing. For the purpose of this definition, “Material Interest” shall mean a direct or indirect ownership of shares representing at least five percent (5%) of the outstanding voting power or equity of that company.
“Relatives” of a natural person	means such person’s spouse, parents, grandparents, children, the spouse of the children, grandchildren, siblings or the spouse of the siblings (with each of such Relatives being referred to as a “Relative”).
“Request Notice”	has the meaning set forth in <u>Section 2.3(a)</u> .
“Restructuring Documents”	shall have the meaning set forth in the Series F Preferred Share Purchase Agreement.
“Right of Participation”	has the meaning set forth in <u>Section 3.1</u> .
“Rules”	has the meaning set forth in <u>Section 8.12(b)(i)</u> .
“SEC”	means the U.S. Securities and Exchange Commission.
“Second Option Period”	has the meaning set forth in <u>Section 4.3(a)</u> .
“Second Participation Period”	has the meaning set forth in <u>Section 3.3(b)</u> .
“Securities Act”	means the U.S. Securities Act of 1933, as amended and interpreted from time to time.
“Selling Shareholder”	means, for purpose of <u>Section 4</u> , any Ordinary Holder other than an Investor or any successor or permitted assign of an Investor that proposes to sell or transfer any Ordinary Share Equivalents; provided that in no event shall Jing Dong (or any Affiliate, successor or permitted assign of Jing Dong) be deemed as a Selling Shareholder.
“Selling Expenses”	means, for purpose of <u>Section 2</u> , all underwriting discounts and selling commissions applicable to the sale of Registrable Securities pursuant to <u>Sections 2.3</u> , <u>2.4</u> , <u>2.5</u> or <u>2.14</u> hereof.

**Exhibit A**

“Series A Director”	has the meaning set forth in <a href="#">Section 1.2(a)(i)</a> .
“Series A Purchase Agreement”	means the Share Purchase Agreement dated September 14, 2012 pursuant to which 5Y Capital subscribed for 4,748,520 Series A Preferred Shares.
“Series A Preferred Shares”	means the series A preferred shares, par value US\$0.001 per share, of the Company (with each of such Series A Preferred Shares being referred to as a “ <b>Series A Preferred Share</b> ”).
“Series B Preferred Shares”	means collectively the Series B-1 Preferred Shares, the Series B-2 Preferred Shares and the Series B-3 Preferred Shares (with each of such Series B Preferred Shares being referred to as a “ <b>Series B Preferred Share</b> ”).
“Series B Subscription Agreement”	means the Subscription Agreement dated July 9, 2014 pursuant to which IFC subscribed for 7,136,144 Series B-3 Preferred Shares and 5Y Capital subscribed for 1,758,711 Series B-1 Preferred Shares and 2,879,784 Series B-2 Preferred Shares.
“Series B-1 Preferred Shares”	means the series B-1 preferred shares, par value US\$0.001 per share, of the Company (with each of such Series B-1 Preferred Shares being referred to as a “ <b>Series B-1 Preferred Share</b> ”).
“Series B-2 Preferred Shares”	means the series B-2 preferred shares, par value US\$0.001 per share, of the Company (with each of such Series B-2 Preferred Shares being referred to as a “ <b>Series B-2 Preferred Share</b> ”).
“Series B-3 Preferred Shares”	means the series B-3 preferred shares, par value US\$0.001 per share, of the Company (with each of such Series B-3 Preferred Shares being referred to as a “ <b>Series B-3 Preferred Share</b> ”).
“Series C Director”	has the meaning set forth in <a href="#">Section 1.2(a)(iii)</a> .
“Series C Preferred Share Purchase Agreement”	means the Series C Preferred Share Purchase Agreement entered into among the Company, the Founders, 5Y Capital, IFC, Jing Dong, Tiantu, Greenwoods and other parties thereto as of August 10, 2015.
“Series C Preferred Shares”	means collectively the Series C-1 Preferred Shares, the Series C-2 Preferred Shares and the Series C-3 Preferred Shares (with each of such Series C Preferred Shares being referred to as a “ <b>Series C Preferred Share</b> ”).
“Series C-1 Preferred Shares”	means the series C-1 preferred shares, par value US\$0.001 per share, of the Company (with each of such Series C-1 Preferred Shares being referred to as a “ <b>Series C-1 Preferred Share</b> ”).
“Series C-2 Preferred Shares”	means the series C-2 preferred shares, par value US\$0.001 per share, of the Company (with each of such Series C-2 Preferred Shares being referred to as a “ <b>Series C-2 Preferred Share</b> ”).
“Series C-3 Preferred Shares”	means the series C-3 preferred shares, par value US\$0.001 per share, of the Company (with each of such Series C-3 Preferred Shares being referred to as a “ <b>Series C-3 Preferred Share</b> ”).

**Exhibit A**

“Series C-3 Preferred Share Purchase Agreement”	means the Series C-3 Preferred Share Purchase Agreement entered into among the Company, the Founders, the Founder Holding Companies, Cathay, and other parties thereto dated November 11, 2016.
“Series D Director”	has the meaning set forth in <u>Section 1.2(a)(iv)</u> .
“Series D Preferred Share Purchase Agreement”	means the Series D Preferred Share Purchase Agreement entered into among the Company, the Founders, Jing Dong, Tiger and other parties thereto dated July 5, 2018.
“Series D Preferred Shares”	means collectively the Series D-1 Preferred Shares and the Series D-2 Preferred Shares (with each of such Series D Preferred Shares being referred to as a “ <b>Series D Preferred Share</b> ”).
“Series D-1 Preferred Shares”	means the series D-1 preferred shares, par value US\$0.001 per share, of the Company (with each of such Series D-1 Preferred Shares being referred to as a “ <b>Series D-1 Preferred Share</b> ”).
“Series D-2 Preferred Shares”	means the series D-2 preferred shares, par value US\$0.001 per share, of the Company (with each of such Series D-2 Preferred Shares being referred to as a “ <b>Series D-2 Preferred Share</b> ”).
“Series E Conversion Price”	shall have the meaning as set forth in the Memorandum and Articles.
“Series E Issue Price”	has the meaning set forth in the Memorandum and Articles.
“Series E Preferred Shares”	means the series E preferred shares, par value US\$0.001 per share, of the Company (with each of such Series E Preferred Shares being referred to as a “ <b>Series E Preferred Share</b> ”).
“Series E Preferred Share Purchase Agreements”	means (i) a Series E Preferred Share Purchase Agreement dated June 3, 2019 and entered into among the Company, the HK Subsidiary, the WFOE, the WFOE Subsidiary, the HK Co, the Domestic Enterprise, the Domestic Subsidiaries, the Founders, the Founder Holding Companies, Jing Dong and certain other parties thereto; (ii) a Series E Preferred Share Purchase Agreement dated June 3, 2019 and entered into among the Company, the HK Subsidiary, the WFOE, the WFOE Subsidiary, the HK Co, the Domestic Enterprise, the Domestic Subsidiaries, the Founders, the Founder Holding Companies, Morningside China TMT Fund II, L.P., Fresh Capital Fund I, L.P., Tiger, Generation Mu HK Investment Limited, Tiantu China Consumer Fund II L.P. and certain other parties thereto.
“Series F Conversion Price”	shall have the meaning as set forth in the Memorandum and Articles.
“Series F Investors”	means Being Capital, Jing Dong, Tiger, Tiger Pacific Capital, Yiheng, Pluto Connection and Design Time.
“Series F Preferred Shares”	means the series F preferred shares, par value US\$0.001 per share, of the Company (with each of such Series F Preferred Shares being referred to as a “ <b>Series F Preferred Share</b> ”).

**Exhibit A**

<b>“Series F Preferred Share Purchase Agreement”</b>	shall have the meaning as set forth in the Recitals.
<b>“Shanghai Subsidiary”</b>	shall have the meaning as set forth in the Preamble.
<b>“Shareholders”</b>	means the holders of any Share (with each of such Shareholders being referred to as a <b>“Shareholder”</b> ).
<b>“Shares”</b>	means, collectively, the Ordinary Shares, the Series A Preferred Shares, the Series B Preferred Shares, the Series C Preferred Shares, the Series D Preferred Shares, the Series E Preferred Shares, the Series F Preferred Shares and any other shares issued by the Company from time to time (with each of such Shares being referred to as a <b>“Share”</b> ).
<b>“Subsidiary”</b>	means, with respect to any given Person, any Person of which the given Person, directly or indirectly, Controls, including but not limited through the ownership of more than fifty percent (50%) of the issued and outstanding authorized capital, share capital, voting interests or registered capital, for the avoidance of doubt, the branch of any Group Company shall not be regarded as a Subsidiary of such Group Company.
<b>“Supermajority Directors”</b>	means the directors of the Company holding more than two-thirds (2/3) of the voting rights among all the voting rights entitled to the directors of the Board.
<b>“Supermajority Preferred Holders”</b>	means, subject to <u>Section 7.2</u> and other restrictions as otherwise agreed by the Shareholders, the holder(s) holding more than two-thirds (2/3) of the issued Preferred Shares, which must include the Supermajority Series E Preferred Holder(s).
<b>“Supermajority Series A Preferred Holder(s)”</b>	means, subject to <u>Section 7.2</u> and other restrictions as otherwise agreed by the Shareholders, the holder(s) holding more than two-thirds (2/3) of the issued Series A Preferred Shares.
<b>“Supermajority Series B Preferred Holder(s)”</b>	means, subject to <u>Section 7.2</u> and other restrictions as otherwise agreed by the Shareholders, the holder(s) holding more than two-thirds (2/3) of the issued Series B Preferred Shares.
<b>“Supermajority Series C Preferred Holder(s)”</b>	means, subject to <u>Section 7.2</u> and other restrictions as otherwise agreed by the Shareholders, the Supermajority Series C-1/C-2 Preferred Holder(s) and the Supermajority Series C-3 Preferred Holder(s).
<b>“Supermajority Series C-1/C-2 Preferred Holder(s)”</b>	means, subject to <u>Section 7.2</u> and other restrictions as otherwise agreed by the Shareholders, the holder(s) holding more than two-thirds (2/3) of the issued Series C-1 Preferred Shares and Series C-2 Preferred Shares.
<b>“Supermajority Series C-3 Preferred Holder(s)”</b>	means, subject to <u>Section 7.2</u> and other restrictions as otherwise agreed by the Shareholders, the holder(s) holding more than two-thirds (2/3) of the issued Series C-3 Preferred Shares.
<b>“Supermajority Series E Preferred Holder(s)”</b>	means, subject to <u>Section 7.2</u> and other restrictions as otherwise agreed by the Shareholders, the holder(s) holding more than two-thirds (2/3) of the issued Series E Preferred Shares.

**Exhibit A**

<b>“Supermajority Series F Preferred Holder(s)”</b>	means, subject to <u>Section 7.2</u> and other restrictions as otherwise agreed by the Shareholders, the holder(s) holding more than two-thirds (2/3) of the issued Series F Preferred Shares.
<b>“Tiantu”</b>	has the meaning as set forth in the Preamble.
<b>“Tiger”</b>	has the meaning as set forth in the Preamble.
<b>“Trade Sale”</b>	means (i) a sale, conveyance, lease, transfer or other disposition of all or substantially all of the assets of the Group Companies taken as a whole, (ii) a transfer or an exclusive licensing of all or substantially all of the intellectual property of the Group Companies taken as a whole, (iii) a sale, transfer or other disposition of a majority of the issued and outstanding share capital of the Company or a majority of the voting power of the Company; or (iv) a merger, consolidation, amalgamation or other business combination of the Company with or into any other business entity in which the Shareholders of the Company, immediately after such merger, amalgamation, consolidation or business combination, hold shares representing less than a majority of the voting power of the outstanding share capital of the surviving business entity.
<b>“Transfer Notice”</b>	has the meaning set forth in <u>Section 4.1</u> .
<b>“VIE Structure”</b>	means the investment structure a non-PRC investor uses when investing in a PRC company or business that typically operates in a regulated industry where, under such investment structure, the onshore PRC operating entity and its PRC shareholders enter into a number of contracts with the non-PRC investor (or a foreign invested enterprise incorporated in the PRC) and/or its onshore wholly foreign-owned enterprise pursuant to which the non-PRC investor achieves control of the onshore PRC operating entity and also consolidates the financials of the onshore PRC entity with those of the offshore non-PRC investor.
<b>“Violation”</b>	has the meaning set forth in <u>Section 2.9(a)</u> .
<b>“WFOE”</b>	shall have the meaning as set forth in the Preamble.
<b>“WFOE Subsidiary”</b>	shall have the meaning as set forth in the Preamble.

**Exhibit A**



**EXHIBIT B**

**NOTICES**

**IF TO THE GROUP COMPANIES, THE FOUNDERS AND THE FOUNDER HOLDING COMPANIES:**

Address: 12/F, Tower 6, KIC Corporate Avenue, 433 Songhu Road, Yangpu District, Shanghai 200433, PRC  
Telephone: \*\*\*  
Attention: CHEN Xuefeng (陈雪峰)  
Email: \*\*\*

**IF TO 5Y CAPITAL:**

Address: Suite 905-6 on the 9th Floor of ICBC Tower, Three Garden Road, Hong Kong  
Telephone: \*\*\*  
Fax: \*\*\*  
Attention: Stephanie, TANG  
Email: \*\*\*

**IF TO IFC:**

Address: International Financial Corporation  
2121 Pennsylvania Avenue, N.W.  
Washington D.C. 20433  
United States of America  
Facsimile: \*\*\*  
Attention: Global Head, IFC Venture Capital  
with a copy (in the case of Communications relating to payment) sent to attention of Director, Department of  
Financial Operation at:  
Facsimile: \*\*\*

**IF TO TIANTU:**

Address: 23F-2/3, Unit 1, Building B, Zhihui Plaza, No. 4068 Qiaoxiang Rd., Nanshan District, Shenzhen  
Telephone: \*\*\*  
Attention: Li, Kanglin (李康林)  
Email: \*\*\*

**IF TO JING DONG:**

Address: 21/F, Building A, No.18 Kechuang 11th Street, Yizhuang Economic and Technological Development Zone, Daxing  
District, Beijing 101111, PRC  
Attention: Jing Gao (高静)  
Email: \*\*\*

With a copy (which shall not constitute notice) to:

Address: 18/F, Building A, No. 18 Kechuang 11th Street, Yizhuang Economic and Technological Development Zone, Daxing  
District, Beijing 101111, PRC  
Attn.: Wang Shanshan (王珊珊)  
E-mail: \*\*\*

**Exhibit B**

IF TO GREENWOODS:

Address: 27 F, No, 1155 Kerry Parkside, Fang Dian Rd., Pudong, Shanghai, 201024  
Telephone: \*\*\*  
Attention: Chen, Xiaodong (陈晓东)  
Email: \*\*\*

IF TO CATHAY:

Address: Room 1806, 1155 Fangdian Road, Pudong, Shanghai  
Telephone: \*\*\*  
Attention: DUAN, LANCHUN (段兰春)  
Email: \*\*\*

IF TO TIGER:

Address: 8 Temasek Boulevard, #32-02, Suntec Tower Three, Singapore 038988  
Email: \*\*\*  
Attention: Venkatagiri Mudeliar and Steve Boyd

With copies by email to (which shall not constitute notice):

Gunderson Dettmer Stough Villeneuve Franklin & Hachigian, L.L.P

Address: Suite 2101, Building C, Yintai Center, #2 Jianguomenwai Ave., Beijing, 100022, China  
Attention: Zhen Liu  
Email: \*\*\*

IF TO QIANHAI FUND OF FUND EQUITY INVESTMENT (SHENZHEN) CO., LTD.:

Address: Fl.42 Shenzhen Stock Exchange Building 2012 Shennan Road, Futian District, Shenzhen (深圳市福田区深南大道2012号深圳证券交易所广场42层)  
Telephone: \*\*\*  
E-mail: \*\*\*  
Attention: ZHU Fan (朱凡)

IF TO YYT CAPITAL INC.:

Address: Room 1005, 10F, Shanghai Bank Tower, No.168 Middle Yincheng Rd., Pudong New Area, Shanghai, China  
Telephone: \*\*\*  
E-mail: \*\*\*  
Attention: ZHANG Zhengquan (张正权)

IF TO FRESH CAPITAL FUND I, L.P. AND SHANGHAI QINGXIN INVESTMENT MANAGEMENT CO., LTD. (上海清新投资管理有限公司):

Address: Unit 1101, No. 1699, Gubei Road, Minhang District, Shanghai  
Telephone: \*\*\*  
Attn: HU Yuchen  
Email: \*\*\*

**Exhibit B**

IF TO GENERATION MU HK INVESTMENT LIMITED:

Address: Unit 2506 2903, Tower 2, China Central Place Office Building, No. 79 Jianguo Road, Chaoyang District, Beijing, China  
\*\*\*  
Telephone: \*\*\*  
Fax: \*\*\*  
Attn: Robert Chang  
Email: \*\*\*  
With a copy to: \*\*\*

IF TO GTJA:

Address: 27/F Low Blk, 181 Queens Road, Grand Millennium Plaza Central, Hong Kong  
Attn: Yuen Chiu (趙玄)  
Email: \*\*\*

IF TO REFRESHER LIMITED:

Address: 22/F, Shanghai International Group Mansion, 511 Weihai Rd., Shanghai, 200041, China  
Telephone: \*\*\*  
Fax: \*\*\*  
Attention: JI Mingqiang (季明强)  
Email: \*\*\*

IF TO TIANJIN HUIHE HAIHE INTELLIGENT LOGISTICS INDUSTRY FUND PARTNERSHIP (LIMITED PARTNERSHIP) (天津汇禾海河智能物流产业基金合伙企业 (有限合伙)):

Address: 7/F, Block A, Chaolin Plaza, Yizhuang, Beijing  
Telephone: \*\*\*  
Attn: 岳鑫 (YUE Xin)  
Email: \*\*\*

IF TO ZIBO MINSHENG OUMING EQUITY INVESTMENT PARTNERSHIP (LIMITED PARTNERSHIP) (淄博民生欧明股权投资合伙企业 (有限合伙)):

Address: Floor 16, Block A, Minsheng Financial Center, Dongcheng District, Beijing  
Telephone: \*\*\*  
Attn: LU Xun (陆逊)  
Email: \*\*\*

IF TO SHANGHAI CHENXI VENTURE CAPITAL CENTER (LIMITED PARTNERSHIP):

Address: 380 WUYUAN ROAD. SHANGHAI  
Telephone: \*\*\*  
Attn: LI Junfang (李俊芳)  
Email: \*\*\*

**Exhibit B**

IF TO SHANGHAI JINGLIN JINGHUI EQUITY INVESTMENT CENTER (LIMITED PARTNERSHIP):

Address: 27 F, No, 1155 Kerry Parkside, Fang Dian Rd., Pudong, Shanghai, 201024  
Telephone: \*\*\*  
Attention: Chen, Xiaodong (陈晓东)  
Email: \*\*\*

IF TO BEING CAPITAL FUND I LP:

Attention: Xi WU  
Address: Room 605, Fortune Financial Center (FFC), No.5 Dongsanhuanzhong Street, Chaoyang District, Beijing 100020, China  
Tel: \*\*\*  
Email: \*\*\*

IF TO TIAN ZHAN INVESTMENT LIMITED(天展投资有限公司):

Attention: LIREN CHEN (陈立仁)  
Address: Unit 2501, 25/F, Tesbury Centre, No.24-32 Queen's Road East, Wanchai, Hong Kong  
Tel: \*\*\*  
Email: \*\*\*

IF TO TIGER PACIFIC MASTER FUND LP:

Attention: Boris Renault  
Address: 101 Park Avenue, 47th Floor, New York, NY 10178  
Tel: \*\*\*  
Email: \*\*\*

IF TO YIHENG:

Attention: Janet Ji  
Address: 101 California Street, Suite 2880, San Francisco, United States  
Tel: \*\*\*  
Email: \*\*\*

IF TO PLUTO CONNECTION:

Attention: Zhang Li  
Address: 17F CITIC Securities Tower, No.48 Liangmaqiao Road, Chaoyang District, Beijing, PRC  
Tel: \*\*\*  
Email: \*\*\*

IF TO DESIGN TIME:

Attention: Stella Wang  
Address: 12/F , CCB Tower , 3rd Connaught Road Central , Hong Kong  
Tel: \*\*\*  
Email: \*\*\*

IF TO INNOVEN CAPITAL CHINA PTE. LTD.:

Attention: Darren Chuah, Yingxue Cao  
Address: 138 MARKET STREET #27-01 CAPITAGREEN SINGAPORE (048946)  
Tel: \*\*\*  
Email: \*\*\*

**Exhibit B**

## EXHIBIT C

- (a) The Company represents and warrants that:
- (i) to the best of its knowledge and belief, after due inquiry, there are no material social or environmental risks or issues in relation to the Project other than those identified by the ESRS; and
  - (ii) it has not received nor is aware of either (A) any existing or threatened complaint, order, directive, claim, citation or notice from any Authority or (B) any material written communication from any person concerning the Project's failure to comply with any matter covered by the Performance Standards which failure has, or could reasonably be expected to have, a Material Adverse Effect or a material adverse impact on the implementation or operation of the Project in accordance with the Performance Standards.

### IFC Policy Reporting Covenants.

- (a) The Company shall promptly notify IFC upon becoming aware of any: (i) litigation or investigations or proceedings which have or may reasonably be expected to have a Material Adverse Effect; or (ii) any criminal investigations or proceedings against the Company or any Related Party, and any such notification shall specify the nature of the action or proceeding and any steps that the Company proposes to take in response to the same.
- (b) Upon IFC's request, and with reasonable prior notice to the Company, the Company shall permit representatives of IFC and the CAO, during normal office hours, to:
- visit any of the sites and premises where the business of the Company or any other Group Company is conducted;
  - inspect any of the offices, branches and other facilities of the Company or any other Group Company;
  - have access to the books of account and all records of the Company and other Group Companies; and
  - have access to those employees, agents, contractors and subcontractors of the Company and other Group Companies who have or may have knowledge of matters with respect to which IFC or the CAO seeks information
- provided that (i) no such reasonable prior notice shall be necessary if special circumstances so require and (ii) in the case of the CAO, such access shall be for the purpose of carrying out the CAO's Role.
- (c) The Company shall and shall ensure that each of other Group Companies shall:

Within ninety (90) days after the end of each financial year of the Company, deliver to IFC the corresponding Annual Monitoring Report (i) confirming compliance with the Action Plan and with the social and environmental covenants set forth in the Performance Standards, or, as the case may be, identifying any non-compliance or failure, and the actions being taken to remedy it; and which Project related information IFC may hold and use in accordance with IFC's Access to Information Policy (dated January 1, 2012), the link of which is [http://ifcnet.ifc.org/intranet/ifcpolproc.nsf/AttachmentsByTitle/700101IFCPolicyDisclosureInformation\\_Effective+Jan+1+2012/\\$FILE/700101IFCPolicyDisclos](http://ifcnet.ifc.org/intranet/ifcpolproc.nsf/AttachmentsByTitle/700101IFCPolicyDisclosureInformation_Effective+Jan+1+2012/$FILE/700101IFCPolicyDisclos)

## Exhibit C

within three (3) days after its occurrence, notify IFC of any social, labor, health and safety, security or environmental incident, accident or circumstance having, or which could reasonably be expected to have, an adverse effect on the implementation or operation of the Project in accordance with the Performance Standards, specifying in each case the nature of the incident, accident, or circumstance and any effect resulting or likely to result therefrom, and the measures the Company is taking or plans to take to address them and to prevent any future similar event; and keep IFC informed of the on-going implementation of those measures and plans;

- (d) Following a Qualified Public Offering, IFC may, by notice to the Company, elect not to receive any of the information described in the preceding paragraphs. In this case, the Company shall provide IFC with copies of all information publicly disclosed and/or filed, in compliance with the rules and regulations of any securities exchange or automated quotation system on which any of the Company's securities are listed and any Applicable Law.
- (e) Within sixty (60) days after the expiry of any required insurance policy, provide IFC with a renewal or replacement insurance policy.

#### IFC Policy Covenants

- (f) Sanctionable Practice. The Company covenants that
  - (i) it shall not engage in (nor authorize or permit any Affiliate or any other Person acting on its behalf to engage in) any Sanctionable Practice with respect to any shareholding in the Company or any Company Operations;
  - (ii) should it become aware of any violation of paragraph (e)(i) above, it shall promptly notify IFC; and
  - (iii) if IFC notifies the Company of its concern that there has been a violation of paragraph (e)(i) above, the Company shall cooperate in good faith with IFC and its representatives in determining whether such a violation has occurred, and shall respond promptly and in reasonable detail to any notice from IFC, and shall furnish documentary support for such response upon IFC's request.
- (g) Affirmative Environmental Covenants. Through its employees, agents, contractors and subcontractors, ensure that the design, construction, operation, maintenance, management and monitoring of the Project's sites, plants, equipment, operations and facilities are undertaken in compliance with the Action Plan and the applicable requirements of the Performance Standards:
  - review of Annual Monitoring Report. Periodically review the form of the Annual Monitoring Report and advise IFC as to whether revision of the form is necessary or appropriate in light of changes to the Company's business or operations, or in light of environmental or social risks identified by the Company's S&E Management System; and revise the form as agreed with IFC; and
  - S&E Management System. Use all reasonable efforts to ensure the continuing operation of the S&E Management System to assess and manage the social and environmental performance of the Project in a manner consistent with the Performance Standards.
- (h) Negative Environmental Covenants. The Company shall not, and shall ensure that each of other Group Companies shall not, amend the Action Plan in any material respect without the prior written consent of IFC.

#### **Exhibit C**

- (i) UN Security Council Resolutions. The Company shall not and shall ensure that each of other Group Companies shall not enter into any transaction or engage in any activity prohibited by any resolution of the United Nations Security Council under Chapter VII of the United Nations Charter.
- (j) Shell Banks. The Company shall not and shall ensure that each of other Group Companies shall not conduct business or enter into any transaction with, or transmit any funds through, a Shell Bank.
- (k) Insurance. The Company shall, at all times, maintain the insurances as required in Annex A, providing adequate and customary coverage with a financially sound and reputable insurer or insurers.
- (l) Other Affirmative Covenants. The Company shall:
  - (i) undertake its business, activities and investments, and cause each of other Group Companies to undertake their business, activities and investments, in compliance with Applicable Law; and
  - (ii) adopt and maintain a policy, in form and substance satisfactory to IFC, designed to maximize its ownership of Intellectual Property developed or acquired in the course of its operations, which policy shall require the Company to: (A) cause all material technological developments, patentable or unpatentable, inventions, discoveries or improvements by the Company's or any of other Group Companies' officers or employees to be documented in accordance with the appropriate professional standards; and (B) cause all officers and key employees, and to the extent practicable, consultants of the Company and other Group Companies, to enter into non-disclosure and proprietary rights agreements in customary form, approved by the Board;
- (m) The Company shall require its business partners to:
  - (i) possess a license for processing waste;
  - (ii) take precautions against any possible environmental pollution;
  - (iii) maintain clear and clean workplaces;
  - (iv) ensure safety in decomposing and recycling waste;
  - (v) develop and implement a documented E&S management system tailored to the risk of their operations;
  - (vi) not allow any hazardous or contaminated electronic waste to enter any non-hazardous solid waste landfill; and
  - (vii) ensure that their own operations and any smaller operations to which they may subcontract will not use any harmful child labor.

**Exhibit C**

## **DEFINITIONS FOR EXHIBIT C**

In this Exhibit C, the capitalized terms shall have the meanings ascribed to them as follows:

“**Action Plan**” means the plan or plans developed by the Company setting out specific social and environmental measures to be undertaken by the Company, to enable the Project to be implemented in compliance with the Performance Standards, as such Action Plan may be amended or supplemented from time to time with IFC’s consent;

“**Annual Monitoring Report**” means the annual monitoring report setting out the specific social, environmental and developmental impact information to be provided by the Company in respect of the Project, substantially in the form of Exhibit F hereto, as the same may be amended or supplemented from time to time with IFC’s consent;

“**Applicable Law**” means all applicable statutes, laws, ordinances, rules and regulations, including but not limited to, any license, permit or other governmental Authorization, in each case as in effect from time to time;

“**Applicable S&E Law**” means all applicable statutes, laws, ordinances, rules and regulations of the Country, including without limitation, licenses, permits or other governmental Authorizations setting standards concerning environmental, social, labor, health and safety or security risks of the type contemplated by the Performance Standards or imposing liability for the breach thereof;

“**Authority**” means any national, supranational, regional or local government, or governmental, statutory, regulatory, administrative, fiscal, judicial, or government-owned body, department, commission, authority, tribunal, agency or entity, or central bank (or any Person whether or not government owned and howsoever constituted or called, that exercises the functions of the central bank);

“**Authorization**” means any consent, registration, filing, agreement, notarization, certificate, license, approval, permit, authority or exemption from, by or with any Authority, whether given by express action or deemed given by failure to act within any specified time period and all corporate, creditors’ and shareholders’ approvals or consents;

“**Authorized Representative**” means any individual who is duly authorized by the Company to act on its behalf and whose name and a specimen of whose signature appear on the Certificate of Incumbency and Authority most recently delivered by the Company to IFC;

“**CAO**” means the Compliance Advisor Ombudsman, the independent accountability mechanism for IFC that responds to environmental and social concerns of affected communities and aims to enhance outcomes;

“**CAO’s Role**” means the role of the CAO which is:

- (a) to respond to complaints by Persons who have been or are likely to be negatively affected by the social or environmental impacts of IFC projects; and
- (b) to oversee audits of IFC’s social and environmental performance, particularly in relation to sensitive projects, and to ensure compliance with IFC’s social and environmental policies, guidelines, procedures and systems;

“**Certificate of Incumbency and Authority**” means a certificate provided to IFC by the Company substantially in the form set forth in Exhibit G (*Form of Certificate of Incumbency and Authority*);

“**Charter**” means the memorandum of association and the articles of association of the Company or, as applicable, any other Group Companies;

**Exhibit C**



“**Company Operations**” means the existing and future operations, activities and facilities of the Company and other Group Companies (including the design, construction, operations, maintenance, management and monitoring thereof as applicable) in the People’s Republic of China;

“**Intellectual Property**” means any or all of the following and all rights in, arising out of, or associated with any or all of the following:

- (a) all United States, foreign and international patents and patent rights (including all patents, patent applications, provisional patent applications, and any and all divisions, continuations, continuations-in-part, reissues, re-examinations and extensions thereof, and all invention registrations and invention disclosures);
- (b) all trademarks and trademark rights, service marks and service mark rights, trade names and trade name rights, service names and service name rights (including all goodwill, common law rights and governmental or other registrations or applications for registration pertaining thereto), designs, trade dress, brand names, business and product names, internet domain names, logos and slogans;
- (c) all copyrights and copyright rights (including all common law rights, and governmental or other registrations or applications for registration pertaining thereto, and renewal rights therefor);
- (d) all sui generis database rights, ideas, inventions (whether patentable or not), invention disclosures, improvements, technology know-how, show-how, trade secrets, formulas, systems, processes, designs, methodologies, industrial models, works of authorship, databases, content, graphics, technical drawings, statistical models, algorithms, modules, computer programs, technical documentation, business methods, work product, intellectual and industrial property licenses, proprietary information and documentation relating to any of the foregoing;
- (e) all mask works, mask work registrations and applications therefor;
- (f) all industrial designs and any registrations and applications therefor throughout the world;
- (g) all computer software including all source code, object code, firmware, development tools, files, records and data, and all media on which any of the foregoing is recorded; and
- (h) all similar, corresponding or equivalent rights to any of the foregoing;

“**Material Adverse Effect**” means a material adverse effect on:

- (a) the Company’s or any of other Group Companies’ assets or properties;
- (b) the Company’s or any of other Group Companies’ business prospects or financial condition;
- (c) the carrying on of the Company’s or any of other Group Companies’ business or operations; or
- (d) the ability of the Company to comply, and ensure that each of other Group Companies complies, with its obligations under this Agreement, any other related documents to which it is a party or the Company’s and in the case of each of the other Group Companies, such other Group Company’s Charter;

“**Performance Standards**” means IFC’s Performance Standards on Social & Environmental Sustainability, dated January 1, 2012, copies of which have been delivered to and receipt of which has been acknowledged by the Company;

“**Project**” means the transactions contemplated by this Agreement and the business of the Company from time to time;

**Exhibit C**

**“Related Party”** means any Person: (a) that holds a material interest in the Company or any other Group Company; (b) in which the Company or any other Group Company holds a material interest; (c) that is otherwise an Affiliate of the Company; (d) who serves (or has within the past twelve (12) months served) as a director, officer or employee of the Company; or (v) who is a member of the family of any individual included in any of the foregoing. For the purpose of this definition, “material interest” shall mean a direct or indirect ownership of shares representing at least five percent (5%) of the outstanding voting power or equity of the Company or any other Group Company;

**“S&E Management System”** means the Company’s social and environmental management system enabling it to identify, assess and manage Project risks on an ongoing basis;

**“S&E Performance Report”** means the S&E Performance Report, in form and substance satisfactory to IFC, setting out the specific social, environmental and developmental impact information to be provided by the Company in respect of the Company Operations;

**“S&E Requirements”** means the social and environmental obligations to be undertaken by the Clients to ensure compliance with: (a) the Exclusion List; (b) Applicable S&E Laws; and (c) the Performance Standards; and (d) any other requirements established by the S&E Management System;

**“Sanctionable Practice”** means any Corrupt Practice, Fraudulent Practice, Coercive Practice, Collusive Practice, or Obstructive Practice, as those terms are interpreted in accordance with the Anti-Corruption Guidelines set out in [Exhibit D](#); and

**“Shell Bank”** means a bank incorporated in a jurisdiction in which it has no physical presence and which is not an Affiliate of a regulated bank or a regulated financial group.

#### **Exhibit C**

## EXHIBIT D

### ANTI-CORRUPTION GUIDELINES FOR IFC TRANSACTIONS

The purpose of these Guidelines is to clarify the meaning of the terms “Corrupt Practice”, “Fraudulent Practice”, “Coercive Practice”, “Collusive Practice” and “Obstructive Practice” in the context of IFC operations.

#### 1. CORRUPT PRACTICES

A “Corrupt Practice” is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party.

##### INTERPRETATION

- A. Corrupt practices are understood as kickbacks and bribery. The conduct in question must involve the use of improper means (such as bribery) to violate or derogate a duty owed by the recipient in order for the payor to obtain an undue advantage or to avoid an obligation. Antitrust, securities and other violations of law that are not of this nature are excluded from the definition of corrupt practices.
- B. It is acknowledged that foreign investment agreements, concessions and other types of contracts commonly require investors to make contributions for bona fide social development purposes or to provide funding for infrastructure unrelated to the project. Similarly, investors are often required or expected to make contributions to bona fide local charities. These practices are not viewed as Corrupt Practices for purposes of these definitions, so long as they are permitted under local law and fully disclosed in the payor’s books and records. Similarly, an investor will not be held liable for corrupt or fraudulent practices committed by entities that administer bona fide social development funds or charitable contributions.
- C. In the context of conduct between private parties, the offering, giving, receiving or soliciting of corporate hospitality and gifts that are customary by internationally-accepted industry standards shall not constitute corrupt practices unless the action violates Applicable Law.
- D. Payment by private sector persons of the reasonable travel and entertainment expenses of public officials that are consistent with existing practice under relevant law and international conventions will not be viewed as Corrupt Practices.
- E. The World Bank Group<sup>1</sup> does not condone facilitation payments. For the purposes of implementation, the interpretation of “Corrupt Practices” relating to facilitation payments will take into account relevant law and international conventions pertaining to corruption.

#### 2. FRAUDULENT PRACTICES

A “Fraudulent Practice” is any action or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation.

<sup>1</sup> The “World Bank” is the International Bank for Reconstruction and Development, an international organization established by Articles of Agreement among its member countries and the “World Bank Group” refers to the International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, the Multilateral Investment Guarantee Agency, and the International Centre for Settlement of Investment Disputes.

INTERPRETATION

- A. An action, omission, or misrepresentation will be regarded as made recklessly if it is made with reckless indifference as to whether it is true or false. Mere inaccuracy in such information, committed through simple negligence, is not enough to constitute a “Fraudulent Practice” for purposes of this Agreement.
- B. Fraudulent Practices are intended to cover actions or omissions that are directed to or against a World Bank Group entity. It also covers Fraudulent Practices directed to or against a World Bank Group member country in connection with the award or implementation of a government contract or concession in a project financed by the World Bank Group. Frauds on other third parties are not condoned but are not specifically sanctioned in IFC, MIGA, or PRG operations. Similarly, other illegal behavior is not condoned, but will not be considered as a Fraudulent Practice for purposes of this Agreement.

3. COERCIVE PRACTICES

A “Coercive Practice” is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.

INTERPRETATION

- A. Coercive Practices are actions undertaken for the purpose of bid rigging or in connection with public procurement or government contracting or in furtherance of a Corrupt Practice or a Fraudulent Practice.
- B. Coercive Practices are threatened or actual illegal actions such as personal injury or abduction, damage to property, or injury to legally recognizable interests, in order to obtain an undue advantage or to avoid an obligation. It is not intended to cover hard bargaining, the exercise of legal or contractual remedies or litigation.

4. COLLUSIVE PRACTICES

A “Collusive Practice” is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party.

INTERPRETATION

Collusive Practices are actions undertaken for the purpose of bid rigging or in connection with public procurement or government contracting or in furtherance of a Corrupt Practice or a Fraudulent Practice.

5. OBSTRUCTIVE PRACTICES

An “Obstructive Practice” is (i) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making of false statements to investigators, in order to materially impede a World Bank Group investigation into allegations of a corrupt, fraudulent, coercive or collusive practice, and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or (ii) an act intended to materially impede the exercise of IFC’s access to contractually required information in connection with a World Bank Group investigation into allegations of a corrupt, fraudulent, coercive or collusive practice.

**Exhibit D**

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INTERPRETATION

Any action legally or otherwise properly taken by a party to maintain or preserve its regulatory, legal or constitutional rights such as the attorney-client privilege, regardless of whether such action had the effect of impeding an investigation, does not constitute an Obstructive Practice.

GENERAL INTERPRETATION

A person should not be liable for actions taken by unrelated third parties unless the first party participated in the prohibited act in question.

**Exhibit D**

**EXHIBIT E**

**FORM OF LETTER TO COMPANY'S AUDITORS**

[Letterhead of the Company]

[Date]

[NAME OF AUDITORS]  
[ADDRESS]

Investment No. \_\_\_\_\_

Letter to Auditors

Ladies and Gentlemen:

We hereby authorize and instruct you to give to International Finance Corporation of 2121 Pennsylvania Avenue, N.W., Washington, D.C. 20433, United States of America ("IFC"), all such information as IFC may reasonably request with regard to the financial statements (both audited and unaudited), accounts and operations of the undersigned company. We have agreed to supply that information and those statements under the terms of a shareholders agreement, dated [\_\_\_\_], between the undersigned company and the Shareholders named therein (the "**Shareholders Agreement**"). For your information we enclose a copy of the Shareholders Agreement.

We authorize and instruct you to send two (2) copies of the audited accounts of the undersigned company to IFC each year to assist us in satisfying our obligation to IFC under Section 3.01(a) of the Shareholders Agreement. When submitting the same to IFC, please also send, at the same time, a copy of your full report on such accounts to IFC.

For our records, please ensure that you send to us a copy of every letter that you receive from IFC immediately upon receipt and a copy of each reply made by you immediately upon the issue of that reply.

Yours faithfully,

[COMPANY]

By \_\_\_\_\_  
Name:  
Title: [Authorized Representative]

Enclosure: Shareholders Agreement

cc: Director  
[Name of Department]  
International Finance Corporation  
2121 Pennsylvania Avenue, N.W.  
Washington, D.C. 20433  
United States of America

**Exhibit E**

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**EXHIBIT F**

**Annual Monitoring Report**

**Exhibit F**

**EXHIBIT G**

**FORM OF CERTIFICATE OF INCUMBENCY AND AUTHORITY**

[Letterhead of the Company]

[Date]

International Finance Corporation  
2121 Pennsylvania Avenue, N.W.  
Washington, D.C. 20433  
United States of America  
Attention: Director, \_\_\_\_\_ Department

IFC Investment No. \_\_\_\_\_  
Certificate of Incumbency and Authority.

Reference is made to the Shareholders Agreement, dated [\_\_\_\_], between IFC, the Company and certain other persons (the "**Shareholders Agreement**"). Unless otherwise defined herein, capitalized terms used herein shall have the meaning set forth in the Shareholders Agreement.

I, the undersigned [Chairman/Director] of \_\_\_\_\_ (the "**Company**"), duly authorized to do so, hereby certify that the following are the names, offices and true specimen signatures of the individuals [each]/[any two] of whom are, and will continue to be, authorized to take any action required or permitted to be taken, done, signed or executed under the Shareholders Agreement or any other agreement to which IFC and the Company may be parties.

*Name	Office	Specimen Signature
_____	_____	_____
_____	_____	_____
_____	_____	_____

You may assume that any such individual continues to be so authorized until you receive written notice from an Authorized Representative of the Company that they, or any of them, is no longer so authorized.

Yours faithfully,

\_\_\_\_\_

By

\_\_\_\_\_

Name:  
Title:[Chairman/Director]

\* Designations may be changed by the Company at any time by issuing a new Certificate of Incumbency and Authority authorized by the board of directors of the Company where applicable.



MINIMUM INSURANCE REQUIREMENTS

1. CONSTRUCTION PHASE

- (a) Construction All Risks, based on full contract value and including:
  - i) Strike, Riots & Civil Commotion
  - ii) Debris Removal
  - iii) Extra Expenses
  - iv) Extended Maintenance Period
  - v) Third Party Liability
- (b) Marine Cargo (including war)

2. OPERATIONAL PHASE

- (a) Fire and named perils (to include all natural perils) or Property All Risks, based on new replacement cost of assets
- (b) Public Liability

3. AT ALL TIMES

- (a) All insurances required by applicable laws and regulations.
- (b) Directors' & Officers' Liability

**Exhibit G**

**EXHIBIT H**

**FORM OF DIRECTOR INDEMNIFICATION AGREEMENT**

**Exhibit H**

**Our ref** KKZ/783539-000001/19850662v2

AiHuiShou International Co. Ltd.  
12th Floor, No. 6 Building,  
433 Songhu Road, Shanghai,  
People's Republic of China

28 May 2021

Dear Sir or Madam

**AiHuiShou International Co. Ltd.**

We have acted as Cayman Islands legal advisers to AiHuiShou International Co. Ltd. (the "**Company**") in connection with the Company's registration statement on Form F-1, including all amendments or supplements thereto (the "**Registration Statement**"), filed with the Securities and Exchange Commission under the U.S. Securities Act of 1933, as amended to date relating to the offering by the Company of certain American depositary shares (the "**ADSs**") representing the Company's Class A Ordinary Shares of a par value of US\$0.001 each (the "**Shares**").

We are furnishing this opinion as Exhibits 5.1, 8.1 and 23.2 to the Registration Statement.

#### **1 Documents Reviewed**

For the purposes of this opinion, we have reviewed only originals, copies or final drafts of the following documents:

- 1.1 The certificate of incorporation of the Company dated 22 November 2011 issued by the Registrar of Companies in the Cayman Islands.
- 1.2 The amended and restated memorandum and articles of association of the Company as adopted by a special resolution dated 21 May 2021 (the "**Pre-IPO M&A**").
- 1.3 The amended and restated memorandum and articles of association of the Company as conditionally adopted by a special resolution passed on 26 May 2021 and effective immediately prior to the completion of the Company's initial public offering of the Company's ADSs representing the Shares (the "**IPO M&A**").
- 1.4 The written resolutions of the board of directors of the Company dated 25 May 2021 (the "**Board Resolutions**").
- 1.5 The written resolutions of the shareholders of the Company dated 26 May 2021 (the "**Shareholder Resolutions**").

- 1.6 A certificate from a director of the Company, a copy of which is attached hereto (the “**Director’s Certificate**”).
  - 1.7 A certificate of good standing dated 11 March 2021, issued by the Registrar of Companies in the Cayman Islands (the “**Certificate of Good Standing**”).
  - 1.8 The Registration Statement.
- 2 Assumptions**

The following opinions are given only as to, and based on, circumstances and matters of fact existing and known to us on the date of this opinion letter. These opinions only relate to the laws of the Cayman Islands which are in force on the date of this opinion letter. In giving these opinions we have relied (without further verification) upon the completeness and accuracy, as of the date of this opinion letter, of the Director’s Certificate and the Certificate of Good Standing. We have also relied upon the following assumptions, which we have not independently verified:

- 2.1 Copies of documents, conformed copies or drafts of documents provided to us are true and complete copies of, or in the final forms of, the originals.
- 2.2 All signatures, initials and seals are genuine.
- 2.3 There is nothing under any law (other than the law of the Cayman Islands), which would or might affect the opinions set out below.

**3 Opinion**

Based upon the foregoing and subject to the qualifications set out below and having regard to such legal considerations as we deem relevant, we are of the opinion that:

- 3.1 The Company has been duly incorporated as an exempted company with limited liability and is validly existing and in good standing with the Registrar of Companies under the laws of the Cayman Islands.
- 3.2 The authorised share capital of the Company, with effect immediately prior to the completion of the Company’s initial public offering of the ADSs representing the Shares, will be US\$1,000,000 divided into 1,000,000,000 shares comprising of (i) 941,472,561 Class A Ordinary Shares of a par value of US\$0.001 each, (ii) 47,240,103 Class B Ordinary Shares of a par value of US\$0.001 each, and (iii) 11,287,336 Class C Ordinary Shares of a par value of US\$0.001 each.
- 3.3 The issue and allotment of the Shares have been duly authorised and when allotted, issued and paid for as contemplated in the Registration Statement, the Shares will be legally issued and allotted, fully paid and non-assessable. As a matter of Cayman law, a share is only issued when it has been entered in the register of members (shareholders).
- 3.4 The statements under the caption “Taxation” in the prospectus forming part of the Registration Statement, to the extent that they constitute statements of Cayman Islands law, are accurate in all material respects and that such statements constitute our opinion.

#### 4 Qualifications

In this opinion the phrase “non-assessable” means, with respect to shares in the Company, that a shareholder shall not, solely by virtue of its status as a shareholder, be liable for additional assessments or calls on the shares by the Company or its creditors (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).

Except as specifically stated herein, we make no comment with respect to any representations and warranties which may be made by or with respect to the Company in any of the documents or instruments cited in this opinion or otherwise with respect to the commercial terms of the transactions, which are the subject of this opinion.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the reference to our name under the headings “Enforceability of Civil Liabilities”, “Taxation” and “Legal Matters” and elsewhere in the prospectus included in the Registration Statement. 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 U.S. Securities Act of 1933, as amended, or the Rules and Regulations of the Commission thereunder.

Yours faithfully

/s/ Maples and Calder (Hong Kong) LLP

Maples and Calder (Hong Kong) LLP

To: Maples and Calder (Hong Kong) LLP  
26<sup>th</sup> Floor, Central Plaza  
18 Harbour Road  
Wanchai  
Hong Kong

Dear Sir or Madam

**AiHuiShou International Co. Ltd.** (the "Company")

I, the undersigned, being a director of the Company, am aware that you are being asked to provide a legal opinion (the "Opinion") in relation to certain aspects of Cayman Islands law. Capitalised terms used in this certificate have the meaning given to them in the Opinion. I hereby certify that:

- 1 The Pre-IPO Memorandum and Articles remain in full force and effect and, except as amended by the Shareholders' Resolutions adopting the IPO Memorandum and Articles, are otherwise unamended.
- 2 The Directors' Resolutions were duly passed in the manner prescribed in the Pre-IPO Memorandum and Articles (including, without limitation, with respect to the disclosure of interests (if any) by each director of the Company) and have not been amended, varied or revoked in any respect.
- 3 The Shareholders' Resolutions were duly passed in the manner prescribed in the Pre-IPO Memorandum and Articles and have not been amended, varied or revoked in any respect.
- 4 The authorised share capital of the Company is US\$300,000 divided into 300,000,000 shares comprising of (i) 182,665,628 Ordinary Shares of US\$0.001 par value each, (ii) 9,497,040 series A preferred shares of US\$0.001 par value each, (iii) 1,758,711 series B-1 preferred shares of US\$0.001 par value each, (iv) 2,879,784 series B-2 preferred shares of US\$0.001 par value each, (v) 2,948,341 series B-3 preferred shares of US\$0.001 par value each, (vi) 2,747,350 series C-1 preferred shares of US\$0.001 par value each, (vii) 17,099,501 series C-2 preferred shares of US\$0.001 par value each, (viii) 24,379,436 series C-3 preferred shares of US\$0.001 par value each, (ix) 2,115,755 series D-1 preferred shares of US\$0.001 par value each, (x) 7,952,405 series D-2 preferred shares of US\$0.001 par value each, (xi) 36,178,666 series E preferred shares of US\$0.001 par value each, and (xii) 9,777,383 series F preferred shares of US\$0.001 par value each.
- 5 The authorised share capital of the Company, with effect immediately prior to the completion of the Company's initial public offering of the ADSs representing the Shares, will be US\$1,000,000 divided into 1,000,000,000 shares comprising of (i) 941,472,561 Class A Ordinary Shares of a par value of US\$0.001 each, (ii) 47,240,103 Class B Ordinary Shares of a par value of US\$0.001 each, and (iii) 11,287,336 Class C Ordinary Shares of a par value of US\$0.001 each.

- 6 The shareholders of the Company have not restricted or limited the powers of the directors in any way and there is no contractual or other prohibition (other than as arising under Cayman Islands law) binding on the Company prohibiting it from issuing and allotting the Shares or otherwise performing its obligations under the Registration Statement.
- 7 The directors of the Company at the date of the Director's Resolutions were:  
Kerry Xuefeng Chen  
Lei Xu  
Xiaobing Yan  
Yongliang Wang
- 8 The directors of the Company at the date hereof are:  
Kerry Xuefeng Chen  
Lei Xu  
Xiaobing Yan  
Yongliang Wang  
Wei Tang  
Chen Chen
- 9 Each director of the Company considers the transactions contemplated by the Registration Statement to be of commercial benefit to the Company and has acted bona fide in the best interests of the Company, and for a proper purpose of the Company in relation to the transactions the subject of the Opinion.
- 10 To the best of my knowledge and belief, having made due inquiry, the Company is not the subject of legal, arbitral, administrative or other proceedings in any jurisdiction that would have a material adverse effect on the business, properties, financial condition, results of operations or prospects of the Company. Nor have the directors or shareholders taken any steps to have the Company struck off or placed in liquidation, nor have any steps been taken to wind up the Company. Nor has any receiver been appointed over any of the Company's property or assets.
- 11 Upon the completion of the Company's initial public offering of the ADSs representing the Shares, the ADSs on the New York Stock Exchange or the Nasdaq Stock Market and accordingly the Company will not be subject to the requirements of Part XVIII of the Companies Act (As Revised).

I confirm that you may continue to rely on this Certificate as being true and correct on the day that you issue the Opinion unless I shall have previously notified you personally to the contrary.

*[signature page follows]*

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Signature: /s/ Xuefeng Chen  
Name: Xuefeng Chen  
Title: Co-founder, Chairman of the Board of  
Directors and Chief Executive Officer



AIHUI SHOU INTERNATIONAL CO. LTD.

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**AMENDED AND RESTATED  
SHARE INCENTIVE PLAN**

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Adopted on March 29, 2016

## AMENDED AND RESTATED SHARE INCENTIVE PLAN

(Adopted by the Company's Board of Directors on March 29, 2016)

**1. PURPOSE OF THE PLAN**

The purpose of this Plan is to promote the success of the Company and the interests of its shareholders by providing a means through which the Company may grant equity-based incentives to attract, motivate, retain and reward certain officers, employees, directors and other eligible persons and to further link the interests of Award recipients with those of the Company's shareholders generally.

**2. ADMINISTRATION**

**2.1 Administrator.** This Plan shall be administered by and all Awards under this Plan shall be authorized by the Administrator. The "Administrator" means the Board or the Compensation Committee of the Board to administer all or certain aspects of this Plan. Any such committee shall be comprised solely of one or more directors or such number of directors as may be required under applicable law and the Memorandum and Articles of Association of the Company. A committee may delegate some or all of its authority to another committee so constituted. The Board or a committee comprised solely of directors may also delegate, to the extent permitted by the Companies Law of the Cayman Islands and any other applicable law, to one or more officers of the Company, its powers under this Plan (a) to designate the officers and employees of the Company and its Affiliates who will receive grants of Awards under this Plan, and (b) to determine the number of shares subject to, and the other terms and conditions of, such Awards. The Board may delegate different levels of authority to different committees with administrative and grant authority under this Plan. Unless otherwise provided in the Memorandum and Articles of Association of the Company or the applicable charter of any Administrator: (a) a majority of the members of the acting Administrator shall constitute a quorum, and (b) the vote of a majority of the members present assuming the presence of a quorum or the unanimous written consent of the members of the Administrator shall constitute action by the acting Administrator.

**2.2 Plan Awards; Interpretation; Powers of Administrator.** Subject to the express provisions of this Plan, the 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 this Plan (in the case of a committee or delegation to one or more officers, within the authority delegated to that committee or person(s)), including, without limitation, the authority to:

- (a) determine eligibility and, from among those persons determined to be eligible, the particular Eligible Persons who will receive Awards;
- (b) grant Awards to Eligible Persons, determine the price and number of securities to be offered or awarded to any of such persons, determine the other specific terms and conditions of Awards consistent with the express limits of this Plan, establish the installments (if any) in which such Awards will become exercisable or will vest (which may include, without limitation, performance and/or time-based schedules) or determine that no delayed exercisability or vesting is required, establish any applicable performance targets, and establish the events of termination or reversion of such Awards;
- (c) approve the forms of Award Agreements, which need not be identical either as to type of Award or among Participants;

- (d) construe and interpret this Plan and any Award Agreement or other agreements defining the rights and obligations of the Company, its Affiliates, and Participants under this Plan, make factual determinations with respect to the administration of this Plan, further define the terms used in this Plan, and prescribe, amend and rescind rules and regulations relating to the administration of this Plan or the Awards;
- (e) cancel, modify, or waive the Company's rights with respect to, or modify, discontinue, suspend, or terminate any or all outstanding Awards, subject to any required consent under Section 7.7.4;
- (f) accelerate or extend the vesting or exercisability or extend the term of any or all outstanding Awards (within the maximum ten-year term of Awards under Sections 5.4.2 and 6.5) in such circumstances as the Administrator may deem appropriate (including, without limitation, in connection with a termination of employment or services or other events of a personal nature);
- (g) determine Fair Market Value for purposes of this Plan and Awards;
- (h) determine the duration and purposes of leaves or absence that may be granted to Participants without constituting a termination of their employment for purposes of this Plan; and
- (i) determine whether, and the extent to which, adjustments are required pursuant to Section 7.3 hereof and authorize the termination, conversion, substitution or succession of awards upon the occurrence of an event of the type described in Section 7.3.

**2.3 Binding Determinations.** Any action taken by, or inaction of, the Company, any Affiliate, the Board or the Administrator relating or pursuant to this Plan or under applicable law shall be within the absolute discretion of that entity or body and shall be conclusive and binding upon all persons. Neither the Board nor the Administrator, nor any member thereof or person acting at the direction thereof, shall be liable for any act, omission, interpretation, construction or determination made in good faith in connection with this Plan (or any Award), and all such persons shall be entitled to indemnification and reimbursement by the Company in respect of any claim, loss, damage or expense (including, without limitation, attorneys' fees) arising or resulting therefrom to the fullest extent permitted by law and/or under any directors and officers liability insurance coverage that may be in effect from time to time.

### **3. ELIGIBILITY**

Awards may be granted under this Plan only to those persons that the Administrator determines to be Eligible Persons. An "**Eligible Person**" means any person who qualifies as one of the following at the time of grant of the respective Award:

- (a) an officer (whether or not a director) or employee of the Company or any of its Affiliates;
- (b) any member of the Board; or
- (c) any director of one of the Company's Affiliates, or any individual consultant or advisor who renders or has rendered bona fide services (other than services in connection with the offering or sale of securities of the Company or one of its Affiliates, as applicable, in a capital raising transaction or as a market maker or promoter of that entity's securities) to the Company or one of its Affiliates.

An advisor or consultant may be selected as an Eligible Person pursuant to clause (e) above only if such person's participation in this Plan would not adversely affect (1) the Company's eligibility to rely on an exemption from registration under the Securities Act for the offering of shares issuable under this Plan by the Company, such as under Rule 701, or (2) the Company's compliance with any other applicable laws.

An Eligible Person may, but need not, be granted one or more Awards pursuant to Section 5. An Eligible Person who has been granted an Award under this Plan may, if otherwise eligible, be granted additional Awards under this Plan if the Administrator so determines. However, a person's status as an Eligible Person is not a commitment that any Award will be granted to that person under this Plan.

Each Award granted under this Plan must be approved by the Administrator at or prior to the grant of the Award.

For purpose of properly rewarding each Eligible Person in proportion to his or her contribution to the success of the Company and its Affiliates, the Awards granted under this Plan will be classified into three categories, which consist of (a) the Awards granted to the officers, employees or directors who rendered the most outstanding performance at work ("Class A Award"), (b) the Awards granted to the officers or employees above the management tier of the Company or its Affiliates other than the persons eligible for Class A Award ("Class B Award"), and (c) the Awards granted to the officers or employees below the management tier of the Company or its Affiliates ("Class C Award").

#### 4. SHARES SUBJECT TO THE PLAN

**4.1 Shares Available.** Subject to the provisions of Section 7.3.1, the shares that may be delivered under this Plan will be the Company's authorized but unissued Ordinary Shares. The Ordinary Shares issued and delivered may be issued and delivered for any lawful consideration.

**4.2 Share Limits.** Subject to the provisions of Section 7.3.1 and further subject to the share counting rules of Section 4.3, the maximum number of Ordinary Shares that may be delivered pursuant to Awards granted under this Plan will not exceed 11,307,067 shares (the "**Share Limit**") in the aggregate.\* As required under U.S. Treasury Regulation Section 1.422-2(b)(3)(i), in no event will the number of Ordinary Shares that may be delivered pursuant to Incentive Stock Options granted under this Plan exceed the Share Limit.

**4.3 Replenishment and Reissue of Unvested Awards.** To the extent that an Award is settled in cash or a form other than Ordinary Shares, the shares that would have been delivered had there been no such cash or other settlement shall not be counted against the shares available for issuance under this Plan. No Award may be granted under this Plan unless, on the Award Date, the sum of (a) the maximum number of Ordinary Shares issuable at any time pursuant to such Award, plus (b) the number of Ordinary Shares that have previously been issued pursuant to Awards granted under this Plan, plus (c) the maximum number of Ordinary Shares that may be issued at any time after such Award Date pursuant to Awards that are outstanding on such date, does not exceed the Share Limit. Notwithstanding the foregoing, Ordinary Shares that are subject to or underlie Options granted under this Plan that expire or for any reason are canceled or terminated without having been exercised (or Ordinary Shares subject to or underlying the unexercised portion of such Options in the case of Options that were partially exercised), as well as Ordinary Shares that are subject to Share Awards made under this Plan that are forfeited to the Company or otherwise repurchased by the Company prior to the vesting of such shares for a price not greater than the original purchase or issue price of such shares (as adjusted pursuant to Section 7.3.1) will again, except to the extent prohibited by law or applicable listing or regulatory requirements (and subject to any applicable limitations of the Code in the case of Awards intended to be Incentive Stock Options), be available for subsequent Award grants under this Plan. Shares that are exchanged by a Participant or withheld by the Company as full or partial payment in connection with any Award under this Plan, as well as any shares exchanged by a Participant or withheld by the Company or one of its Affiliates to satisfy the tax withholding obligations related to any Award, shall be available for subsequent awards under this Plan.

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\* Award grants (including the number of shares subject to Awards granted) must be structured to satisfy the requirements of Rule 701 promulgated under the Securities Act and applicable "blue sky" laws. Unless a higher percentage is approved by at least two-thirds of the outstanding shares entitled to vote, at no time shall the total number of shares subject to this Plan exceed a number of shares which is equal to 30% of the then-outstanding number of the Company's Ordinary Shares (convertible preferred or convertible senior Ordinary Shares will be counted on an as if converted basis).

**4.4 Reservation of Shares.** The Company shall at all times reserve a number of Ordinary Shares sufficient to cover the Company's obligations and contingent obligations to deliver shares with respect to Awards then outstanding under this Plan.

## **5. OPTION GRANT PROGRAM**

**5.1 Option Grants in General.** Each Option shall be evidenced by an Award Agreement in the form approved by the Administrator. The Award Agreement evidencing an Option shall contain the terms established by the Administrator for that Option, as well as any other terms, provisions, or restrictions that the Administrator may impose on the Option or any Ordinary Shares subject to the Option; in each case subject to the applicable provisions and limitations of this Section 5 and the other applicable provisions and limitations of this Plan. The Administrator may require that the recipient of an Option promptly execute and return to the Company his or her Award Agreement evidencing the Option. In addition, the Administrator may require that the spouse of any married recipient of an Option also promptly execute and return to the Company the Award Agreement evidencing the Option granted to the recipient or such other spousal consent form that the Administrator may require in connection with the grant of the Option.

**5.2 Types of Options.** The Administrator will designate each Option granted under this Plan to a U.S. resident as either an Incentive Stock Option or a Nonqualified Option, and such designation shall be set forth in the applicable Award Agreement. Any Option granted under this Plan to a U.S. resident that is not expressly designated in the applicable Award Agreement as an Incentive Stock Option will be deemed to be designated a Nonqualified Option under this Plan and not an "incentive stock option" within the meaning of Section 422 of the Code. Incentive Stock Options shall be subject to the provisions of Section 5.5 in addition to the provisions of this Plan applicable to Options generally. The Administrator may designate any Option granted under this Plan to a non-U.S. resident in accordance with the rules and regulations applicable to options in the jurisdiction in which such person is a resident. The Administrator may, in its discretion, designate any Option as an Accelerated Option pursuant to Section 5.9.

### **5.3 Option Price.**

**5.3.1 Pricing Limits.** Subject to the following provisions of this Section 5.3.1, the Administrator will determine the purchase price per share of the Ordinary Shares covered by each Option (the "exercise price" of the Option) at the time of the grant of the Option, which exercise price will be set forth in the applicable Award Agreement. In no case will the exercise price of an Option be less than the greater of:

- (a) in the case of an Incentive Stock Option and subject to clause (c) below, or as otherwise required by applicable law, 100% of the Fair Market Value of the Ordinary Shares on the Award Date; or
- (b) in the case of an Incentive Stock Option granted to a Participant described in Section 5.6, 110% of the Fair Market Value of the Ordinary Shares on the Award Date.

**5.3.2 Payment Provisions.** The Company will not be obligated to deliver certificates for the Ordinary Shares to be purchased on exercise of an Option unless and until it receives full payment of the exercise price therefor, all related withholding obligations under Section 7.6 have been satisfied, and all other conditions to the exercise of the Option set forth herein or in the Award Agreement have been satisfied. The purchase price of any Ordinary Shares purchased on exercise of an Option must be paid in full at the time of each purchase in such lawful consideration as may be permitted or required by the Administrator, which may include, without limitation, one or a combination of the following methods:

- (a) cash, check payable to the order of the Company, or electronic funds transfer;
- (b) notice and third party payment in such manner as may be authorized by the Administrator;
- (c) the delivery of previously owned Ordinary Shares;
- (d) by a reduction in the number of Ordinary Shares otherwise deliverable pursuant to the Award;
- (e) subject to such procedures as the Administrator may adopt, pursuant to a “cashless exercise”; or
- (f) if authorized by the Administrator or specified in the applicable Award Agreement, by a promissory note of the Participant consistent with the requirements of Section 5.3.3.

In no event shall any shares newly-issued by the Company be issued for less than the minimum lawful consideration for such shares or for consideration other than consideration permitted by applicable law. In the event that the Administrator allows a Participant to exercise an Award by delivering Ordinary Shares previously owned by such Participant and unless otherwise expressly provided by the Administrator, any shares delivered which were initially acquired by the Participant from the Company (upon exercise of an option or otherwise) must have been owned by the Participant for at least six months as of the date of delivery or such other period, if any, as the Administrator prescribes based on accounting or other applicable rules then in effect. Ordinary Shares used to satisfy the exercise price of an Option (whether previously-owned shares or shares otherwise deliverable pursuant to the terms of the Option) shall be valued at their Fair Market Value on the date of exercise. Unless otherwise expressly provided in the applicable Award Agreement, the Administrator may eliminate or limit a Participant’s ability to pay the purchase or exercise price of any Award by any method other than cash payment to the Company. The Administrator may take all actions necessary to alter the method of Option exercise and the exchange and transmittal of proceeds with respect to Participants resident in the People’s Republic of China (the “**PRC**”) not having permanent residence in a country other than the PRC in order to comply with applicable PRC foreign exchange and tax regulations.

**5.3.3 Acceptance of Notes to Finance Exercise.** The Company may, with the Administrator’s approval in each specific case, accept one or more promissory notes from any Eligible Person in connection with the exercise of any Option; provided that any such note shall be subject to the following terms and conditions:

- (a) The principal of the note shall not exceed the amount required to be paid to the Company upon the exercise, purchase or acquisition of one or more Awards under this Plan and the note shall be delivered directly to the Company in consideration of such exercise, purchase or acquisition.

- (b) The initial term of the note shall be determined by the Administrator; provided that the term of the note, including extensions, shall not exceed a period of five years.
- (c) The note shall provide for full recourse to the Participant and shall bear interest at a rate determined by the Administrator, but not less than the interest rate necessary to avoid the imputation of interest under the Code and to avoid any adverse accounting consequences in connection with the exercise, purchase or acquisition.
- (d) If the employment or services of the Participant by or to the Company and its Affiliates terminates, the unpaid principal balance of the note shall become due and payable on the 30th business day after such termination; provided, however, that if a sale of the shares acquired on exercise of the Option would cause such Participant to incur liability under Section 16(b) of the Exchange Act, the unpaid balance shall become due and payable on the 10th business day after the first day on which a sale of such shares could have been made without incurring such liability assuming for these purposes that there are no other transactions (or deemed transactions) in securities of the Company by the Participant subsequent to such termination.
- (e) If required by the Administrator or by applicable law, the note shall be secured by a pledge of any shares or rights financed thereby or other collateral, in compliance with applicable law.

The terms, repayment provisions, and collateral release provisions of the note and the pledge securing the note shall conform with all applicable rules and regulations, including those of the Federal Reserve Board of the United States and any applicable law, as then in effect.

#### **5.4 Vesting; Term; Exercise Procedure.**

**5.4.1 Vesting.** Except as provided in Section 5.9, 25% of the total number of Ordinary Shares subject to the Option shall vest on the first anniversary of the Award Date, and an additional 25% of the total number of Ordinary Shares subject to the Option shall vest on each anniversary of the Award Date thereafter ("Normal Vesting Schedule"). Unless the Administrator otherwise expressly provides, once exercisable an Option will remain exercisable until the expiration or earlier termination of the Option.

**5.4.2 Term.** Each Option shall expire not more than 10 years after the Award Date. Each Option will be subject to earlier termination as provided in or pursuant to Sections 5.7 and 7.3. Any payment of cash or delivery of shares in payment of or pursuant to an Option may be delayed until a future date if specifically authorized by the Administrator in writing and by the Participant.

**5.4.3 Exercise Date.** Unless otherwise expressly provided by the Administrator, and subject to applicable laws and regulations, the Option, to the extent then vested, shall become exercisable upon the earlier of (i) the Public Offering Date, (ii) the occurrence of a Change in Control Event.

**5.4.4 Exercise Procedure.** Any exercisable Option will be deemed to be exercised when the Company receives written notice of such exercise from the Participant (on a form and in such manner as may be required by the Administrator), together with any required payment made in accordance with Section 5.3 and Section 7.6 and any written statement required pursuant to Section 7.5.1.

**5.4.5 Voting Rights.** A Participant shall duly sign a power of attorney for the authorization of all the voting and signing rights of the Ordinary Shares acquired upon exercise of the Option in substantially the form attached to the Award Agreement.

**5.4.6 Fractional Shares/Minimum Issue.** Fractional share interests will be disregarded, but may be accumulated. The Administrator, however, may determine that cash, other securities, or other property will be paid or transferred in lieu of any fractional share interests. No fewer than 100 shares (subject to adjustment pursuant to Section 7.3.1) may be purchased on exercise of any Option at one time unless the number purchased is the total number at the time available for purchase under the Option.

**5.5 *Limitations on Grant and Terms of Incentive Stock Options.***

**5.5.1 US\$100,000 Limit.** To the extent that the aggregate Fair Market Value of shares with respect to which incentive stock options first become exercisable by a Participant in any calendar year exceeds US\$100,000, taking into account both Ordinary Shares subject to Incentive Stock Options under this Plan and shares subject to incentive stock options under all other plans of the Company or any of its Affiliates, such options will be treated as nonqualified options. For this purpose, the Fair Market Value of the shares subject to options will be determined as of the date the options were awarded. In reducing the number of options treated as incentive stock options to meet the US\$100,000 limit, the most recently granted options will be reduced (recharacterized as nonqualified options) first. To the extent a reduction of simultaneously granted options is necessary to meet the US\$100,000 limit, the Administrator may, in the manner and to the extent permitted by law, designate which Ordinary Shares are to be treated as shares acquired pursuant to the exercise of an incentive stock option.

**5.5.2 Other Code Limits.** Incentive Stock Options may only be granted to individuals that are employees of the Company or one of its Affiliates and satisfy the other eligibility requirements of the Code. Any Award Agreement relating to Incentive Stock Options will contain or shall be deemed to contain such other terms and conditions as from time to time are required in order that the Option be an “incentive stock option” as that term is defined in Section 422 of the Code.

**5.5.3 ISO Notice of Sale Requirement.** Any Participant who exercises an Incentive Stock Option shall give prompt written notice to the Company of any sale or other transfer of the Ordinary Shares acquired on such exercise if the sale or other transfer occurs within (a) one year after the exercise date of the Option, or (b) two years after the Award Date of the Option.

**5.5.4 Exercise Timing Limits.** For the purpose of administration, the Administrator may designate one or some window periods specifically for the Participants’ exercise of Options, the Participant is limited to exercise the Option within such periods unless otherwise provided in Section 5.7.



**5.6 Limits on 10% Holders.** No Incentive Stock Option may be granted to any person who, at the time the Incentive Stock Option is granted, owns (or is deemed to own under Section 424(d) of the Code) outstanding shares of the Company (or any of its Affiliates) possessing more than 10% of the total combined voting power of all classes of shares of the Company (or any of its Affiliates), unless the exercise price of such Incentive Stock Option is at least 110% of the Fair Market Value of the shares subject to the Incentive Stock Option and such Incentive Stock Option by its terms is not exercisable after the expiration of five years from the date such Incentive Stock Option is granted.

**5.7 Effects of Termination of Employment on Options.**

**5.7.1 Dismissal for Cause.** Unless otherwise provided in the Award Agreement and subject to earlier termination pursuant to or as contemplated by Section 5.4.2 or 7.3, if a Participant's employment by or service to the Company or any of its Affiliates is terminated by such entity for Cause, the Participant's Option will terminate on the Participant's Severance Date, whether or not the Option is then vested and/or exercisable.

**5.7.2 Death or Disability.** Unless otherwise provided in the Award Agreement (consistent with applicable securities laws) and subject to earlier termination pursuant to or as contemplated by Section 5.4.2 or 7.3, if a Participant's employment by or service to the Company or any of its Affiliates terminates as a result of the Participant's death or Total Disability:

- (a) the Participant (or his or her Personal Representative or Beneficiary, in the case of the Participant's Total Disability or death, respectively), will have until the later of: (i) the date that is 90 days after the exercise date as set forth in Section 5.4.3, or (ii) the date that is 12 months after the Participant's Severance Date to exercise the Participant's Option (or portion thereof) to the extent that it was vested on the Severance Date;
- (b) the Option, to the extent not vested on the Participant's Severance Date, shall terminate on the Severance Date; and
- (c) the Option, to the extent exercisable for the period as set forth in Section 5.7.2(a) and not exercised during such period, shall terminate at the close of business on the last day of such period.

**5.7.3 Other Terminations of Employment.** Unless otherwise provided in the Award Agreement (consistent with applicable securities laws) and subject to earlier termination pursuant to or as contemplated by Section 5.4.2 or 7.3, if a Participant's employment by or service to the Company or any of its Affiliates terminates for any reason other than a termination by such entity for Cause or caused due to the Participant's death or Total Disability:

- (a) the Participant will have to exercise his or her Option (or portion thereof) to the extent that it was vested on the Severance Date until later of: (i) the date that is 90 days after the exercise date as set for in Section 5.4.3, or (ii) the Severance Date);
- (b) the Option, to the extent not vested on the Participant's Severance Date, shall terminate on the Severance Date; and
- (c) the Option, to the extent exercisable for the period as set forth in Section 5.7.3(a) and not exercised during such period, shall terminate at the close of business on the last day of such period.

**5.8 Option Repricing/Cancellation and Regrant/Waiver of Restrictions.** Subject to Section 4 and Section 6.7 and the specific limitations on Options contained in this Plan, the Administrator from time to time may authorize, generally or in specific cases only, for the benefit of any Eligible Person, any adjustment in the exercise price, the vesting schedule, the number of shares subject to, or the term of, an Option granted under this Plan by cancellation of an outstanding Option and a subsequent regranting of the Option, by amendment, by substitution of an outstanding Option, by waiver or by other legally valid means. Such amendment or other action may result in, among other changes, an exercise price that is higher or lower than the exercise price of the original or prior Option, provide for a greater or lesser number of Ordinary Shares subject to the Option, or provide for a longer or shorter vesting or exercise period.

**5.9 Accelerated Options.** The Administrator may, in its discretion, designate certain Class A Award as an Accelerated Option which, by express provisions in the application Award Agreement, may be exercised prior to the date such Class A Award has vested.

**5.10 Shares Acquired Upon Exercise of Options.** The shares acquired upon exercise of Options as provided in this Section 5 shall be designated as Restricted Shares subject to all the terms, provisions and restriction as imposed upon in Section 6, and the Award Agreement to be further entered into between the Company and the Participant.

## **6. SHARE AWARD PROGRAM.**

**6.1 Share Awards in General.** Each Share Award shall be evidenced by an Award Agreement in the form approved by the Administrator. The Award Agreement evidencing a Share Award shall contain the terms established by the Administrator for that Share Award, as well as any other terms, provisions, or restrictions that the Administrator may impose on the Share Award; in each case subject to the applicable provisions and limitations of this Section 6 and the other applicable provisions and limitations of this Plan. The Administrator may require that the recipient of a Share Award promptly execute and return to the Company his or her Award Agreement evidencing the Share Award. In addition, the Administrator may require that the spouse of any married recipient of a Share Award also promptly execute and return to the Company the Award Agreement evidencing the Share Award granted to the recipient or such other spousal consent form that the Administrator may require in connection with the grant of the Share Award.

**6.2 Type of Share Awards.** The Administrator shall designate whether a Share Award shall be a Restricted Share Award, and such designation shall be set forth in the applicable Award Agreement.

### **6.3 Purchase Price.**

**6.3.1 Pricing Limits.** Subject to the following provisions of this Section 6.3, the Administrator will determine the purchase price per share of the Ordinary Shares covered by each Share Award at the time of grant of the Award. Unless otherwise determined by the Administrator, in no case will such purchase price be less than the greater of:

- (a) the par value of the Ordinary Shares; or
- (b) 100% of the Fair Market Value of the Ordinary Shares on the Award Date, or at the time the purchase is consummated.

**6.3.2 Payment Provisions.** The Company will not be obligated to record in the Company's register of members, or issue certificates evidencing, Ordinary Shares awarded under this Section 6 unless and until it receives full payment of the purchase price therefor and all other conditions to the purchase, as determined by the Administrator, have been satisfied, at which point the relevant shares shall be issued and noted in the Company's register of members. The purchase price of any shares subject to a Share Award must be paid in full at the time of the purchase in such lawful consideration as may be permitted or required by the Administrator, which may include, without limitation, one or a combination of the methods set forth in clauses (a) through (f) in Section 5.3.2 and/or past services rendered to the Company or any of its Affiliates.

**6.4 Vesting.** The restrictions imposed on the Ordinary Shares subject to a Restricted Share Award (which may be based on performance criteria, passage of time or other factors or any combination thereof) will be set forth in the applicable Award Agreement. To the extent required to satisfy applicable securities laws, the restrictions imposed on the Ordinary Shares subject to a Restricted Share Award (other than an Award granted to an officer, director, or consultant of the Company or any of its Affiliates, which may include more restrictive provisions) shall lapse as to such shares, subject to Section 6.8, at a rate of at least 20% of the shares subject to the Award per year over the five years after the date the Award is granted.

**6.5 Term.** A Share Award shall either vest or be repurchased by the Company not more than 10 years after the Award Date. Each Share Award will be subject to earlier repurchase as provided in or pursuant to Sections 6.8 and 7.3. Any payment of cash or delivery of shares in payment for a Share Award may be delayed until a future date if specifically authorized by the Administrator in writing and by the Participant.

**6.6 Share Certificates; Fractional Shares.** Share certificates evidencing Restricted Shares will bear a legend making appropriate reference to the restrictions imposed hereunder and will be held by the Company or by a third party designated by the Administrator until the restrictions on such shares have lapsed, the shares have vested in accordance with the provisions of the Award Agreement and Section 6.4, and any related loan has been repaid. Fractional share interests will be disregarded, but may be accumulated. The Administrator, however, may determine that cash, other securities, or other property will be paid or transferred in lieu of any fractional share interests.

**6.7 Dividend and Voting Rights.** Unless otherwise provided in the applicable Award Agreement, a Participant holding Restricted Shares will only be entitled to cash dividend for all Restricted Shares issued even though they are not vested, but such rights will terminate immediately as to any Restricted Shares which are repurchased by the Company. A Participant shall duly sign a power of attorney for the authorization of all the voting and signing rights of the Restricted Shares in substantially the form attached to the Award Agreement.

**6.8 Termination of Employment; Return to the Company.** Unless the Administrator or the Award Agreement otherwise expressly provides, Restricted Shares subject to an Award that remain subject to vesting conditions that have not been satisfied by the time specified in the applicable Award Agreement (which may include, without limitation, the Participant's Severance Date), will not vest and will be reacquired by the Company in such manner and on such terms as the Administrator provides, which terms shall include return or repayment of the lower of (a) the Fair Market Value of the Restricted Shares at the time of the termination, or (b) the original purchase price of the Restricted Shares, without interest, to the Participant to the extent not prohibited by law. The Award Agreement shall specify any other terms or conditions of the repurchase if the Award fails to vest.

**6.9 Waiver of Restrictions.** Subject to Sections 4 and 7.7 and the specific limitations on Share Awards contained in this Plan, the Administrator from time to time may authorize, generally or in specific cases only, for the benefit of any Eligible Person, any adjustment in the vesting schedule, or the restrictions upon or the term of, a Share Award granted under this Plan by amendment, by substitution of an outstanding Share Award, by waiver or by other legally valid means.

## 7. PROVISIONS APPLICABLE TO AWARDS

### 7.1 *Rights of Eligible Persons, Participants and Beneficiaries.*

**7.1.1 Employment Status.** No person shall have any claim or rights to be granted an Award (or additional Awards, as the case may be) under this Plan, subject to any express contractual rights (set forth in a document other than this Plan) to the contrary.

**7.1.2 No Employment/Service Contract.** Nothing contained in this Plan (or in any other documents under this Plan or related to any Award) shall confer upon any Eligible Person or Participant any right to continue in the employ or other service of the Company or any of its Affiliates, constitute any contract or agreement of employment or other service or affect an employee's status as an employee at will, nor shall interfere in any way with the right of the Company or any Affiliate to change such person's compensation or other benefits, or to terminate his or her employment or other service, with or without cause at any time. Nothing in this Section 7.1.2, or in Section 7.3 or 7.15, however, is intended to adversely affect any express independent right of such person under a separate employment or service contract. An Award Agreement shall not constitute a contract of employment or service.

**7.1.3 Plan Not Funded.** Awards payable under this Plan will be payable in Ordinary Shares or from the general assets of the Company, and (except as to the share reservation provided in Section 4.4) no special or separate reserve, fund or deposit will be made to assure payment of such Awards. No Participant, Beneficiary or other person will have any right, title or interest in any fund or in any specific asset (including Ordinary Shares, except as expressly provided) of the Company or any of its Affiliates by reason of any Award hereunder. Neither the provisions of this Plan (or of any related documents), nor the creation or adoption of this Plan, nor any action taken pursuant to the provisions of this Plan will create, or be construed to create, a trust of any kind or a fiduciary relationship between the Company or any of its Affiliates and any Participant, Beneficiary or other person. To the extent that a Participant, Beneficiary or other person acquires a right to receive payment pursuant to any Award hereunder, such right will be no greater than the right of any unsecured general creditor of the Company.

**7.1.4 Charter Documents.** The Memorandum and Articles of Association of the Company, as may lawfully be amended from time to time, may provide for additional restrictions and limitations with respect to the Ordinary Shares (including additional restrictions and limitations on the voting or transfer of Ordinary Shares) or priorities, rights and preferences as to securities and interests prior in rights to the Ordinary Shares. To the extent that these restrictions and limitations are greater than those set forth in this Plan or any Award Agreement, such restrictions and limitations shall apply to any Ordinary Shares acquired pursuant to the exercise of Awards and are incorporated herein by this reference.

### 7.2 *No Transferability; Limited Exception to Transfer Restrictions.*

**7.2.1 Limit On Exercise and Transfer.** Unless otherwise expressly provided in (or pursuant to) this Section 7.2, by applicable law and by the Award Agreement, as the same may be amended:

- (a) all Awards are non-transferable and will not be subject in any manner to sale, transfer, anticipation, alienation, assignment, pledge, encumbrance or charge;
- (b) Awards will be exercised only by the Participant; and
- (c) amounts payable or shares issuable pursuant to an Award will be delivered only to (or for the account of), and, in the case of Ordinary Shares, registered in the name of, the Participant.

In addition, the shares shall be subject to the restrictions set forth in the applicable Award Agreement.

**7.2.2 Further Exceptions to Limits On Transfer.** The exercise and transfer restrictions in Section 7.2.1 will not apply to:

- (a) transfers to the Company;
- (b) transfers by gift to “immediate family” as that term is defined in SEC Rule 16a-1(e) promulgated under the Exchange Act;
- (c) 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 the absence of a validly designated Beneficiary, transfers by will or the laws of descent and distribution; or
- (d) if the Participant has suffered a disability, permitted transfers or exercises on behalf of the Participant by the Participant’s duly authorized legal representative.

Notwithstanding anything else in this Section 7.2.2 to the contrary, but subject to compliance with all applicable laws, unless otherwise determined by the Administrator, Incentive Stock Options will be subject to any and all transfer restrictions under the Code applicable to such awards or necessary to maintain the intended tax consequences of such Awards. Notwithstanding clause (b) above but subject to compliance with all applicable laws, any contemplated transfer by gift to “immediate family” as referenced in clause (b) above is subject to the condition precedent that the transfer be approved by the Administrator in order for it to be effective.

**7.2.3 Company’s Call Right.** The Company shall have the right (but not the obligation) to repurchase in one or more transactions in connection with the Participant’s termination of employment by or services to the Company or any of its Affiliates, and the Participant (or any permitted transferee) shall be obligated to sell any of the shares acquired in accordance with Sections 5 of this Plan at the Repurchase Price (the “**Call Right**”). The Company may designate and assign one or more employees, officers or shareholders of the Company or other persons to exercise all or a part of the Company’s Call Rights under this Section 7.2.3. Notwithstanding anything to the contrary herein, any repurchase of options or shares shall be subject to the prior written consent of all directors appointed by the holders of Preferred Shares of the Company.

### 7.3 Adjustments; Changes in Control.

**7.3.1 Adjustments.** Upon or in contemplation of any reclassification, recapitalization, share split, any merger, amalgamation, combination, consolidation or other reorganization; any split-up, spin-off; or similar extraordinary dividend distribution in respect of the Ordinary Shares (whether in the form of securities or property); any exchange of Ordinary Shares or other securities of the Company, or any similar, unusual or extraordinary corporate transaction in respect of the Ordinary Shares; or a sale of substantially all the assets of the Company as an entirety; then the Administrator shall, in such manner, to such extent (if any) and at such time as it deems appropriate and equitable in the circumstances:

- (a) proportionately adjust any or all of (1) the number of Ordinary Shares or the number and type of other securities that thereafter may be made the subject of Awards (including the specific share limits, maxima and numbers of shares set forth elsewhere in this Plan), (2) the number, amount and type of Ordinary Shares (or other securities or property) subject to any or all outstanding Awards, (3) the grant, purchase, or exercise price of any or all outstanding Awards, or (4) the securities, cash or other property deliverable upon exercise or vesting of any outstanding Awards, or
- (b) make provision for a settlement by a cash payment or for the assumption, substitution or exchange of any or all outstanding Awards (or the cash, securities or other property deliverable to the holder(s) of any or all outstanding Awards) based upon the distribution or consideration payable to holders of the Ordinary Shares upon or in respect of such event.

The Administrator may adopt such valuation methodologies for outstanding Awards as it deems reasonable in the event of a cash, securities or other property settlement. In the case of Options, but without limitation on other methodologies, the Administrator may base such settlement solely upon the excess (if any) of the amount payable upon or in respect of such event over the exercise price of the Option to the extent of the then vested and exercisable shares subject to the Option.

The Administrator may make adjustments to and/or accelerate the exercisability of Options in a manner that disqualifies the Options as Incentive Stock Options without the written consent of the Option holders affected thereby.

In any of such events, the Administrator may take such action prior to such event to the extent that the Administrator deems the action necessary to permit the Participant to realize the benefits intended to be conveyed with respect to the underlying shares in the same manner as is or will be available to shareholders generally.

Any adjustment by the Administrator pursuant to this Section 7.3.1 shall be final, binding, and conclusive. Unless otherwise expressly provided by the Administrator, in no event shall a conversion of one or more outstanding shares of the Company's preferred shares (if any) or any new issuance of securities by the Company for consideration be deemed, in and of itself, to require an adjustment pursuant to this Section 7.3.1.

In the case of any event described in the first paragraph of this Section 7.3.1, if no action is formally taken by the Administrator in the circumstances with respect to then-outstanding Awards, the proportionate adjustments contemplated by clause (a) above shall nevertheless be deemed to have been made with respect to the Awards outstanding at the time of such event in order to preserve the intended level of incentives.

**7.3.2 Consequences of a Change in Control Event.** Subject to Sections 7.3.4 through 7.3.6, upon (or, as may be necessary to effectuate the purposes of this acceleration, immediately prior to) the occurrence of a Change in Control Event:

- (a) each Option will become immediately vested and exercisable, and

- (b) Restricted Shares will immediately vest free of forfeiture restrictions and/or restrictions giving the Company the right to repurchase the shares at their original purchase price;

provided, however, that the surviving corporation in a Change in Control Event does not assume the Call Right, and provided, further, that if the surviving corporation in a Change in Control Event does assume the Call Right, that notwithstanding anything to the contrary, any outstanding unvested Options shall be deemed vested upon the one-year anniversary of the consummation of the Change in Control Event, and provided, further, that the acceleration provisions of this Section 7.3.2 shall not apply, unless otherwise expressly provided by the Administrator, with respect to any Award to the extent that the Administrator has made other provision for the substitution, assumption, exchange or other continuation or settlement of the Award, or the Award would otherwise continue in accordance with its terms, in the circumstances..

The foregoing Change in Control Event provisions shall not in any way limit the authority of the Administrator to accelerate the vesting of one or more Awards in such circumstances (including, but not limited to, a Change in Control Event) as the Administrator may determine to be appropriate, regardless of whether accelerated vesting of all or a portion of the Award(s) is otherwise required or contemplated by the foregoing in the circumstances.

**7.3.3 Early Termination of Awards.** Any Award, the vesting of which has been accelerated to the extent required in the circumstances as contemplated by Section 7.3.2 (or would have been so accelerated but for Section 7.3.4 or 7.3.6), shall terminate upon the related Change in Control Event, subject to any provision that has been expressly made by the Administrator, through a plan of reorganization or otherwise, for the survival, substitution, assumption, exchange or other continuation or settlement of such Award and provided that, in the case of Options that will not survive or be substituted for, assumed, exchanged, or otherwise continued or settled in the Change in Control Event, the holder of such Award shall be given reasonable advance notice of the impending termination and a reasonable opportunity to exercise his or her outstanding Options in accordance with their terms before the termination of such Awards (except that in no case shall more than ten days' notice of accelerated vesting and the impending termination be required and any acceleration may be made contingent upon the actual occurrence of the event). For purposes of this Section 7.3, an Award shall be deemed to have been "assumed" if (without limiting other circumstances in which an Award is assumed) the Award continues after the Change in Control Event, and/or is assumed and continued by a Parent (as such term is defined in the definition of Change in Control Event) following a Change in Control Event, and confers the right to purchase or receive, as applicable and subject to vesting and the other terms and conditions of the Award, for each Ordinary Share subject to the Award immediately prior to the Change in Control Event, the consideration (whether cash, shares, or other securities or property) received in the Change in Control Event by the shareholders of Company for each Ordinary Share sold or exchanged in such transaction (or the consideration received by a majority of the shareholders participating in such transaction if the shareholders were offered a choice of consideration); provided, however, that if the consideration offered for an Ordinary Share in the transaction is not solely the ordinary or common shares of a successor Company or a Parent, the Board may provide for the consideration to be received upon exercise or payment of the Award, for each share subject to the Award, to be solely ordinary or common shares (as applicable) of the successor Company or a Parent equal in Fair Market Value to the per share consideration received by the shareholders participating in the Change in Control Event.

**7.3.4 Other Acceleration Rules.** Any acceleration of Awards pursuant to this Section 7.3 shall comply with applicable legal requirements and, if necessary to accomplish the purposes of the acceleration or if the circumstances require, may be deemed by the Administrator to occur a limited period of time not greater than 30 days before the event that triggered such acceleration. Without limiting the generality of the foregoing, the Administrator may deem an acceleration to occur immediately prior to the applicable event and/or reinstate the original terms of an Award if an event giving rise to an acceleration does not occur. The Administrator may override the provisions of this Section 7.3 as to any Award by express provision in the applicable Award Agreement and may accord any Participant a right to refuse any acceleration, whether pursuant to the Award Agreement or otherwise, in such circumstances as the Administrator may approve. The portion of any Incentive Stock Option accelerated in connection with a Change in Control Event or any other action permitted hereunder shall remain exercisable as an Incentive Stock Option only to the extent the applicable US\$100,000 limitation on Incentive Stock Options is not exceeded. To the extent exceeded, the accelerated portion of the Option shall be exercisable as a Nonqualified Option.

**7.3.5 Possible Rescission of Acceleration.** If the vesting of an Award has been accelerated expressly in anticipation of an event or upon shareholder approval of an event and the Administrator later determines that the event will not occur, the Administrator may rescind the effect of the acceleration as to any then outstanding and unexercised or otherwise unvested Awards.

**7.3.6 Golden Parachute Limitation.** Notwithstanding anything else contained in this Section 7.3 to the contrary, in no event shall an Award be accelerated under this Section 7.3 to an extent or in a manner which would not be fully deductible by the Company or one of its Affiliates for federal income tax purposes because of Section 280G of the Code, nor shall any payment hereunder be accelerated to the extent any portion of such accelerated payment would not be deductible by the Company or one of its Affiliates because of Section 280G of the Code. If a holder of an Award would be entitled to benefits or payments hereunder and under any other plan or program that would constitute “parachute payments” as defined in Section 280G of the Code, then the holder may by written notice to the Company designate the order in which such parachute payments will be reduced or modified so that the Company or one of its Affiliates is not denied federal income tax deductions for any “parachute payments” because of Section 280G of the Code. Notwithstanding the foregoing, if a Participant is a party to an employment or other agreement with the Company or one of its Affiliates, or is a participant in a severance program sponsored by the Company or one of its Affiliates that contains express provisions regarding Section 280G and/or Section 4999 of the Code (or any similar successor provision), the Section 280G and/or Section 4999 provisions of such employment or other agreement or plan, as applicable, shall control as to any Awards held by that Participant (for example, and without limitation, a Participant may be a party to an employment agreement with the Company or one of its Affiliates that provides for a “gross-up” as opposed to a “cut-back” in the event that the Section 280G thresholds are reached or exceeded in connection with a change in control and, in such event, the Section 280G and/or Section 4999 provisions of such employment agreement shall control as to any Awards held by that Participant).



#### **7.4 Termination of Employment or Services.**

**7.4.1 Events Not Deemed a Termination of Employment.** Unless the Administrator otherwise expressly provides with respect to a particular Award, if a Participant's employment by or service to the Company or an Affiliate terminates but immediately thereafter the Participant continues in the employ of or service to another Affiliate or the Company, as applicable, the Participant shall be deemed to have not had a termination of employment or service for purposes of this Plan and the Participant's Awards. Unless the express policy of the Company or the Administrator otherwise provides, a Participant's employment relationship with the Company or any of its Affiliates shall not be considered terminated solely due to any sick leave, military leave, or any other leave of absence authorized by the Company or any Affiliate or the Administrator; provided that, unless reemployment upon the expiration of such leave is guaranteed by contract or law, such leave is for a period of not more than 90 days. In the case of any Participant on an approved leave of absence, continued vesting of the Award while on leave from the employ of or service with the Company or any of its Affiliates will be suspended until the Participant returns to service, unless the Administrator otherwise provides or applicable law otherwise requires. In no event shall an Award be exercised after the expiration of the term of the Award set forth in the Award Agreement.

**7.4.2 Effect of Change of Affiliate Status.** For purposes of this Plan and any Award, if an entity ceases to be an Affiliate, a termination of employment or service will be deemed to have occurred with respect to each Eligible Person in respect of such Affiliate who does not continue as an Eligible Person in respect of another Affiliate that continues as such after giving effect to the transaction or other event giving rise to the change in status.

**7.4.3 Administrator Discretion.** Notwithstanding the provisions of Section 5.7 or 6.8, in the event of, or in anticipation of, a termination of employment or service with the Company or any of its Affiliates for any reason, the Administrator may accelerate the vesting and exercisability of all or a portion of the Participant's Award, and/or, subject to the provisions of Sections 5.4.2 and 7.3, extend the exercisability period of the Participant's Option upon such terms as the Administrator determines and expressly sets forth in or by amendment to the Award Agreement.

**7.4.4 Termination of Consulting or Affiliate Services.** If the Participant is an Eligible Person solely by reason of clause (c) of Section 3, the Administrator shall be the sole judge of whether the Participant continues to render services to the Company or any of its Affiliates, unless a written contract or the Award Agreement otherwise provides. If, in these circumstances, the Company or any Affiliate notifies the Participant in writing that a termination of the Participant's services to the Company or any Affiliate has occurred for purposes of this Plan, then (unless the contract or the Award Agreement otherwise expressly provides), the Participant's termination of services with the Company or Affiliate for purposes of this Plan shall be the date which is 10 days after the mailing of the notice by the Company or Affiliate or, in the case of a termination for Cause, the date of the mailing of the notice.

#### **7.5 Compliance with Laws.**

**7.5.1 General.** This Plan, the granting, vesting and exercise of Awards under this Plan, and the offer, issuance and delivery of Ordinary Shares, the acceptance of promissory notes and/or the payment of money under this Plan or under Awards are subject to compliance with all applicable federal and state laws, applicable foreign laws, rules and regulations (including but not limited to state and federal securities laws, and federal margin requirements) and to such approvals by any listing, regulatory or governmental authority as may, in the opinion of counsel for the Company, be necessary or advisable in connection therewith. The person acquiring any securities under this Plan will, if requested by the Company, provide such assurances and representations to the Company as the Administrator may deem necessary or desirable to assure compliance with all applicable legal and accounting requirements.

**7.5.2 Compliance with Securities Laws.** No Participant shall sell, pledge or otherwise transfer Ordinary Shares acquired pursuant to an Award or any interest in such shares except in accordance with the express terms of this Plan and the applicable Award Agreement. Any attempted transfer in violation of this Section 7.5 shall be void and of no effect. Without in any way limiting the provisions set forth above, no Participant shall make any disposition of all or any portion of Ordinary Shares acquired or to be acquired pursuant to an Award, except in compliance with all applicable federal and state securities laws and unless and until:

- (a) there is then in effect a registration statement under the Securities Act covering such proposed disposition and such disposition is made in accordance with such registration statement;
- (b) such disposition is made in accordance with Rule 144 under the Securities Act; or
- (c) such Participant notifies the Company of the proposed disposition and furnishes the Company with a statement of the circumstances surrounding the proposed disposition, and, if requested by the Company, furnishes to the Company an opinion of counsel acceptable to the Company's counsel, that such disposition will not require registration under the Securities Act and will be in compliance with all applicable state securities laws.

Notwithstanding anything else herein to the contrary, neither the Company or any Affiliate has any obligation to register the Ordinary Shares or file any registration statement under either federal or state securities laws, nor does the Company or any Affiliate make any representation concerning the likelihood of a public offering of the Ordinary Shares or any other securities of the Company or any Affiliate.

**7.5.3 Share Legends.** All certificates evidencing Ordinary Shares issued or delivered under this Plan shall bear the following legends and/or any other appropriate or required legends under applicable laws:

"OWNERSHIP OF THIS CERTIFICATE, THE SHARES EVIDENCED BY THIS CERTIFICATE AND ANY INTEREST THEREIN ARE SUBJECT TO SUBSTANTIAL RESTRICTIONS ON TRANSFER UNDER APPLICABLE LAW AND UNDER AGREEMENTS WITH THE COMPANY, INCLUDING RESTRICTIONS ON SALE, ASSIGNMENT, TRANSFER, PLEDGE OR OTHER DISPOSITION."

"THE SHARES ARE SUBJECT TO THE COMPANY'S RIGHT OF FIRST REFUSAL AND CALL RIGHTS TO REPURCHASE THE SHARES UNDER THE COMPANY'S SHARE INCENTIVE PLAN AND AGREEMENTS WITH THE COMPANY THEREUNDER."

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES ACT OF 1933, AS AMENDED ("ACT"), NOR HAVE THEY BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE. NO TRANSFER OF SUCH SECURITIES WILL BE PERMITTED UNLESS A REGISTRATION STATEMENT UNDER THE ACT IS IN EFFECT AS TO SUCH TRANSFER, THE TRANSFER IS MADE IN ACCORDANCE WITH RULE 144 UNDER THE ACT, OR IN THE OPINION OF COUNSEL TO THE COMPANY, REGISTRATION UNDER THE ACT IS UNNECESSARY IN ORDER FOR SUCH TRANSFER TO COMPLY WITH THE ACT AND WITH APPLICABLE STATE SECURITIES LAWS."

7.5.4 Delivery of Financial Statements. The Company shall deliver annually to Participants such financial statements of the Company as are required to satisfy applicable securities laws.

7.5.5 Confidential Information. Any financial or other information relating to the Company obtained by Participants in connection with or as a result of this Plan or their Awards shall be treated as confidential.

#### 7.6 **Tax Withholding.**

7.6.1 Tax Withholding. Upon any exercise, vesting, or payment of any Award or upon the disposition of Ordinary Shares acquired pursuant to the exercise of an Incentive Stock Option prior to satisfaction of the holding period requirements of Section 422 of the Code, the Company or any of its Affiliates shall have the right at its option to:

- (a) require the Participant (or the Participant's Personal Representative or Beneficiary, as the case may be) to pay or provide for payment of at least the minimum amount of any taxes which the Company or Affiliate may be required to withhold with respect to such Award event or payment;
- (b) deduct from any amount otherwise payable (in respect of an Award or otherwise) in cash to the Participant (or the Participant's Personal Representative or Beneficiary, as the case may be) the minimum amount of any taxes which the Company or Affiliate may be required to withhold with respect to such Award event or payment; or
- (c) reduce the number of Ordinary Shares to be delivered by (or otherwise reacquire shares held by the Participant at least 6 months) the appropriate number of Ordinary Shares, valued at their then Fair Market Value, to satisfy the minimum withholding obligation.

In any case where a tax is required to be withheld (including taxes in the PRC where applicable) in connection with the delivery of Ordinary Shares under this Plan (including the sale of Ordinary Shares as may be required to comply with foreign exchange rules in the PRC for Participants resident in the PRC), the Administrator may in its sole discretion (subject to Section 7.5) grant (either at the time of the Award or thereafter) to the Participant the right to elect, pursuant to such rules and subject to such conditions as the Administrator may establish, to have the Company reduce the number of shares to be delivered by (or otherwise reacquire) the appropriate number of shares, valued in a consistent manner at their Fair Market Value or at the sales price in accordance with authorized procedures for cashless exercises, necessary to satisfy the minimum applicable withholding obligation on exercise, vesting or payment. In no event shall the shares withheld exceed the minimum whole number of shares required for tax withholding under applicable law. The Company may, with the Administrator's approval, accept one or more promissory notes from any Eligible Person in connection with taxes required to be withheld upon the exercise, vesting or payment of any award under this Plan; provided that any such note shall be subject to terms and conditions established by the Administrator and the requirements of applicable law.

**7.6.2 Tax Loans.** If so provided in the Award Agreement or otherwise authorized by the Administrator, the Company may, to the extent permitted by law, authorize a loan to an Eligible Person in the amount of any taxes that the Company or any of its Affiliates may be required to withhold with respect to Ordinary Shares received (or disposed of, as the case may be) pursuant to a transaction described in Section 7.6.1. Such a loan will be for a term and at a rate of interest and pursuant to such other terms and conditions as the Company may establish, subject to compliance with applicable law. Such a loan need not otherwise comply with the provisions of Section 5.3.3.

**7.7 Plan and Award Amendments, Termination and Suspension.**

**7.7.1 Board Authorization.** The Board may, at any time, terminate or, from time to time, amend, modify or suspend this Plan, in whole or in part. No Awards may be granted during any period that the Board suspends this Plan.

**7.7.2 Shareholder Approval.** To the extent then required by applicable law or any applicable listing agency or required under Sections 162, 409A, 422 or 424 of the Code to preserve the intended tax consequences of this Plan, or deemed necessary or advisable by the Board, any amendment to this Plan shall be subject to shareholder approval.

**7.7.3 Amendments to Awards.** Without limiting any other express authority of the Administrator under (but subject to) the express limits of this Plan, the Administrator by agreement or resolution may waive conditions of or limitations on Awards to Participants that the Administrator in the prior exercise of its discretion has imposed, without the consent of a Participant, and (subject to the requirements of Sections 2.2 and 7.7.4) may make other changes to the terms and conditions of Awards.

**7.7.4 Limitations on Amendments to Plan and Awards.** No amendment, suspension or termination of this Plan or change of or affecting any outstanding Award shall, without written consent of the Participant, affect in any manner materially adverse to the Participant any rights or benefits of the Participant or obligations of the Company under any Award granted under this Plan prior to the effective date of such change. Changes, settlements and other actions contemplated by Section 7.3 shall not be deemed to constitute changes or amendments for purposes of this Section 7.7.

**7.8 Privileges of Share Ownership.** Except as otherwise expressly authorized by the Administrator or this Plan or in the Award Agreement, a Participant will not be entitled to any privilege of share ownership as to any Ordinary Shares not actually delivered to and held of record by the Participant. No adjustment will be made for dividends or other rights as a shareholder for which a record date is prior to such date of delivery.

**7.9 Share-Based Awards in Substitution for Awards Granted by Other Company.** Awards may be granted to Eligible Persons in substitution for or in connection with an assumption of employee share options, share appreciation rights, restricted shares or other share-based awards granted by other entities to persons who are or who will become Eligible Persons in respect of the Company or one of its Affiliates, in connection with a distribution, merger, amalgamation or other reorganization by or with the granting entity or an affiliated entity, or the acquisition by the Company or one of its Affiliates, directly or indirectly, of all or a substantial part of the shares or assets of the employing entity. The Awards so granted need not comply with other specific terms of this Plan, provided the Awards reflect only adjustments giving effect to the assumption or substitution consistent with the conversion applicable to the Ordinary Shares in the transaction and any change in the issuer of the security. Any shares that are delivered and any Awards that are granted by, or become obligations of, the Company, as a result of the assumption by the Company of, or in substitution for, outstanding awards previously granted by an acquired company (or previously granted by a predecessor employer (or direct or indirect parent thereof) in the case of persons that become employed by the Company or one of its Affiliates in connection with a business or asset acquisition or similar transaction) shall not be counted against the Share Limit or other limits on the number of shares available for issuance under this Plan.

**7.10 Effective Date of the Plan.** This Plan is effective upon the Effective Date, subject to approval by the shareholders of the Company within twelve months after the date the Board approves this Plan.

**7.11 Term of the Plan.** Unless earlier terminated by the Board, this Plan will terminate at the close of business on the day before the 10<sup>th</sup> anniversary of the Effective Date. After the termination of this Plan either upon such stated expiration date or its earlier termination by the Board, no additional Awards may be granted under this Plan, but previously granted Awards (and the authority of the Administrator with respect thereto, including the authority to amend such Awards) shall remain outstanding in accordance with their applicable terms and conditions and the terms and conditions of this Plan.

**7.12 Governing Law/Severability.**

**7.12.1 Choice of Law.** This Plan, the Awards, all documents evidencing Awards and all other related documents will be governed by, and construed in accordance with, the laws of the Hong Kong.

**7.12.2 Severability.** If it is determined that any provision of this Plan or an Award Agreement is invalid and unenforceable, the remaining provisions of this Plan and/or the Award Agreement, as applicable, will continue in effect provided that the essential economic terms of this Plan and the Award can still be enforced.

**7.13 Captions.** Captions and headings are given to the sections and subsections of this Plan solely as a convenience to facilitate reference. Such headings will not be deemed in any way material or relevant to the construction or interpretation of this Plan or any provision thereof.

**7.14 Non-Exclusivity of Plan.** Nothing in this Plan will limit or be deemed to limit the authority of the Board or the Administrator to grant awards or authorize any other compensation, with or without reference to the Ordinary Shares, under any other plan or authority.

**7.15 No Restriction on Corporate Powers.** The existence of this Plan, the Award Agreements, and the Awards granted hereunder, shall not limit, affect or restrict in any way the right or power of the Board or the shareholders of the Company to make or authorize: (a) any adjustment, recapitalization, reorganization or other change in the Company's or any Affiliate's capital structure or its business; (b) any merger, amalgamation, consolidation or change in the ownership of the Company or any Affiliate; (c) any issue of bonds, debentures, capital, preferred or prior preference shares ahead of or affecting the Company's authorized shares or the rights thereof; (d) any dissolution or liquidation of the Company or any Affiliate; (e) any sale or transfer of all or any part of the Company or any Affiliate's assets or business; or (f) any other corporate act or proceeding by the Company or any Affiliate. No Participant, Beneficiary or any other person shall have any claim under any Award or Award Agreement against any member of the Board or the Administrator, or the Company or any employees, officers or agents of the Company or any Affiliate, as a result of any such action.

**7.16 Other Company Compensation or Benefit Programs.** Payments and other benefits received by a Participant under an Award made pursuant to this Plan shall not be deemed a part of a Participant's compensation for purposes of the determination of benefits under any other employee welfare or benefit plans or arrangements, if any, provided by the Company or any Affiliate, except where the Administrator or the Board expressly otherwise provides or authorizes in writing. Awards under this Plan may be made in addition to, in combination with, as alternatives to or in payment of grants, awards or commitments under any other plans or arrangements of the Company or any Affiliate.

## 8. DEFINITIONS.

“**Accelerated Option**” shall mean an Option eligible for exercise prior to the Normal Vesting Schedule in accordance with the provisions of Section 5.9 of this Plan. An Accelerated Option may be a Nonqualified Option or an Incentive Stock Option, as designated by the Administrator in the applicable Award Agreement.

“**Administrator**” has the meaning given to such term in Section 2.1.

“**Affiliate**” means, with respect to a Person, any other Person that, directly or indirectly, Controls, is controlled by or is under common Control with such Person, and any shareholder, member or partner of such Person.

“**Award**” means an award of any Option or Share Award, or any combination thereof, authorized by and granted under this Plan.

“**Award Agreement**” means any writing, approved by the Administrator, setting forth the terms of an Award that has been duly authorized and approved. An Award Agreement shall be deemed an Ordinary Shares purchase agreement under the Company’s Memorandum and Articles of Association.

“**Award Date**” means the date upon which the Administrator took the action granting an Award or such later date as the Administrator designates as the Award Date at the time of the grant of the Award.

“**Beneficiary**” means the person, persons, trust or trusts designated by a Participant, or, in the absence of a designation, entitled by will or the laws of descent and distribution, to receive the benefits specified in the Award Agreement and under this Plan if the Participant dies, and means the Participant’s executor or administrator if no other Beneficiary is designated and able to act under the circumstances. The exact Beneficiary of each Participant should be subject to the determination of the Administrator on a case-by-case basis.

“**Board**” means the Board of Directors of the Company.

“**Cause**” with respect to a Participant means (unless otherwise expressly provided in the applicable Award Agreement, or another applicable contract with the Participant that defines such term for purposes of determining the effect that a “for cause” termination has on the Participant’s options and/or share awards) a termination of employment or service based upon a finding by the Company or any of its Affiliates, acting in good faith and based on its reasonable belief at the time, that the Participant:

- (a) has been negligent in the discharge of his or her duties to the Company or any Affiliate, has refused to perform stated or assigned duties or is incompetent in or (other than by reason of a disability or analogous condition) incapable of performing those duties;
- (b) has been dishonest or committed or engaged in an act of theft, embezzlement or fraud, a breach of confidentiality, an unauthorized disclosure or use of inside information, customer lists, trade secrets or other confidential information;
- (c) has breached a fiduciary duty, or willfully and materially violated any other duty, law, rule, regulation or policy of the Company or any of its Affiliates; or has been convicted of, or plead guilty or nolo contendere to, a felony or misdemeanor (other than minor traffic violations or similar offenses);

- (d) has materially breached any of the provisions of any agreement with the Company or any of its Affiliates;
- (e) has engaged in unfair competition with, or otherwise acted intentionally in a manner injurious to the reputation, business or assets of, the Company or any of its Affiliates; or
- (f) has improperly induced a vendor or customer to break or terminate any contract with the Company or any of its Affiliates or induced a principal for whom the Company or any Affiliate acts as agent to terminate such agency relationship.

A termination for Cause shall be deemed to occur (subject to reinstatement upon a contrary final determination by the Administrator) on the date on which the Company or any Affiliate first delivers written notice to the Participant of a finding of termination for Cause or the Administrator provides such notice.

**“Change in Control Event”** means any of the following:

- (a) Approval by shareholders of the Company (or, if no shareholder approval is required, by the Board alone) of the complete dissolution or liquidation of the Company, other than in the context of a Business Combination that does not constitute a Change in Control Event under paragraph (c) below;
- (b) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act (a **“Person”**)) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 50% or more of either (1) the then-outstanding Ordinary Shares of the Company (the **“Outstanding Company Ordinary Shares”**) or (2) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the **“Outstanding Company Voting Securities”**); provided, however, that, for purposes of this paragraph (b), the following acquisitions shall not constitute a Change in Control Event; (A) any acquisition directly from the Company, (B) any acquisition by the Company, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Affiliate or a successor, (D) any acquisition by any entity pursuant to a Business Combination, (E) any acquisition by a Person described in and satisfying the conditions of Rule 13d-1(b) promulgated under the Exchange Act, or (F) any acquisition by a Person who is the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 50% or more of the Outstanding Company Ordinary Shares and/or the Outstanding Company Voting Securities on the Effective Date (or an affiliate, heir, descendant, or related party of or to such Person);
- (c) Consummation of a reorganization, amalgamation, merger, statutory share exchange or consolidation or similar corporate transaction involving the Company or any other entity a majority of whose outstanding voting shares or voting power is beneficially owned directly or indirectly by the Company (a **“Subsidiary”**), a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or shares of another entity by the Company or any of its Subsidiaries (each, a **“Business Combination”**), in each case unless, following such Business Combination, (1) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Ordinary Shares and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding ordinary or common shares and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity that, as a result of such transaction, owns the Company or all or substantially all of the Company’s assets directly or through one or more subsidiaries (a **“Parent”**)), and (2) no Person (excluding any individual or entity described in clauses (C), (E) or (F) of paragraph (b) above) beneficially owns (within the meaning of Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, more than 50% of, respectively, the then-outstanding ordinary or common shares of the entity resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such entity, except to the extent that the ownership in excess of 50% existed prior to the Business Combination.

“**Code**” means the Internal Revenue Code of 1986 of the United States, as amended from time to time.

“**Company**” means AiHuiShou International Co. Ltd., an exempted company organized under the Companies Law of the Cayman Islands, and its successors.

“**Control**” means the power or authority, whether exercised or not, to direct the business, management and policies of a Person, directly or indirectly, or by effective control whether through the ownership of voting securities, by contract or otherwise, which power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than 50% of the votes entitled to be cast at a meeting of the members or shareholders of such Person or power to control the composition of the board of directors of such Person; the terms “Controlled” and “Controlling” have the meaning correlative to the foregoing.

“**Accelerated Option**” shall mean an Option eligible for exercise prior to the Normal Vesting Schedule in accordance with the provisions of Section 5.9 of this Plan. An Accelerated Option may be a Nonqualified Option or an Incentive Stock Option, as designated by the Administrator in the applicable Option Agreement.

“**Effective Date**” means the date the Board approved this Plan.

“**Eligible Person**” has the meaning given to such term in Section 3 of this Plan.

“**Exchange Act**” means the Securities Exchange Act of 1934 of the United States, as amended from time to time.

“**Fair Market Value**” for purposes of this Plan and unless otherwise determined or provided by the Administrator in the circumstances, means as follows:

- (a) if the Ordinary Shares are listed on any established stock exchange or a national market system, including without limitation, the New York Stock Exchange, or the NASDAQ Global Market or NASDAQ Capital Market of the Nasdaq Stock Market, or Hong Kong Stock Exchange, the Fair Market Value shall be the closing sales price for the Ordinary Shares (or the closing bid, if no sales were reported) as quoted on such exchange or system on the day of determination;
- (b) If the Ordinary Shares are not listed or admitted to trade on a national securities exchange, but they are regularly quoted by a recognized securities dealer, the Fair Market Value shall be the mean of the high bid and low asked prices for the Shares on the day of determination;  
or



- (c) in the absence of an established market for the Shares, the Fair Market Value thereof shall be the purchase price of the Shares of the latest round of financing. The Administrator also may adopt a different methodology for determining Fair Market Value with respect to one or more Awards if a different methodology is necessary or advisable to secure any intended favorable tax, legal or other treatment for the particular Award(s) (for example, and without limitation, the Administrator may provide that Fair Market Value for purposes of one or more Awards will be based on an average of closing prices (or the average of high and low daily trading prices) for a specified period preceding the relevant date).

**“Incentive Stock Option”** means an Option that is designated and intended as an “incentive stock option” within the meaning of Section 422 of the Code, the award of which contains such provisions (including but not limited to the receipt of shareholder approval of this Plan, if the award is made prior to such approval) and is made under such circumstances and to such persons as may be necessary to comply with that section.

**“Nonqualified Option”** means an Option that is not an “incentive stock option” within the meaning of Section 422 of the Code and includes any Option designated or intended as a Nonqualified Option and any Option designated or intended as an Incentive Stock Option that fails to meet the applicable legal requirements thereof.

**“Option”** means an option to purchase Ordinary Shares granted under Section 5 of this Plan. The Administrator will designate any Option granted to an employee of the Company or an Affiliate as a Nonqualified Option or an Incentive Stock Option and may also designate any Option as an Accelerated Option.

**“Ordinary Shares”** means the Company’s Ordinary Shares, par value US\$ 0.001 per share, and such other securities or property as may become the subject of Awards, or become subject to Awards, pursuant to an adjustment made under Section 7.3.1 of this Plan.

**“Participant”** means an Eligible Person who has been granted and holds an Award under this Plan.

**“Person”** means any individual, sole proprietorship, partnership, limited partnership, limited liability company, firm, joint venture, estate, trust, unincorporated organization, association, corporation, institution, public benefit corporation, entity or governmental or regulatory authority or other enterprise or entity of any kind or nature.

**“Personal Representative”** means the person or persons who, upon the disability or incompetence of a Participant, has acquired on behalf of the Participant, by legal proceeding or otherwise, the power to exercise the rights or receive benefits under this Plan by virtue of having become the legal representative of the Participant. The exact Personal Representative of each Participant should be subject to the determination of the Administrator on a case-by-case basis.

**“Plan”** means this AiHuiShou International Co. Ltd. Amended and Restated Share Incentive Plan, as it may hereafter be amended from time to time.

**“Public Offering Date”** means the date the Ordinary Shares are first registered under the Exchange Act and listed on a recognized national securities exchange.

**“Repurchase Price”** means, (a) in the event of the repurchase of shares acquired upon exercise of Class A Award or Class B Award, a price per share as then determined by the Board of the Company, or (b) in the event of the repurchase of the shares acquired upon exercise of Class C Award, the exercise price of the respective award.

**“Restricted Shares”** means Ordinary Shares awarded to a Participant under this Plan, subject to payment of such consideration and such conditions on vesting (which may include, among others, the passage of time, specified performance objectives or other factors) and such transfer and other restrictions as are established in or pursuant to this Plan and the related Award Agreement, to the extent such remain unvested and restricted under the terms of the applicable Award Agreement.

**“Restricted Share Award”** means an award of Restricted Shares.

**“Securities Act”** means the Securities Act of 1933 of the United States, as amended from time to time.

**“Severance Date”** with respect to a particular Participant means, unless otherwise provided in the applicable Award Agreement:

- (a) if the Participant is an Eligible Person under clause (a) of Section 3 and the Participant’s employment by the Company or any of its Affiliates terminates (regardless of the reason), the last day that the Participant is actually employed by the Company or such Affiliate (unless, immediately following such termination of employment, the Participant is a member of the Board or, by express written agreement with the Company or any of its Affiliates, continues to provide other services to the Company or any Affiliate as an Eligible Person under clause (c) of Section 3, in which case the Participant’s Severance Date shall not be the date of such termination of employment but shall be determined in accordance with clause (b) or (c) below, as applicable, in connection with the termination of the Participant’s other services);
- (b) if the Participant is not an Eligible Person under clause (a) of Section 3 but is an Eligible Person under clause (b) thereof, and the Participant ceases to be a member of the Board (regardless of the reason), the last day that the Participant is actually a member of the Board (unless, immediately following such termination, the Participant is an employee of the Company or any of its Affiliates or, by express written agreement with the Company or any of its Affiliates, continues to provide other services to the Company or any Affiliate as an Eligible Person under clause (c) of Section 3, in which case the Participant’s Severance Date shall not be the date of such termination but shall be determined in accordance with clause (a) above or (c) below, as applicable, in connection with the termination of the Participant’s employment or other services);
- (c) if the Participant is not an Eligible Person under clause (a) or clause (b) of Section 3 but is an Eligible Person under clause (c) thereof, and the Participant ceases to provide services to the Company or any of its Affiliates as determined in accordance with Section 7.4.4 (regardless of the reason), the last day that the Participant actually provides services to the Company or such Affiliate as an Eligible Person under clause (c) of Section 3 (unless, immediately following such termination, the Participant is an employee of the Company or any of its Affiliates or is a member of the Board, in which case the Participant’s Severance Date shall not be the date of such termination of services but shall be determined in accordance with clause (a) or (b) above, as applicable, in connection with the termination of the Participant’s employment or membership on the Board).

**“Share Award”** means an award of Ordinary Shares under Section 6 of this Plan. A Share Award may be a Restricted Share Award or an award of unrestricted Ordinary Shares.

**“Total Disability”** means a “total and permanent disability” within the meaning of Section 22(e)(3) of the Code and, with respect to Awards other than Incentive Stock Options, such other disabilities, infirmities, afflictions, or conditions as the Administrator may include.

AMENDMENT FIVE TO THE COMPANY' AMENDED AND RESTATED SHARE INCENTIVE PLAN

(Adopted and Approved by the Board on July 5, 2018)

This Amendment Five to the Company' Amended and Restated Share Incentive Plan (this "**Amendment**") amends the Company's Amended and Restated Share Incentive Plan, adopted by the Board on March 29, 2016 and approved by the Company's members on March 29, 2016 (as amended, the "**Plan**"). Capitalized terms used but not otherwise defined here have the respective meanings assigned to such terms in the Plan.

WHEREAS, pursuant to Section 4.2 of the Plan, the maximum aggregate number of Ordinary Shares that may be delivered under the Plan shall not exceed 16,316,860 shares in the aggregate.

WHEREAS, the Company desires to amend the Plan to, among other things, reserve an additional 5,604,104 Ordinary Shares under the Plan, therefore increasing the maximum aggregate number of shares that may be issued under the Plan from 16,316,860 shares to 21,920,964 shares.

WHEREAS, pursuant to Section 7.7.1 of the Plan, the Board may, at any time, terminate or, from time to time, amend, modify, or suspend the Plan, in whole or in part.

NOW, THEREFORE, the Board approves as follows:

1. **Amendment to Section 4.2.** Section 4.2 of the Plan is hereby amended and restated to read in its entirety as follows:

"**4.2 Share Limits.** Subject to the provisions of Section 7.3.1 and further subject to the share counting rules of Section 4.3, the maximum number of Ordinary Shares that may be delivered pursuant to Awards granted under this Plan will not exceed 21,920,964 shares (the "**Share Limit**") in the aggregate.\* As required under U.S. Treasury Regulation Section 1.422-2(b)(3)(i), in no event will the number of Ordinary Shares that may be delivered pursuant to Incentive Stock Options granted under this Plan exceed the Share Limit."

2. **Miscellaneous.**

2.1 **Ratification.** Except as set forth in this Amendment, the provisions of the Plan are in all respects ratified and confirmed, and all such terms, provisions and conditions thereof shall be and continue to remain in full force and effect.

2.2 **Effect of this Amendment.** This Amendment shall be effective upon approval of the Board. All references to the Plan or in any exhibit or schedule thereto shall thereafter refer to the Plan as amended by this Amendment.

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## AiHuiShou International Co. Ltd.

## 2021 Share Incentive Plan

## ARTICLE 1

## PURPOSE

The purpose of the Plan is to promote the success and enhance the value of AiHuiShou International Co. Ltd., an exempted company formed under the laws of the Cayman Islands (the “Company”), by linking the personal interests of the Directors, Employees, and Consultants to those of the Company’s shareholders and by providing such individuals with an incentive for outstanding performance to generate superior returns to the Company’s shareholders.

## ARTICLE 2

## DEFINITIONS AND CONSTRUCTION

Wherever the following terms are used in the Plan they shall have the meanings specified below, unless the context clearly indicates otherwise. The singular pronoun shall include the plural where the context so indicates.

2.1 “Applicable Laws” means the legal requirements relating to the Plan and the Awards under applicable provisions of the corporate, securities, tax and other laws, rules, regulations and government orders, and the rules of any applicable stock exchange or national market system, of any jurisdiction applicable to Awards granted to residents therein.

2.2 “Award” means an Option, Restricted Share, Restricted Share Units or other types of award approved by the Committee granted to a Participant pursuant to the Plan.

2.3 “Award Agreement” means any written agreement, contract, or other instrument or document evidencing an Award, including through electronic medium.

2.4 “Board” means the Board of Directors of the Company.

2.5 “Cause” with respect to a Participant means (unless otherwise expressly provided in the applicable Award Agreement, or another applicable contract with the Participant that defines such term for purposes of determining the effect that a “for cause” termination has on the Participant’s Awards) a termination of employment or service based upon a finding by the Service Recipient, acting in good faith and based on its reasonable belief at the time, that the Participant:

(a) has been negligent in the discharge of his or her duties to the Service Recipient, has refused to perform stated or assigned duties or is incompetent in or (other than by reason of a disability or analogous condition) incapable of performing those duties;

(b) has been dishonest or committed or engaged in an act of theft, embezzlement or fraud, a breach of confidentiality, an unauthorized disclosure or use of inside information, customer lists, trade secrets or other confidential information;

(c) has breached a fiduciary duty, or willfully and materially violated any other duty, law, rule, regulation or policy of the Service Recipient; or has been convicted of, or plead guilty or nolo contendere to, a felony or misdemeanor (other than minor traffic violations or similar offenses);

(d) has materially breached any of the provisions of any agreement with the Service Recipient;

(e) has engaged in unfair competition with, or otherwise acted intentionally in a manner injurious to the reputation, business or assets of, the Service Recipient; or

(f) has improperly induced a vendor or customer to break or terminate any contract with the Service Recipient or induced a principal for whom the Service Recipient acts as agent to terminate such agency relationship.

A termination for Cause shall be deemed to occur (subject to reinstatement upon a contrary final determination by the Committee) on the date on which the Service Recipient first delivers written notice to the Participant of a finding of termination for Cause.

2.6 "Code" means the Internal Revenue Code of 1986 of the United States, as amended.

2.7 "Committee" means a committee of the Board described in Article 10.

2.8 "Consultant" means any consultant or adviser if: (a) the consultant or adviser renders bona fide services to a Service Recipient; (b) the services rendered by the consultant or adviser are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for the Company's securities; and (c) the consultant or adviser is a natural person who has contracted directly with the Service Recipient to render such services.

2.9 "Corporate Transaction", unless otherwise defined in an Award Agreement, means any of the following transactions, provided, however, that the Committee shall determine under (d) and (e) whether multiple transactions are related, and its determination shall be final, binding and conclusive:

(a) an amalgamation, arrangement or consolidation or scheme of arrangement (i) in which the Company is not the surviving entity, except for a transaction the principal purpose of which is to change the jurisdiction in which the Company is incorporated or (ii) following which the holders of the voting securities of the Company do not continue to hold more than 50% of the combined voting power of the voting securities of the surviving entity;

(b) the sale, transfer or other disposition of all or substantially all of the assets of the Company;

(c) the complete liquidation or dissolution of the Company;

(d) any reverse takeover or series of related transactions culminating in a reverse takeover (including, but not limited to, a tender offer followed by a reverse takeover) in which the Company is the surviving entity but (A) the Company's equity securities outstanding immediately prior to such takeover are converted or exchanged by virtue of the takeover into other property, whether in the form of securities, cash or otherwise, or (B) in which securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities are transferred to a person or persons different from those who held such securities immediately prior to such takeover or the initial transaction culminating in such takeover, but excluding any such transaction or series of related transactions that the Committee determines shall not be a Corporate Transaction; or

(e) acquisition in a single or series of related transactions by any person or related group of persons (other than the Company or by a Company-sponsored employee benefit plan) of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities but excluding any such transaction or series of related transactions that the Committee determines shall not be a Corporate Transaction.

2.10 "Director", means a member of the Board or a member of the board of directors of any Subsidiary of the Company.

2.11 "Disability", unless otherwise defined in an Award Agreement, means that the Participant qualifies to receive long-term disability payments under the Service Recipient's long-term disability insurance program, as it may be amended from time to time, to which the Participant provides services regardless of whether the Participant is covered by such policy. If the Service Recipient to which the Participant provides service does not have a long-term disability plan in place, "Disability" means that a Participant is unable to carry out the responsibilities and functions of the position held by the Participant by reason of any medically determinable physical or mental impairment for a period of not less than ninety (90) consecutive days. A Participant will not be considered to have incurred a Disability unless he or she furnishes proof of such impairment sufficient to satisfy the Committee in its discretion.

2.12 "Effective Date" shall have the meaning set forth in Article 11.1.

2.13 "Employee" means any person, including an officer or a Director, who is in the employment of a Service Recipient, subject to the control and direction of the Service Recipient as to both the work to be performed and the manner and method of performance. The payment of a director's fee by a Service Recipient shall not be sufficient to constitute "employment" by the Service Recipient.

2.14 "Exchange Act" means the Securities Exchange Act of 1934 of the United States, as amended.

2.15 "Fair Market Value" means, as of any date, the value of Shares determined as follows:

(a) If the Shares are listed on one or more established stock exchanges or national market systems, including without limitation, the New York Stock Exchange or the NASDAQ Stock Market, its Fair Market Value shall be the closing sales price for such shares (or the closing bid, if no sales were reported) as quoted on the principal exchange or system on which the Shares are listed (as determined by the Committee) on the date of determination (or, if no closing sales price or closing bid was reported on that date, as applicable, on the last trading date such closing sales price or closing bid was reported), as reported on the website maintained by such exchange or market system or such other source as the Committee deems reliable; or

(b) In the absence of an established market for the Shares of the type described in (a) above, the Fair Market Value thereof shall be determined by the Committee in good faith and in its discretion by reference to (i) the placing price of the latest private placement of the Shares and the development of the Company's business operations and the general economic and market conditions since such latest private placement, (ii) other third party transactions involving the Shares and the development of the Company's business operation and the general economic and market conditions since such transaction, (iii) an independent valuation of the Shares, or (iv) such other methodologies or information as the Committee determines to be indicative of Fair Market Value.

2.16 "Group Entity" means any of the Company and Subsidiaries of the Company.

2.17 "Incentive Share Option" means an Option that is intended to meet the requirements of Section 422 of the Code or any successor provision thereto.

2.18 "Independent Director" means (i) if the Shares or other securities representing the Shares are not listed on a stock exchange, a Director of the Company who is a Non-Employee Director; and (ii) if the Shares or other securities representing the Shares are listed on one or more stock exchange, a Director of the Company who meets the independence standards under the applicable corporate governance rules of the stock exchange(s).

2.19 "Non-Employee Director" means a member of the Board who qualifies as a "Non-Employee Director" as defined in Rule 16b-3(b)(3) of the Exchange Act, or any successor definition adopted by the Board.

2.20 "Non-Qualified Share Option" means an Option that is not intended to be an Incentive Share Option.

2.21 "Option" means a right granted to a Participant pursuant to Article 5 of the Plan to purchase a specified number of Shares at a specified price during specified time periods. An Option may be either an Incentive Share Option or a Non-Qualified Share Option.

2.22 "Participant" means a person who, as a Director, Consultant or Employee, has been granted an Award pursuant to the Plan.

2.23 "Parent" means a parent corporation under Section 424(e) of the Code.

2.24 "Plan" means this 2021 Share Incentive Plan of AiHuiShou International Co. Ltd., as amended and/or restated from time to time.

2.25 "Related Entity" means any business, corporation, partnership, limited liability company or other entity in which the Company, a Parent or Subsidiary of the Company holds a substantial ownership interest, directly or indirectly, or controls through contractual arrangements and consolidates the financial results according to applicable accounting standards, but which is not a Subsidiary and which the Board designates as a Related Entity for purposes of the Plan.

2.26 "Restricted Share" means a Share awarded to a Participant pursuant to Article 6 that is subject to certain restrictions and may be subject to risk of forfeiture/repurchase.

2.27 "Restricted Share Unit" means the right granted to a Participant pursuant to Article 7 to receive a Share at a future date.

2.28 "Securities Act" means the Securities Act of 1933 of the United States, as amended.

2.29 "Service Recipient" means the Company or Subsidiary of the Company to which a Participant provides services as an Employee, a Consultant or a Director.

2.30 "Share" means the ordinary shares of the Company, par value US\$0.001 per share, and such other securities of the Company that may be substituted for Shares pursuant to Article 9.

2.31 "Subsidiary," means any corporation or other entity of which a majority of the outstanding voting shares or voting power is beneficially owned directly or indirectly by the Company.

2.32 "Trading Date" means the closing of the first sale to the general public of the Shares pursuant to a registration statement filed with and declared effective by the U.S. Securities and Exchange Commission under the Securities Act.

### ARTICLE 3

#### SHARES SUBJECT TO THE PLAN

##### 3.1 Number of Shares.

(a) Subject to the provisions of Article 9 and Article 3.1(b), the maximum aggregate number of Shares which may be issued pursuant to all Awards (including Incentive Share Options) shall be 6,021,619 (to be equitably adjusted in the event of any share dividend, subdivision, reclassification, recapitalization, split, reverse split, combination, consolidation or similar transactions).

(b) To the extent that an Award terminates, expires, or lapses for any reason, any Shares subject to the Award shall again be available for the grant of an Award pursuant to the Plan. To the extent permitted by Applicable Laws, Shares issued in assumption of, or in substitution for, any outstanding awards of any entity acquired in any form or combination by a Group Entity shall not be counted against Shares available for grant pursuant to the Plan. Shares delivered by the Participant or withheld by the Company upon the exercise of any Award under the Plan, in payment of the exercise price thereof or tax withholding thereon, may again be optioned, granted or awarded hereunder, subject to the limitations of Article 3.1(a). If any Restricted Shares are forfeited or repurchased by the Company, such Shares may again be optioned, granted or awarded hereunder, subject to the limitations of Article 3.1(a). Notwithstanding the provisions of this Article 3.1(b), no Shares may again be optioned, granted or awarded if such action would cause an Incentive Share Option to fail to qualify as an incentive share option under Section 422 of the Code.



3.2 Shares Distributed. Any Shares distributed pursuant to an Award may consist, in whole or in part, of authorized and unissued Shares, treasury Shares (subject to Applicable Laws) or Shares purchased on the open market. Additionally, at the discretion of the Committee, any Shares distributed pursuant to an Award may be represented by American Depository Shares. If the number of Shares represented by an American Depository Share is other than on a one-to-one basis, the limitations of Article 3.1 shall be adjusted to reflect the distribution of American Depository Shares in lieu of Shares.

#### ARTICLE 4

##### ELIGIBILITY AND PARTICIPATION

4.1 Eligibility. Persons eligible to participate in this Plan include Employees, Consultants, and Directors, as determined by the Committee.

4.2 Participation. Subject to the provisions of the Plan, the Committee may, from time to time, select from among all eligible individuals, those to whom Awards shall be granted and shall determine the nature and amount of each Award. No individual shall have any right to be granted an Award pursuant to this Plan.

#### ARTICLE 5

##### OPTIONS

5.1 General. The Committee is authorized to grant Options to Participants on the following terms and conditions:

(a) Exercise Price. The exercise price per Share subject to an Option shall be determined by the Committee and set forth in the Award Agreement which may be a fixed price or a variable price related to the Fair Market Value of the Shares. The exercise price per Share subject to an Option may be amended or adjusted in the absolute discretion of the Committee, the determination of which shall be final, binding and conclusive. For the avoidance of doubt, to the extent not prohibited by Applicable Laws or any exchange rule, a downward adjustment of the exercise prices of Options mentioned in the preceding sentence shall be effective without the approval of the Company's shareholders or the approval of the affected Participants. Notwithstanding anything in the foregoing, the exercise price shall in no circumstances be less than the par value of the Shares.

(b) Time and Conditions of Exercise. The Committee shall determine the time or times at which an Option may be exercised in whole or in part, including exercise prior to vesting; provided that the term of any Option granted under the Plan shall not exceed ten years, except as provided in Article 12.1. The Committee shall also determine any conditions, if any, that must be satisfied before all or part of an Option may be exercised.

(c) Payment. The Committee shall determine the methods by which the exercise price of an Option may be paid, the form of payment, including, without limitation (i) cash or check denominated in U.S. Dollars, (ii) to the extent permissible under the Applicable Laws, cash or check in Chinese Renminbi, (iii) cash or check denominated in any other local currency as approved by the Committee, (iv) Shares held for such period of time as may be required by the Committee in order to avoid adverse financial accounting consequences and having a Fair Market Value on the date of delivery equal to the aggregate exercise price of the Option or exercised portion thereof, (v) after the Trading Date the delivery of a notice that the Participant has placed a market sell order with a broker with respect to Shares then issuable upon exercise of the Option, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the Option exercise price; provided that payment of such proceeds is then made to the Company upon settlement of such sale, (vi) other property acceptable to the Committee with a Fair Market Value equal to the exercise price, or (vii) any combination of the foregoing. Notwithstanding any other provision of the Plan to the contrary, no Participant who is a member of the Board or an "executive officer" of the Company within the meaning of Section 13(k) of the Exchange Act shall be permitted to pay the exercise price of an Option in any method which would violate Section 13(k) of the Exchange Act.

(d) Effects of Termination of Employment or Service on Options. Termination of employment or service shall have the following effects on Options granted to the Participants:

(i) Dismissal for Cause. Unless otherwise provided in the Award Agreement, if a Participant's employment by or service to the Service Recipient is terminated by the Service Recipient for Cause, the Participant's Options will terminate upon such termination, whether or not the Option is then vested and/or exercisable;

(ii) Death or Disability. Unless otherwise provided in the Award Agreement, if a Participant's employment by or service to the Service Recipient terminates as a result of the Participant's death or Disability:

(1) the Participant (or his or her legal representative or beneficiary, in the case of the Participant's Disability or death, respectively), will have until the date that is 12 months after the Participant's termination of Employment to exercise the Participant's Options (or portion thereof) to the extent that such Options were vested and exercisable on the date of the Participant's termination of Employment on account of death or Disability;

(2) the Options, to the extent not vested and exercisable on the date of the Participant's termination of Employment or service, shall terminate upon the Participant's termination of Employment or service on account of death or Disability; and

(3) the Options, to the extent exercisable for the 12-month period following the Participant's termination of Employment or service and not exercised during such period, shall terminate at the close of business on the last day of the 12-month period.

(iii) Other Terminations of Employment or Service. Unless otherwise provided in the Award Agreement, if a Participant's employment by or service to the Service Recipient terminates for any reason other than a termination by the Service Recipient for Cause or because of the Participant's death or Disability:

(1) the Participant will have until the date that is 90 days after the Participant's termination of Employment or service to exercise his or her Options (or portion thereof) to the extent that such Options were vested and exercisable on the date of the Participant's termination of Employment or service;

(2) the Options, to the extent not vested and exercisable on the date of the Participant's termination of Employment or service, shall terminate upon the Participant's termination of Employment or service; and

(3) the Options, to the extent exercisable for the 90-day period following the Participant's termination of Employment or service and not exercised during such period, shall terminate at the close of business on the last day of the 90-day period.

5.2 Incentive Share Options. Incentive Share Options may be granted to Employees of the Company or a Subsidiary of the Company. Incentive Share Options may not be granted to employees of a Related Entity or to Independent Directors or Consultants. The terms of any Incentive Share Options granted pursuant to the Plan, in addition to the requirements of Article 5.1, must comply with the following additional provisions of this Article 5.2:

(a) Individual Dollar Limitation. The aggregate Fair Market Value (determined as of the time the Option is granted) of all Shares with respect to which Incentive Share Options are first exercisable by a Participant in any calendar year may not exceed \$100,000 or such other limitation as imposed by Section 422(d) of the Code, or any successor provision. To the extent that Incentive Share Options are first exercisable by a Participant in excess of such limitation, the excess shall be considered Non-Qualified Share Options.

(b) Exercise Price. The exercise price of an Incentive Share Option shall be equal to the Fair Market Value on the date of grant. However, the exercise price of any Incentive Share Option granted to any individual who, at the date of grant, owns Shares possessing more than ten percent of the total combined voting power of all classes of shares of the Company or any Parent or Subsidiary of the Company may not be less than 110% of Fair Market Value on the date of grant and such Option may not be exercisable for more than five years from the date of grant. Notwithstanding anything in the foregoing, the exercise price shall in no circumstances be less than the par value of the Shares.

(c) Transfer Restriction. The Participant shall give the Company prompt notice of any disposition of Shares acquired by exercise of an Incentive Share Option within (i) two years from the date of grant of such Incentive Share Option or (ii) one year after the transfer of such Shares to the Participant.

(d) Expiration of Incentive Share Options. No Award of an Incentive Share Option may be made pursuant to this Plan after the tenth anniversary of the Effective Date.

(e) Right to Exercise. During a Participant's lifetime, an Incentive Share Option may be exercised only by the Participant.

## ARTICLE 6

### RESTRICTED SHARES

6.1 Grant of Restricted Shares. The Committee, at any time and from time to time, may grant Restricted Shares to Participants as the Committee, in its sole discretion, shall determine. The Committee, in its sole discretion, shall determine the number of Restricted Shares to be granted to each Participant.

6.2 Restricted Shares Award Agreement. Each Award of Restricted Shares shall be evidenced by an Award Agreement that shall specify the period of restriction, the number of Restricted Shares granted, and such other terms and conditions as the Committee, in its sole discretion, shall determine. Unless the Committee determines otherwise, Restricted Shares shall be held by the Company as escrow agent until the restrictions on such Restricted Shares have lapsed.

6.3 Issuance and Restrictions. Restricted Shares shall be subject to such restrictions on transferability and other restrictions as the Committee may impose (including, without limitation, limitations on the right to vote Restricted Shares or the right to receive dividends on the Restricted Shares). These restrictions may lapse separately or in combination at such times, pursuant to such circumstances, in such installments, or otherwise, as the Committee determines at the time of the grant of the Award or thereafter.

6.4 Forfeiture/Repurchase. Except as otherwise determined by the Committee at the time of the grant of the Award or thereafter, upon termination of employment or service during the applicable restriction period, Restricted Shares that are at that time subject to restrictions shall be forfeited or repurchased in accordance with the Award Agreement; provided, however, the Committee may (a) provide in any Restricted Share Award Agreement that restrictions or forfeiture and repurchase conditions relating to Restricted Shares will be waived in whole or in part in the event of terminations resulting from specified causes, and (b) in other cases waive in whole or in part restrictions or forfeiture and repurchase conditions relating to Restricted Shares.

6.5 Certificates for Restricted Shares. Restricted Shares granted pursuant to the Plan may be evidenced in such manner as the Committee shall determine. If certificates representing Restricted Shares are registered in the name of the Participant, certificates must bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Shares, and the Company may, at its discretion, retain physical possession of the certificate until such time as all applicable restrictions lapse.

6.6 Removal of Restrictions. Except as otherwise provided in this Article 6, Restricted Shares granted under the Plan shall be released from escrow as soon as practicable after the last day of the period of restriction. The Committee, in its discretion, may accelerate the time at which any restrictions shall lapse or be removed. After the restrictions have lapsed, the Participant shall be entitled to have any legend or legends under Article 6.5 removed from his or her Share certificate, and the Shares shall be freely transferable by the Participant, subject to applicable legal restrictions. The Committee (in its discretion) may establish procedures regarding the release of Shares from escrow and the removal of legends, as necessary or appropriate to minimize administrative burdens on the Company.

## ARTICLE 7

### RESTRICTED SHARE UNITS

7.1 Grant of Restricted Share Units. The Committee, at any time and from time to time, may grant Restricted Share Units to Participants as the Committee, in its sole discretion, shall determine. The Committee, in its sole discretion, shall determine the number of Restricted Share Units to be granted to each Participant.

7.2 Restricted Share Units Award Agreement. Each Award of Restricted Share Units shall be evidenced by an Award Agreement that shall specify any vesting conditions, the number of Restricted Share Units granted, and such other terms and conditions as the Committee, in its sole discretion, shall determine.

7.3 Form and Timing of Payment of Restricted Share Units. At the time of grant, the Committee shall specify the date or dates on which the Restricted Share Units shall become fully vested and nonforfeitable. Upon vesting, the Committee, in its sole discretion, may pay Restricted Share Units in the form of cash, Shares or a combination thereof.

7.4 Forfeiture/Repurchase. Except as otherwise determined by the Committee at the time of the grant of the Award or thereafter, upon termination of employment or service during the applicable restriction period, Restricted Share Units that are at that time unvested shall be forfeited or repurchased in accordance with the Award Agreement; *provided, however*, the Committee may (a) provide in any Restricted Share Unit Award Agreement that restrictions or forfeiture and repurchase conditions relating to Restricted Share Units will be waived in whole or in part in the event of terminations resulting from specified causes, and (b) in other cases waive in whole or in part restrictions or forfeiture and repurchase conditions relating to Restricted Share Units.

## ARTICLE 8

### PROVISIONS APPLICABLE TO AWARDS

8.1 Award Agreement. Awards under the Plan shall be evidenced by Award Agreements that set forth the terms, conditions and limitations for each Award which may include the term of an Award, the provisions applicable in the event the Participant's employment or service terminates, and the Company's authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind an Award.

8.2 No Transferability; Limited Exception to Transfer Restrictions

8.2.1 Limits on Transfer. Unless otherwise expressly provided in (or pursuant to) this Article 8.2, by applicable law and by the Award Agreement, as the same may be amended:

(a) all Awards are non-transferable and will not be subject in any manner to sale, transfer, anticipation, alienation, assignment, pledge, encumbrance or charge;

(b) Awards will be exercised only by the Participant; and

(c) amounts payable or shares issuable pursuant to an Award will be delivered only to (or for the account of), and, in the case of Shares, registered in the name of, the Participant.

In addition, the shares shall be subject to the restrictions set forth in the applicable Award Agreement.

8.2.2 Further Exceptions to Limits on Transfer. The exercise and transfer restrictions in Article 8.2.1 will not apply to:

(a) transfers to the Company or a Subsidiary;

(b) transfers by gift to “immediate family” as that term is defined in SEC Rule 16a-1(e) promulgated under the Exchange Act;

(c) 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 the absence of a validly designated beneficiary, transfers by will or the laws of descent and distribution; or

(d) if the Participant has suffered a disability, permitted transfers or exercises on behalf of the Participant by the Participant’s duly authorized legal representative; or

(e) subject to the prior approval of the Committee or an executive officer or director of the Company authorized by the Committee, transfer to one or more natural persons who are the Participant’s family members or entities owned and controlled by the Participant and/or the Participant’s family members, including but not limited to trusts or other entities whose beneficiaries or beneficial owners are the Participant and/or the Participant’s family members, or to such other persons or entities as may be expressly approved by the Committee, pursuant to such conditions and procedures as the Committee or may establish. Any permitted transfer shall be subject to the condition that the Committee receives evidence satisfactory to it that the transfer is being made for estate and/or tax planning purposes and on a basis consistent with the Company’s lawful issue of securities.

Notwithstanding anything else in this Article 8.2.2 to the contrary, but subject to compliance with all Applicable Laws, Incentive Share Options, Restricted Shares and Restricted Share Units will be subject to any and all transfer restrictions under the Code applicable to such Awards or necessary to maintain the intended tax consequences of such Awards. Notwithstanding clause (b) above but subject to compliance with all Applicable Laws, any contemplated transfer by gift to “immediate family” as referenced in clause (b) above is subject to the condition precedent that the transfer be approved by the Administrator in order for it to be effective.

8.3 Beneficiaries. Notwithstanding Article 8.2, a Participant may, in the manner determined by the Committee, designate a beneficiary to exercise the rights of the Participant and to receive any distribution with respect to any Award upon the Participant's death. A beneficiary, legal guardian, legal representative, or other person claiming any rights pursuant to the Plan is subject to all terms and conditions of the Plan and any Award Agreement applicable to the Participant, except to the extent the Plan and Award Agreement otherwise provide, and to any additional restrictions deemed necessary or appropriate by the Committee. If the Participant is married and resides in a community property state, a designation of a person other than the Participant's spouse as his or her beneficiary with respect to more than 50% of the Participant's interest in the Award shall not be effective without the prior written consent of the Participant's spouse. If no beneficiary has been designated or survives the Participant, payment shall be made to the person entitled thereto pursuant to the Participant's will or the laws of descent and distribution. Subject to the foregoing, a beneficiary designation may be changed or revoked by a Participant at any time provided the change or revocation is filed with the Committee.

8.4 Performance Objectives and Other Terms. The Committee, in its discretion, shall set performance objectives or other vesting criteria which, depending on the extent to which they are met, will determine the number or value of the Awards that will be granted or paid out to the Participants.

## ARTICLE 9

### CHANGES IN CAPITAL STRUCTURE

9.1 Adjustments. In the event of any dividend, share split, combination or exchange of Shares, amalgamation, arrangement or consolidation, spin-off, recapitalization or other distribution (other than normal cash dividends) of Company assets to its shareholders, or any other change affecting the number of Shares or the share price of a Share, the Committee shall make such proportionate adjustments, if any, as the Committee in its discretion may deem appropriate to reflect such change with respect to (a) the aggregate number and type of shares that may be issued under the Plan (including, but not limited to, adjustments of the limitations in Article 3.1); (b) the terms and conditions of any outstanding Awards (including, without limitation, any applicable performance targets or criteria with respect thereto); and (c) the grant or exercise price per Share for any outstanding Awards under the Plan, provided that the exercise price per Share shall in no circumstances fall below the par value of such Share.

9.2 Corporate Transactions. Except as may otherwise be provided in any Award Agreement or any other written agreement entered into by and between the Company and a Participant, if the Committee anticipates the occurrence, or upon the occurrence, of a Corporate Transaction, the Committee may, in its sole discretion, provide for (i) any and all Awards outstanding hereunder to terminate at a specific time in the future and shall give each Participant the right to exercise the vested portion of such Awards during a period of time as the Committee shall determine, or (ii) the purchase of any Award for an amount of cash equal to the amount that could have been attained upon the exercise of such Award (and, for the avoidance of doubt, if as of such date the Committee determines in good faith that no amount would have been attained upon the exercise of such Award, then such Award may be terminated by the Company without payment), or (iii) the replacement of such Award with other rights or property selected by the Committee in its sole discretion or the assumption of or substitution of such Award by the successor or surviving corporation, or a Parent or Subsidiary thereof, with appropriate adjustments as to the number and kind of Shares and prices, or (iv) payment of such Award in cash based on the value of Shares on the date of the Corporate Transaction plus reasonable interest on the Award through the date as determined by the Committee when such Award would otherwise be vested or have been paid in accordance with its original terms, if necessary to comply with Section 409A of the Code.

9.3 Outstanding Awards – Other Changes. In the event of any other change in the capitalization of the Company or corporate change other than those specifically referred to in this Article 9, the Committee may, in its absolute discretion, make such adjustments in the number and class of shares subject to Awards outstanding on the date on which such change occurs and in the per share grant or exercise price of each Award as the Committee may consider appropriate to prevent dilution or enlargement of rights (provided that the exercise price per Share shall in no circumstances fall below the par value of such Share).

9.4 No Other Rights. Except as expressly provided in the Plan, no Participant shall have any rights by reason of any subdivision or consolidation of Shares of any class, the payment of any dividend, any increase or decrease in the number of shares of any class or any dissolution, liquidation, merger, or consolidation of the Company or any other corporation. Except as expressly provided in the Plan or pursuant to action of the Committee under the Plan, and no issuance by the Company of shares of any class, or securities convertible into shares of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number of Shares subject to an Award or the grant or exercise price of any Award.

## ARTICLE 10

### ADMINISTRATION

10.1 Committee. The Plan shall be administered by the Board or a committee of one or more members of the Board (the “Committee”) to whom the Board shall delegate the authority to grant or amend Awards to Participants other than any of the Committee members and Independent Directors. Reference to the Committee shall refer to the Board in absence of the Committee. Notwithstanding the foregoing, the full Board, acting by majority of its members in office, shall conduct the general administration of the Plan if required by Applicable Laws, and with respect to Awards granted to the Committee members and Independent Directors and for purposes of such Awards the term “Committee” as used in the Plan shall be deemed to refer to the Board.

10.2 Action by the Committee. A majority of the Committee shall constitute a quorum. The acts of a majority of the members present at any meeting at which a quorum is present, and acts approved unanimously in writing all members of the Committee in lieu of a meeting, shall be deemed the acts of the Committee. Each member of the Committee is entitled to, in good faith, rely or act upon any report or other information furnished to that member by any officer or other employee of a Group Entity, the Company’s independent certified public accountants, or any executive compensation consultant or other professional retained by the Company to assist in the administration of the Plan.

10.3 Authority of the Committee. Subject to any specific designation in the Plan, the Committee has the exclusive power, authority and discretion to:

- (a) designate Participants to receive Awards;



- (b) determine the type or types of Awards to be granted to each Participant;
- (c) determine the number of Awards to be granted and the number of Shares to which an Award will relate;
- (d) determine the terms and conditions of any Award granted pursuant to the Plan, including, but not limited to, the exercise price, grant price, or purchase price, any restrictions or limitations on the Award, any schedule for lapse of forfeiture restrictions or restrictions on the exercisability of an Award, and accelerations or waivers thereof, and any provisions related to non-competition and recapture of gain on an Award, based in each case on such considerations as the Committee in its sole discretion determines;
- (e) determine whether, to what extent, and pursuant to what circumstances an Award may be settled in, or the exercise price of an Award may be paid in, cash, Shares, other Awards, or other property, or an Award may be canceled, forfeited, or surrendered;
- (f) prescribe the form of each Award Agreement, which need not be identical for each Participant;
- (g) decide all other matters that must be determined in connection with an Award;
- (h) establish, adopt, or revise any rules and regulations as it may deem necessary or advisable to administer the Plan;
- (i) interpret the terms of, and any matter arising pursuant to, the Plan or any Award Agreement;
- (j) amend terms and conditions of Award Agreements; and
- (k) make all other decisions and determinations that may be required pursuant to the Plan or as the Committee deems necessary or advisable to administer the Plan, including design and adopt from time to time new types of Awards that are in compliance with Applicable Laws.

10.4 Decisions Binding. The Committee's interpretation of the Plan, any Awards granted pursuant to the Plan, any Award Agreement and all decisions and determinations by the Committee with respect to the Plan are final, binding, and conclusive on all parties.

## ARTICLE 11

### EFFECTIVE AND EXPIRATION DATE

11.1 Effective Date. The Plan shall become effective as of the date the Board adopts the Plan or as otherwise specified by the Board when adopting the Plan (the "Effective Date").

11.2 Expiration Date. The Plan will expire on, and no Award may be granted pursuant to the Plan after, the tenth anniversary of the Effective Date. Any Awards that are outstanding on the tenth anniversary of the Effective Date shall remain in force according to the terms of the Plan and the applicable Award Agreement.

## ARTICLE 12

### AMENDMENT, MODIFICATION, AND TERMINATION

12.1 Amendment, Modification, and Termination. At any time and from time to time, the Board may terminate, amend or modify the Plan; provided, however, that (a) to the extent necessary and desirable to comply with Applicable Laws or stock exchange rules, the Company shall obtain shareholder approval of any Plan amendment in such a manner and to such a degree as required, unless the Company decides to follow home country practice, and (b) unless the Company decides to follow home country practice, shareholder approval is required for any amendment to the Plan that (i) increases the number of Shares available under the Plan (other than any adjustment as provided by Article 9), or (ii) permits the Committee to extend the term of the Plan or the exercise period for an Option beyond ten years from the date of grant.

12.2 Awards Previously Granted. Except with respect to amendments made pursuant to Article 12.1, no termination, amendment, or modification of the Plan shall adversely affect in any material way any Award previously granted pursuant to the Plan without the prior written consent of the Participant.

## ARTICLE 13

### GENERAL PROVISIONS

13.1 No Rights to Awards. No Participant, employee, or other person shall have any claim to be granted any Award pursuant to the Plan, and neither the Company nor the Committee is obligated to treat Participants, employees, and other persons uniformly.

13.2 No Shareholders Rights. No Award gives the Participant any of the rights of a shareholder of the Company unless and until Shares are in fact issued to such person in connection with such Award.

13.3 Taxes. No Shares shall be delivered under the Plan to any Participant until such Participant has made arrangements acceptable to the Committee for the satisfaction of any income and employment tax withholding obligations under Applicable Laws. The Company or any Subsidiary shall have the authority and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy all applicable taxes (including the Participant's payroll tax obligations) required or permitted by Applicable Laws to be withheld with respect to any taxable event concerning a Participant arising as a result of this Plan. The Committee may in its discretion and in satisfaction of the foregoing requirement allow a Participant to elect to have the Company withhold Shares otherwise issuable under an Award (or allow the return of Shares) having a Fair Market Value equal to the sums required to be withheld. Notwithstanding any other provision of the Plan, the number of Shares which may be withheld with respect to the issuance, vesting, exercise or payment of any Award (or which may be repurchased from the Participant of such Award after such Shares were acquired by the Participant from the Company) in order to satisfy any income and payroll tax liabilities applicable to the Participant with respect to the issuance, vesting, exercise or payment of the Award shall, unless specifically approved by the Committee, be limited to the number of Shares which have a Fair Market Value on the date of withholding or repurchase equal to the aggregate amount of such liabilities based on the minimum statutory withholding rates for the applicable income and payroll tax purposes that are applicable to such supplemental taxable income.

13.4 No Right to Employment or Services. Nothing in the Plan or any Award Agreement shall interfere with or limit in any way the right of the Service Recipient to terminate any Participant's employment or services at any time, nor confer upon any Participant any right to continue in the employment or services of any Service Recipient.

13.5 Unfunded Status of Awards. The Plan is intended to be an "unfunded" plan for incentive compensation. With respect to any payments not yet made to a Participant pursuant to an Award, nothing contained in the Plan or any Award Agreement shall give the Participant any rights that are greater than those of a general creditor of the relevant Group Entity.

13.6 Indemnification. To the extent allowable pursuant to Applicable Laws, each member of the Committee or of the Board shall be indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action or failure to act pursuant to the Plan and against and from any and all amounts paid by him or her in satisfaction of judgment in such action, suit, or proceeding against him or her; provided he or she gives the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled pursuant to the Company's Memorandum of Association and Articles of Association, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

13.7 Expenses. The expenses of administering the Plan shall be borne by the Group Entities.

13.8 Fractional Shares. No fractional Shares shall be issued and the Committee shall determine, in its discretion, whether cash shall be given in lieu of fractional Shares or whether such fractional Shares shall be eliminated by rounding up or down as appropriate.

13.9 Government and Other Regulations. The obligation of the Company to make payment of awards in Shares or otherwise shall be subject to all Applicable Laws, and to such approvals by government agencies as may be required. The Company shall be under no obligation to register any of the Shares paid pursuant to the Plan under the Securities Act or any other similar law in any applicable jurisdiction. If the Shares paid pursuant to the Plan may in certain circumstances be exempt from registration pursuant to the Securities Act or other Applicable Laws, the Company may restrict the transfer of such Shares in such manner as it deems advisable to ensure the availability of any such exemption.

13.10 Governing Law. The Plan and all Award Agreements shall be construed in accordance with and governed by the laws of the Cayman Islands.

13.11 Section 409A. To the extent that the Committee determines that any Award granted under the Plan is or may become subject to Section 409A of the Code, the Award Agreement evidencing such Award shall incorporate the terms and conditions required by Section 409A of the Code. To the extent applicable, the Plan and the Award Agreements shall be interpreted in accordance with Section 409A of the Code and the U.S. Department of Treasury regulations and other interpretative guidance issued thereunder, including without limitation any such regulation or other guidance that may be issued after the Effective Date. Notwithstanding any provision of the Plan to the contrary, in the event that following the Effective Date the Committee determines that any Award may be subject to Section 409A of the Code and related Department of Treasury guidance (including such Department of Treasury guidance as may be issued after the Effective Date), the Committee may adopt such amendments to the Plan and the applicable Award agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Committee determines are necessary or appropriate to (a) exempt the Award from Section 409A of the Code and/or preserve the intended tax treatment of the benefits provided with respect to the Award, or (b) comply with the requirements of Section 409A of the Code and related U.S. Department of Treasury guidance.

## INDEMNIFICATION AGREEMENT

This INDEMNIFICATION AGREEMENT (this "Agreement") is made as of \_\_\_\_\_, 2021 by and between AiHuiShou International Co. Ltd., an exempted company incorporated and existing under the laws of the Cayman Islands (the "Company"), and \_\_\_\_\_ (ID Card No. \_\_\_\_\_) (the "Indemnitee").

WHEREAS, the Indemnitee has agreed to serve as a director or officer of the Company and in such capacity will render valuable services to the Company; and

WHEREAS, in order to induce and encourage highly experienced and capable persons such as the Indemnitee to render valuable services to the Company, the board of directors of the Company (the "Board") has determined that this Agreement is not only reasonable and prudent, but necessary to promote and ensure the best interests of the Company and its shareholders;

NOW, THEREFORE, in consideration of the premises and mutual agreements hereinafter set forth, and other good and valuable consideration, including, without limitation, the service of the Indemnitee, the receipt of which hereby is acknowledged, and in order to induce the Indemnitee to render valuable services the Company, the Company and the Indemnitee hereby agree as follows:

1. Definitions. As used in this Agreement:

(a) "Change in Control" shall mean a change in control of the Company of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar or successor schedule or form) promulgated under the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (collectively, the "Act"), whether or not the Company is then subject to such reporting requirement; provided, however, that, without limitation, such a Change in Control shall be deemed to have occurred (irrespective of the applicability of the initial clause of this definition) if (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Act, but excluding any trustee or other fiduciary holding securities pursuant to an employee benefit or welfare plan or employee share plan of the Company or any subsidiary or affiliate of the Company, or any entity organized, appointed, established or holding securities of the Company with voting power for or pursuant to the terms of any such plan) becomes the "beneficial owner" (as defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Company representing 30% or more of the combined voting power of the Company's then outstanding securities without the prior approval of at least two-thirds of the Continuing Directors (as defined below) in office immediately prior to such person's attaining such interest; (ii) the Company is a party to a merger, consolidation, scheme of arrangement, sale of assets or other reorganization, or a proxy contest, as a consequence of which Continuing Directors in office immediately prior to such transaction or event constitute less than a majority of the Board of the Company (or any successor entity) thereafter; or (iii) during any period of two (2) consecutive years, individuals who at the beginning of such period constituted the Board of the Company (including for this purpose any new director whose election or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such period) (such directors being referred to herein as "Continuing Directors") cease for any reason to constitute at least a majority of the Board of the Company.

(b) “Disinterested Director” with respect to any request by the Indemnitee for indemnification or advancement of expenses hereunder shall mean a director of the Company who neither is nor was a party to the Proceeding (as defined below) in respect of which indemnification or advancement is being sought by the Indemnitee.

(c) The term “Expenses” shall mean, without limitation, expenses of Proceedings, including attorneys’ fees, disbursements and retainers, accounting and witness fees, expenses related to preparation for service as a witness and to service as a witness, travel and deposition costs, expenses of investigations, judicial or administrative proceedings and appeals, amounts paid in settlement of a Proceeding by or on behalf of the Indemnitee, costs of attachment or similar bonds, any expenses of attempting to establish or establishing a right to indemnification or advancement of expenses, under this Agreement, the Company’s Memorandum of Association and Articles of Association as currently in effect (the “Articles”), applicable law or otherwise, and reasonable compensation for time spent by the Indemnitee in connection with the investigation, defense or appeal of a Proceeding or action for indemnification for which the Indemnitee is not otherwise compensated by the Company or any third party. The term “Expenses” shall not include the amount of judgments, fines, interest or penalties, or excise taxes assessed with respect to any employee benefit or welfare plan, which are actually levied against or sustained by the Indemnitee to the extent sustained after final adjudication.

(d) The term “Independent Legal Counsel” shall mean any firm of attorneys reasonably selected by the Board of the Company, so long as such firm has not represented the Company, the Company’s subsidiaries or affiliates, the Indemnitee, any entity controlled by the Indemnitee, or any party adverse to the Company, within the preceding five (5) years. Notwithstanding the foregoing, the term “Independent Legal Counsel” shall not include any person who, under applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or the Indemnitee in an action to determine the Indemnitee’s right to indemnification or advancement of expenses under this Agreement, the Company’s Articles, applicable law or otherwise.

(e) The term “Proceeding” shall mean any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, or other proceeding (including, without limitation, an appeal therefrom), formal or informal, whether brought in the name of the Company or otherwise, whether of a civil, criminal, administrative or investigative nature, and whether by, in or involving a court or an administrative, other governmental or private entity or body (including, without limitation, an investigation by the Company or its Board), by reason of (i) the fact that the Indemnitee is or was a director or officer of the Company, or is or was serving at the request of the Company as an agent of another enterprise, whether or not the Indemnitee is serving in such capacity at the time any liability or expense is incurred for which indemnification or reimbursement is to be provided under this Agreement, (ii) any actual or alleged act or omission or neglect or breach of duty, including, without limitation, any actual or alleged error or misstatement or misleading statement, which the Indemnitee commits or suffers while acting in any such capacity, or (iii) the Indemnitee attempting to establish or establishing a right to indemnification or advancement of expenses pursuant to this Agreement, the Company’s Articles, applicable law or otherwise.

(f) The phrase “servicing at the request of the Company as an agent of another enterprise” or any similar terminology shall mean, unless the context otherwise requires, servicing at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, limited liability company, trust, employee benefit or welfare plan or other enterprise, foreign or domestic. The phrase “servicing at the request of the Company” shall include, without limitation, any service as a director/an executive officer of the Company which imposes duties on, or involves services by, such director/executive officer with respect to the Company or any of the Company’s subsidiaries, affiliates, employee benefit or welfare plans, such plan’s participants or beneficiaries or any other enterprise, foreign or domestic. In the event that the Indemnitee shall be a director, officer, employee or agent of another corporation, partnership, joint venture, limited liability company, trust, employee benefit or welfare plan or other enterprise, foreign or domestic, 50% or more of the ordinary shares, combined voting power or total equity interest of which is owned by the Company or any subsidiary or affiliate thereof, then it shall be presumed conclusively that the Indemnitee is so acting at the request of the Company.

2. Services by the Indemnitee. The Indemnitee agrees to serve as a director or officer of the Company under the terms of the Indemnitee’s agreement with the Company for so long as the Indemnitee is duly elected or appointed or until such time as the Indemnitee tenders a resignation in writing or is removed from the Indemnitee’s position; provided, however, that the Indemnitee may at any time and for any reason resign from such position (subject to any other contractual obligation or other obligation imposed by operation of law).

3. Proceedings by or in the Right of the Company. The Company shall indemnify the Indemnitee if the Indemnitee is a party to or threatened to be made a party to or is otherwise involved in any Proceeding by or in the right of the Company to procure a judgment in its favor by reason of the fact that the Indemnitee is or was a director or officer of the Company, or is or was serving at the request of the Company as an agent of another enterprise, against all Expenses, judgments, fines, interest or penalties, and excise taxes assessed with respect to any employee benefit or welfare plan, which are actually and reasonably incurred by the Indemnitee in connection with the defense or settlement of such a Proceeding, if the Indemnitee acted in good faith and in a manner the Indemnitee reasonably believed to be in, or not opposed to, the best interests of the Company; except that no indemnification under this section shall be made in respect of any claim, issue or matter as to which such person shall have been adjudicated by final judgment by a court of competent jurisdiction to be liable to the Company for willful misconduct in the performance of his/her duty to the Company, unless and only to the extent that the court in which such Proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such amounts which such other court shall deem proper.

4. Proceeding Other Than a Proceeding by or in the Right of the Company. The Company shall indemnify the Indemnitee if the Indemnitee is a party to or threatened to be made a party to or is otherwise involved in any Proceeding (other than a Proceeding by or in the right of the Company), by reason of the fact that the Indemnitee is or was a director or officer of the Company, or is or was serving at the request of the Company as an agent of another enterprise, against all Expenses, judgments, fines, interest or penalties, and excise taxes assessed with respect to any employee benefit or welfare plan, which are actually and reasonably incurred by the Indemnitee in connection with such a Proceeding, to the fullest extent permitted by applicable law; provided, however, that any settlement of a Proceeding must be approved in advance in writing by the Company (which approval shall not be unreasonably withheld).

5. Indemnification for Costs, Charges and Expenses of Witness or Successful Party. Notwithstanding any other provision of this Agreement (except as set forth in subparagraph 9(a) hereof), and without a requirement for determination as required by Paragraph 8 hereof, to the extent that the Indemnitee (a) has prepared to serve or has served as a witness in any Proceeding in any way relating to (i) the Company or any of the Company's subsidiaries, affiliates, employee benefit or welfare plans or such plan's participants or beneficiaries or (ii) anything done or not done by the Indemnitee as a director or officer of the Company or in connection with serving at the request of the Company as an agent of another enterprise, or (b) has been successful in defense of any Proceeding or in defense of any claim, issue or matter therein, on the merits or otherwise, including the dismissal of a Proceeding without prejudice or the settlement of a Proceeding without an admission of liability, the Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by the Indemnitee in connection therewith to the fullest extent permitted by applicable law.

6. Partial Indemnification. If the Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for a portion of the Expenses, judgments, fines, interest or penalties, or excise taxes assessed with respect to any employee benefit or welfare plan, which are actually and reasonably incurred by the Indemnitee in the investigation, defense, appeal or settlement of any Proceeding, but not, however, for the total amount of the Indemnitee's Expenses, judgments, fines, interest or penalties, or excise taxes assessed with respect to any employee benefit or welfare plan, then the Company shall nevertheless indemnify the Indemnitee for the portion of such Expenses, judgments, fines, interest or penalties or excise taxes to which the Indemnitee is entitled.

7. Advancement of Expenses. The Expenses incurred by the Indemnitee in any Proceeding shall be paid promptly by the Company in advance of the final disposition of the Proceeding at the written request of the Indemnitee to the fullest extent permitted by applicable law; provided, however, that the Indemnitee shall set forth in such request reasonable evidence that such Expenses have been incurred by the Indemnitee in connection with such Proceeding, a statement that such Expenses do not relate to any matter described in subparagraph 9(a) of this Agreement, and an undertaking in writing to repay any advances if it is ultimately determined as provided in subparagraph 8(b) of this Agreement that the Indemnitee is not entitled to indemnification under this Agreement.

8. Indemnification Procedure; Determination of Right to Indemnification.

(a) Promptly after receipt by the Indemnitee of notice of the commencement of any Proceeding, the Indemnitee shall, if a claim for indemnification or advancement of Expenses in respect thereof is to be made against the Company under this Agreement, notify the Company of the commencement thereof in writing. The omission to so notify the Company will not relieve the Company from any liability which the Company may have to the Indemnitee under this Agreement unless the Company shall have lost significant substantive or procedural rights with respect to the defense of any Proceeding as a result of such omission to so notify.

(b) The Indemnitee shall be conclusively presumed to have met the relevant standards of conduct, if any, as defined by applicable law, for indemnification pursuant to this Agreement and shall be absolutely entitled to such indemnification, unless a determination is made that the Indemnitee has not met such standards by (i) the Board by a majority vote of a quorum thereof consisting of Disinterested Directors, (ii) the shareholders of the Company by majority vote of a quorum thereof consisting of shareholders who are not parties to the Proceeding due to which a claim for indemnification is made under this Agreement, (iii) Independent Legal Counsel as set forth in a written opinion (it being understood that such Independent Legal Counsel shall make such determination only if the quorum of Disinterested Directors referred to in clause (i) of this subparagraph 8(b) is not obtainable or if the Board of the Company by a majority vote of a quorum thereof consisting of Disinterested Directors so directs), or (iv) a court of competent jurisdiction; provided, however, that if a Change of Control shall have occurred and the Indemnitee so requests in writing, such determination shall be made only by a court of competent jurisdiction.



(c) If a claim for indemnification or advancement of Expenses under this Agreement is not paid by the Company within thirty (30) days after receipt by the Company of written notice thereof, the rights provided by this Agreement shall be enforceable by the Indemnitee in any court of competent jurisdiction. Such judicial proceeding shall be made de novo. The burden of proving that indemnification or advances are not appropriate shall be on the Company. Neither the failure of the directors or shareholders of the Company or Independent Legal Counsel to have made a determination prior to the commencement of such action that indemnification or advancement of Expenses is proper in the circumstances because the Indemnitee has met the applicable standard of conduct, if any, nor an actual determination by the directors or shareholders of the Company or Independent Legal Counsel that the Indemnitee has not met the applicable standard of conduct shall be a defense to an action by the Indemnitee or create a presumption for the purpose of such an action that the Indemnitee has not met the applicable standard of conduct. The termination of any Proceeding by judgment, order, settlement or conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself (i) create a presumption that the Indemnitee did not act in good faith and in a manner which he reasonably believed to be in the best interests of the Company and/or its shareholders, and, with respect to any criminal Proceeding, that the Indemnitee had reasonable cause to believe that his conduct was unlawful or (ii) otherwise adversely affect the rights of the Indemnitee to indemnification or advancement of Expenses under this Agreement, except as may be provided herein.

(d) If a court of competent jurisdiction shall determine that the Indemnitee is entitled to any indemnification or advancement of Expenses hereunder, the Company shall pay all Expenses actually and reasonably incurred by the Indemnitee in connection with such adjudication (including, but not limited to, any appellate proceedings).

(e) With respect to any Proceeding for which indemnification or advancement of Expenses is requested, the Company will be entitled to participate therein at its own expense and, except as otherwise provided below, to the extent that it may wish, the Company may assume the defense thereof, with counsel reasonably satisfactory to the Indemnitee. After notice from the Company to the Indemnitee of its election to assume the defense of a Proceeding, the Company will not be liable to the Indemnitee under this Agreement for any Expenses subsequently incurred by the Indemnitee in connection with the defense thereof, other than as provided below. The Company shall not settle any Proceeding in any manner which would impose any penalty or limitation on the Indemnitee without the Indemnitee's written consent. The Indemnitee shall have the right to employ his/her own counsel in any Proceeding, but the fees and expenses of such counsel incurred after notice from the Company of its assumption of the defense of the Proceeding shall be at the expense of the Indemnitee, unless (i) the employment of counsel by the Indemnitee has been authorized by the Company, (ii) the Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Company and the Indemnitee in the conduct of the defense of a Proceeding, or (iii) the Company shall not in fact have employed counsel to assume the defense of a proceeding, in each of which cases the fees and expenses of the Indemnitee's counsel shall be advanced by the Company. The Company shall not be entitled to assume the defense of any Proceeding brought by or on behalf of the Company or as to which the Indemnitee has reasonably concluded that there may be a conflict of interest between the Company and the Indemnitee.

9. Limitations on Indemnification. No payments pursuant to this Agreement shall be made by the Company:

(a) To indemnify or advance funds to the Indemnitee for Expenses with respect to (i) Proceedings initiated or brought voluntarily by the Indemnitee and not by way of defense, except with respect to Proceedings brought to establish or enforce a right to indemnification under this Agreement or any other statute or law or otherwise as required under applicable law or (ii) Expenses incurred by the Indemnitee in connection with preparing to serve or serving, prior to a Change in Control, as a witness in cooperation with any party or entity who or which has threatened or commenced any action or proceeding against the Company, or any director, officer, employee, trustee, agent, representative, subsidiary, parent corporation or affiliate of the Company, but such indemnification or advancement of Expenses in each such case may be provided by the Company if the Board finds it to be appropriate;

(b) To indemnify the Indemnitee for any Expenses, judgments, fines, interest or penalties, or excise taxes assessed with respect to any employee benefit or welfare plan, sustained in any Proceeding for which payment is actually made to the Indemnitee under a valid and collectible insurance policy, except in respect of any excess beyond the amount of payment under such insurance;

(c) To indemnify the Indemnitee for any Expenses, judgments, fines, interest or penalties sustained in any Proceeding for an accounting of profits made from the purchase or sale by the Indemnitee of securities of the Company pursuant to the provisions of Section 16(b) of the Act or similar provisions of any foreign or United States federal, state or local statute or regulation;

(d) To indemnify the Indemnitee for any Expenses, judgments, fines, interest or penalties, or excise taxes assessed with respect to any employee benefit or welfare plan, for which the Indemnitee is indemnified by the Company otherwise than pursuant to this Agreement;

(e) To indemnify the Indemnitee for any Expenses (including without limitation any Expenses relating to a Proceeding attempting to enforce this Agreement), judgments, fines, interest or penalties, or excise taxes assessed with respect to any employee benefit or welfare plan, on account of the Indemnitee's conduct if such conduct shall be finally adjudged to have been knowingly fraudulent, deliberately dishonest or willful misconduct, including, without limitation, breach of the duty of loyalty; or

(f) If a court of competent jurisdiction finally determines that any indemnification hereunder is unlawful. In this respect, the Company and the Indemnitee have been advised that the U.S. Securities and Exchange Commission takes the position that indemnification for liabilities arising under securities laws is against public policy and is, therefore, unenforceable and that claims for indemnification should be submitted to appropriate courts for adjudication;

(g) To indemnify the Indemnitee in connection with Indemnitee's personal tax matter; or

(h) To indemnify the Indemnitee with respect to any claim related to any dispute or breach arising under any contract or similar obligation between the Company or any of its subsidiaries or affiliates and such Indemnitee.

10. Continuation of Indemnification. All agreements and obligations of the Company contained herein shall continue during the period that the Indemnitee is a director or officer of the Company (or is or was serving at the request of the Company as an agent of another enterprise, foreign or domestic) and shall continue thereafter so long as the Indemnitee shall be subject to any possible Proceeding by reason of the fact that the Indemnitee was a director or officer of the Company or serving in any other capacity referred to in this Paragraph 10.

11. Indemnification Hereunder Not Exclusive. The indemnification provided by this Agreement shall not be deemed to be exclusive of any other rights to which the Indemnitee may be entitled under the Company's Articles, any agreement, vote of shareholders or vote of Disinterested Directors, provisions of applicable law, or otherwise, both as to action or omission in the Indemnitee's official capacity and as to action or omission in another capacity on behalf of the Company while holding such office.

12. Successors and Assigns.

(a) This Agreement shall be binding upon the Indemnitee, and shall inure to the benefit of, the Indemnitee and the Indemnitee's heirs, executors, administrators and assigns, whether or not the Indemnitee has ceased to be a director or officer, and the Company and its successors and assigns. Upon the sale of all or substantially all of the business, assets or share capital of the Company to, or upon the merger of the Company into or with, any corporation, partnership, joint venture, trust or other person, this Agreement shall inure to the benefit of and be binding upon both the Indemnitee and such purchaser or successor person. Subject to the foregoing, this Agreement may not be assigned by either party without the prior written consent of the other party hereto.

(b) If the Indemnitee is deceased and is entitled to indemnification under any provision of this Agreement, the Company shall indemnify the Indemnitee's estate and the Indemnitee's spouse, heirs, executors, administrators and assigns against, and the Company shall, and does hereby agree to assume, any and all Expenses actually and reasonably incurred by or for the Indemnitee or the Indemnitee's estate, in connection with the investigation, defense, appeal or settlement of any Proceeding. Further, when requested in writing by the spouse of the Indemnitee, and/or the Indemnitee's heirs, executors, administrators and assigns, the Company shall provide appropriate evidence of the Company's agreement set out herein to indemnify the Indemnitee against and to itself assume such Expenses.

13. Subrogation. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of the Indemnitee, who shall execute all documents required and shall do all acts that may be necessary to secure such rights and to enable the Company effectively to bring suit to enforce such rights.

14. Severability. Each and every paragraph, sentence, term and provision of this Agreement is separate and distinct so that if any paragraph, sentence, term or provision thereof shall be held to be invalid, unlawful or unenforceable for any reason, such invalidity, unlawfulness or unenforceability shall not affect the validity, unlawfulness or enforceability of any other paragraph, sentence, term or provision hereof. To the extent required, any paragraph, sentence, term or provision of this Agreement may be modified by a court of competent jurisdiction to preserve its validity and to provide the Indemnitee with the broadest possible indemnification permitted under applicable law. The Company's inability, pursuant to a court order or decision, to perform its obligations under this Agreement shall not constitute a breach of this Agreement.

15. Savings Clause. If this Agreement or any paragraph, sentence, term or provision hereof is invalidated on any ground by any court of competent jurisdiction, the Company shall nevertheless indemnify the Indemnitee as to any Expenses, judgments, fines, interest or penalties, or excise taxes assessed with respect to any employee benefit or welfare plan, which are incurred with respect to any Proceeding to the fullest extent permitted by any (a) applicable paragraph, sentence, term or provision of this Agreement that has not been invalidated or (b) applicable law.

16. Interpretation: Governing Law. This Agreement shall be construed as a whole and in accordance with its fair meaning and any ambiguities shall not be construed for or against either party. Headings are for convenience only and shall not be used in construing meaning. This Agreement shall be governed and interpreted in all respects in accordance with the laws of the Cayman Islands without regard to the conflict of laws principles thereof.

17. Amendments. No amendment, waiver, modification, termination or cancellation of this Agreement shall be effective unless in writing signed by the party against whom enforcement is sought. The indemnification rights afforded to the Indemnitee hereby are contract rights and may not be diminished, eliminated or otherwise affected by amendments to the Company's Articles, or by other agreements, including directors' and officers' liability insurance policies, of the Company.

18. Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each party and delivered to the other.

19. Notices. Any notice required to be given under this Agreement shall be directed to the Company at AiHuiShou International Co. Ltd., 12th Floor, No. 6 Building, 433 Songhu Road, Shanghai, People's Republic of China, Attention: Chief Financial Officer, and to the Indemnitee at \_\_\_\_\_ or to such other address as either party shall designate to the other in writing.

*[The remainder of this page is intentionally left blank.]*

IN WITNESS WHEREOF, the parties have executed this Indemnification Agreement as of the date first written above.

**AiHuiShou International Co. Ltd.**

By: \_\_\_\_\_

Name:

Title:

**INDEMNITEE**

By: \_\_\_\_\_

Name:

[Signature Page to Indemnification Agreement]

## EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (the "Agreement") is entered into as of \_\_\_\_\_, 2021 by and between AiHuiShou International Co. Ltd., an exempted company incorporated and existing under the laws of the Cayman Islands (the "Company") and \_\_\_\_\_ (ID Card/Passport No. \_\_\_\_\_) (the "Executive").

### RECITALS

WHEREAS, the Company desires to employ the Executive and to assure itself of the services of the Executive during the term of Employment (as defined below) and under the terms and conditions of the Agreement;

WHEREAS, the Executive desires to be employed by the Company during the term of Employment and under the terms and conditions of the Agreement;

### AGREEMENT

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, the Company and the Executive agree as follows:

#### 1. EMPLOYMENT

The Company hereby agrees to employ the Executive and the Executive hereby accepts such employment, on the terms and conditions hereinafter set forth (the "Employment").

#### 2. TERM

Subject to the terms and conditions of the Agreement, the initial term of the Employment shall be \_\_\_\_ years, commencing on \_\_\_\_\_, 2021 (the "Effective Date") and ending on \_\_\_\_\_, \_\_\_\_ (the "Initial Term"), unless terminated earlier pursuant to the terms of the Agreement. Upon expiration of the Initial Term of the Employment, the Employment shall be automatically extended for successive periods of \_\_\_\_ months each (each, an "Extension Period") unless either party shall have given 60 days advance written notice to the other party, in the manner set forth in Section 19 below, prior to the end of the Initial Term or the Extension Period in question, as applicable, that the term of this Agreement that is in effect at the time such written notice is given is not to be extended or further extended, as the case may be (the period during which this Agreement is effective being referred to hereafter as the "Term").

#### 3. POSITION AND DUTIES

- (a) During the Term, the Executive shall serve as \_\_\_\_\_ of the Company or in such other position or positions with a level of duties and responsibilities consistent with the foregoing with the Company and/or its subsidiaries and affiliates as the Board of Directors of the Company (the "Board") may specify from time to time and shall have the duties, responsibilities and obligations customarily assigned to individuals serving in the position or positions in which the Executive serves hereunder and as assigned by the Board, or with the Board's authorization, by the Company's Chief Executive Officer.

- (b) The Executive agrees to serve without additional compensation, if elected or appointed thereto, as a director of the Company or any subsidiaries or affiliated entities of the Company (collectively, the "Group") and as a member of any committees of the board of directors of any such entity, provided that the Executive is indemnified for serving in any and all such capacities on a basis no less favorable than is currently provided to any other director of any member of the Group.
- (c) The Executive agrees to devote all of his/her working time and efforts to the performance of his/her duties for the Company and to faithfully and diligently serve the Company in accordance with the Agreement and the guidelines, policies and procedures of the Company approved from time to time by the Board.

**4. NO BREACH OF CONTRACT**

The Executive hereby represents to the Company that: (i) the execution and delivery of the Agreement by the Executive and the performance by the Executive of the Executive's duties hereunder shall not constitute a breach of, or otherwise contravene, the terms of any other agreement or policy to which the Executive is a party or by which the Executive is otherwise bound, except that the Executive does not make any representation with respect to agreements required to be entered into by and between the Executive and any member of the Group pursuant to the applicable law of the jurisdiction in which the Executive is based, if any; (ii) that the Executive is not in possession of any information (including, without limitation, confidential information and trade secrets) the knowledge of which would prevent the Executive from freely entering into the Agreement and carrying out his/her duties hereunder; and (iii) that the Executive is not bound by any confidentiality, trade secret or similar agreement with any person or entity other than any member of the Group.

**5. LOCATION**

The Executive will be based in \_\_\_\_\_, \_\_\_\_\_ or any other location as requested by the Company during the Term.

**6. COMPENSATION AND BENEFITS**

- (a) Cash Compensation. As compensation for the performance by the Executive of his/her obligations hereunder, during the Term, the Company shall pay the Executive cash compensation (inclusive of the statutory benefit contributions that the Company is required to set aside for the Executive under applicable law) pursuant to Schedule A hereto, subject to annual review and adjustment by the Board or any committee designated by the Board.

- (b) Equity Incentives. During the Term, the Executive shall be eligible to participate, at a level comparable to similarly situated executives of the Company, in such long-term compensation arrangements as may be authorized from time to time by the Board, including any share incentive plan the Company may adopt from time to time in its sole discretion.
- (c) Benefits. During the Term, the Executive shall be entitled to participate in all of the employee benefit plans and arrangements made available by the Company to its similarly situated executives, including, but not limited to, any retirement plan, medical insurance plan and travel/holiday policy, subject to and on a basis consistent with the terms, conditions and overall administration of such plans and arrangements.

7. **TERMINATION OF THE AGREEMENT**

The Employment may be terminated as follows:

- (a) Death. The Employment shall terminate upon the Executive's death.
- (b) Disability. The Employment shall terminate if the Executive has a disability, including any physical or mental impairment which, as reasonably determined by the Board, renders the Executive unable to perform the essential functions of his/her position at the Company, even with reasonable accommodation that does not impose an undue burden on the Company, for more than 180 days in any 12-month period, unless a longer period is required by applicable law, in which case that longer period shall apply.
- (c) Cause. The Company may terminate the Executive's employment hereunder for Cause. The occurrence of any of the following, as reasonably determined by the Company, shall be a reason for Cause, provided that, if the Company determines that the circumstances constituting Cause are curable, then such circumstances shall not constitute Cause unless and until the Executive has been informed by the Company of the existence of Cause and given an opportunity of ten business days to cure, and such Cause remains uncured at the end of such ten-day period:
  - (1) continued failure by the Executive to satisfactorily perform his/her duties;
  - (2) willful misconduct or gross negligence by the Executive in the performance of his/her duties hereunder, including insubordination;
  - (3) the Executive's conviction or entry of a guilty or *nolo contendere* plea of any felony or any misdemeanor involving moral turpitude;
  - (4) the Executive's commission of any act involving dishonesty that results in material financial, reputational or other harm, monetary or otherwise, to any member of the Group, including but not limited to an act constituting misappropriation or embezzlement of the property of any member of the Group as determined in good faith by the Board; or



- (5) any material breach by the Executive of this Agreement.
- (d) Good Reason. The Executive may terminate his/her employment hereunder for "Good Reason" upon the occurrence, without the written consent of the Company, of an event constituting a material breach of this Agreement by the Company that has not been fully cured within ten business days after written notice thereof has been given by the Executive to the Company setting forth in sufficient detail the conduct or activities the Executive believes constitute grounds for Good Reason, including but not limited to:
- (1) the failure by the Company to pay to the Executive any portion of the Executive's current compensation or to pay to the Executive any portion of an installment of deferred compensation under any deferred compensation program of the Company, within 20 business days of the date such compensation is due; or
  - (2) any material breach by the Company of this Agreement.
- (e) Without Cause by the Company; Without Good Reason by the Executive. The Company may terminate the Executive's employment hereunder at any time without Cause upon 60-day prior written notice to the Executive. The Executive may terminate the Executive's employment voluntarily for any reason or no reason at any time by giving 60-day prior written notice to the Company.
- (f) Notice of Termination. Any termination of the Executive's employment under the Agreement shall be communicated by written notice of termination ("Notice of Termination") from the terminating party to the other party. The notice of termination shall indicate the specific provision(s) of the Agreement relied upon in effecting the termination.
- (g) Date of Termination. The "Date of Termination" shall mean (i) the date set forth in the Notice of Termination, or (ii) if the Executive's employment is terminated by the Executive's death, the date of his/her death.
- (h) Compensation upon Termination.
- (1) Death. If the Executive's employment is terminated by reason of the Executive's death, the Company shall have no further obligations to the Executive under this Agreement and the Executive's benefits shall be determined under the Company's retirement, insurance and other benefit and compensation plans or programs then in effect in accordance with the terms of such plans and programs.

- (2) By Company without Cause or by the Executive for Good Reason. If the Executive's employment is terminated by the Company other than for Cause or by the Executive for Good Reason, the Company shall (i) continue to pay and otherwise provide to the Executive, during any notice period, all compensation, base salary and previously earned but unpaid incentive compensation, if any, and shall continue to allow the Executive to participate in any benefit plans in accordance with the terms of such plans during such notice period; and (ii) pay to the Executive, in lieu of benefits under any severance plan or policy of the Company, any such amount as may be agreed between the Company and the Executive.
  - (3) By Company for Cause or by the Executive other than for Good Reason. If the Executive's employment shall be terminated by the Company for Cause or by the Executive other than for Good Reason, the Company shall pay the Executive his/her base salary at the rate in effect at the time Notice of Termination is given through the Date of Termination, and the Company shall have no additional obligations to the Executive under this Agreement.
- (i) Return of Company Property. The Executive agrees that following the termination of the Executive's employment for any reason, or at any time prior to the Executive's termination upon the request of the Company, he/she shall return all property of the Group that is then in or thereafter comes into his/her possession, including, but not limited to, any Confidential Information (as defined below) or Intellectual Property (as defined below), or any other documents, contracts, agreements, plans, photographs, projections, books, notes, records, electronically stored data and all copies, excerpts or summaries of the foregoing, as well as any automobile or other materials or equipment supplied by the Group to the Executive, if any.
  - (j) Requirement for a Release. Notwithstanding the foregoing, the Company's obligations to pay or provide any benefits shall (1) cease as of the date the Executive breaches any of the provisions of Sections 8, 9 and 11 hereof, and (2) be conditioned on the Executive signing the Company's customary release of claims in favor of the Group and the expiration of any revocation period provided for in such release.

8. **CONFIDENTIALITY AND NONDISCLOSURE**

- (a) Confidentiality and Non-Disclosure.

- (1) The Executive acknowledges and agrees that: (A) the Executive holds a position of trust and confidence with the Company and that his/her employment by the Company will require that the Executive have access to and knowledge of valuable and sensitive information, material, and devices relating to the Company and/or its business, activities, products, services, customers and business partners, including, but not limited to, the following, regardless of the form in which the same is accessed, maintained or stored: the identity of the Company's actual and prospective customers and, as applicable, their representatives; prior, current or future research or development activities of the Company; the products and services provided or offered by the Company to customers or potential customers and the manner in which such services are performed or to be performed; the product and/or service needs of actual or prospective customers; pricing and cost information; information concerning the development, engineering, design, specifications, acquisition or disposition of products and/or services of the Company; user base personal data, programs, software and source codes, licensing information, personnel information, advertising client information, vendor information, marketing plans and techniques, forecasts, and other trade secrets ("Confidential Information"); and (B) the direct and indirect disclosure of any such Confidential Information would place the Company at a competitive disadvantage and would do damage, monetary or otherwise, to the Company's business.
- (2) During the Term and at all times thereafter, the Executive shall not, directly or indirectly, whether individually, as a director, stockholder, owner, partner, employee, consultant, principal or agent of any business, or in any other capacity, publish or make known, disclose, furnish, reproduce, make available, or utilize any of the Confidential Information without the prior express written approval of the Company, other than in the proper performance of the duties contemplated herein, unless and until such Confidential Information is or shall become general public knowledge through no fault of the Executive.
- (3) In the event that the Executive is required by law to disclose any Confidential Information, the Executive agrees to give the Company prompt advance written notice thereof and to provide the Company with reasonable assistance in obtaining an order to protect the Confidential Information from public disclosure.
- (4) The failure to mark any Confidential Information as confidential shall not affect its status as Confidential Information under this Agreement.

- (c) Third Party Information in the Executive's Possession. The Executive agrees that he/she shall not, during the Term, (i) improperly use or disclose any proprietary information or trade secrets of any former employer or other person or entity with which the Executive has an agreement or duty to keep in confidence information acquired by Executive, if any, or (ii) bring into the premises of Company any document or confidential or proprietary information belonging to such former employer, person or entity unless consented to in writing by such former employer, person or entity. The Executive will indemnify the Company and hold it harmless from and against all claims, liabilities, damages and expenses, including reasonable attorneys' fees and costs of litigation, arising out of or in connection with any violation of the foregoing.
- (d) Third Party Information in the Company's Possession. The Executive recognizes that the Company may have received, and in the future may receive, from third parties their confidential or proprietary information subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. The Executive agrees that the Executive owes the Company and such third parties, during the Term and thereafter, a duty to hold all such confidential or proprietary information in strict confidence and not to disclose such information to any person or firm, or otherwise use such information, in a manner inconsistent with the limited purposes permitted by the Company's agreement with such third party.

This Section 8 shall survive the termination of the Agreement for any reason. In the event the Executive breaches this Section 8, the Company shall have right to seek remedies permissible under applicable law.

## 9. INTELLECTUAL PROPERTY

- (a) Prior Inventions. The Executive has attached hereto, as Schedule B, a list describing all inventions, ideas, improvements, designs and discoveries, whether or not patentable and whether or not reduced to practice, original works of authorship and trade secrets made or conceived by or belonging to the Executive (whether made solely by the Executive or jointly with others) that (i) were developed by Executive prior to the Executive's employment by the Company (collectively, "Prior Inventions"), (ii) relate to the Company' actual or proposed business, products or research and development, and (iii) are not assigned to the Company hereunder; or, if no such list is attached, the Executive represents that there are no such Prior Inventions. Except to the extent set forth in Schedule B, the Executive hereby acknowledges that, if in the course of his/her service for the Company, the Executive incorporates into a Company product, process or machine a Prior Invention owned by the Executive or in which he/she has an interest, the Company is hereby granted and shall have a nonexclusive, royalty-free, irrevocable, perpetual, worldwide right and license (which may be freely transferred by the Company to any other person or entity) to make, have made, modify, use, sell, sublicense and otherwise distribute such Prior Invention as part of or in connection with such product, process or machine.

- (b) Assignment of Intellectual Property. The Executive hereby assigns to the Company or its designees, without further consideration and free and clear of any lien or encumbrance, the Executive's entire right, title and interest (within the United States and all foreign jurisdictions) to any and all inventions, discoveries, improvements, developments, works of authorship, concepts, ideas, plans, specifications, software, formulas, databases, designees, processes and contributions to Confidential Information created, conceived, developed or reduced to practice by the Executive (alone or with others) during the Term which (i) are related to the Company's current or anticipated business, activities, products, or services, (ii) result from any work performed by Executive for the Company, or (iii) are created, conceived, developed or reduced to practice with the use of Company property, including any and all Intellectual Property Rights (as defined below) therein ("Work Product"). Any Work Product which falls within the definition of "work made for hire", as such term is defined in the U.S. Copyright Act, shall be considered a "work made for hire", the copyright in which vests initially and exclusively in the Company. The Executive waives any rights to be attributed as the author of any Work Product and any "droit morale" (moral rights) in Work Product. The Executive agrees to immediately disclose to the Company all Work Product. For purposes of this Agreement, "Intellectual Property" shall mean any patent, copyright, trademark or service mark, trade secret, or any other proprietary rights protection legally available.
- (c) Patent and Copyright Registration. The Executive agrees to execute and deliver any instruments or documents and to do all other things reasonably requested by the Company in order to more fully vest the Company with all ownership rights in the Work Product. If any Work Product is deemed by the Company to be patentable or otherwise registrable, the Executive shall assist the Company (at the Company's expense) in obtaining letters of patent or other applicable registration therein and shall execute all documents and do all things, including testifying (at the Company's expense) as necessary or appropriate to apply for, prosecute, obtain, or enforce any Intellectual Property right relating to any Work Product. Should the Company be unable to secure the Executive's signature on any document deemed necessary to accomplish the foregoing, whether due to the Executive's disability or other reason, the Executive hereby irrevocably designates and appoints the Company and each of its duly authorized officers and agents as the Executive's agent and attorney-in-fact to act for and on the Executive's behalf and stead to take any of the actions required of Executive under the previous sentence, with the same effect as if executed and delivered by the Executive, such appointment being coupled with an interest.

This Section 9 shall survive the termination of the Agreement for any reason. In the event the Executive breaches this Section 9, the Company shall have right to seek remedies permissible under applicable law.

#### 10. **CONFLICTING EMPLOYMENT**

The Executive hereby agrees that, during the Term, he/she will not engage in any other employment, occupation, consulting or other business activity related to the business in which the Company is now involved or becomes involved during the Term, nor will the Executive engage in any other activities that conflict with his/her obligations to the Company without the prior written consent of the Company.

11. **NON-COMPETITION AND NON-SOLICITATION**

- (a) Non-Competition. In consideration of the compensation provided to the Executive by the Company hereunder, the adequacy of which is hereby acknowledged by the parties hereto, the Executive agree that during the Term and for a period of one year following the termination of the Employment for whatever reason, the Executive shall not engage in Competition (as defined below) with the Group. For purposes of this Agreement, "Competition" by the Executive shall mean the Executive's engaging in, or otherwise directly or indirectly being employed by or acting as a consultant or lender to, or being a director, officer, employee, principal, agent, stockholder, member, owner or partner of, or permitting the Executive's name to be used in connection with the activities of, any other business or organization which competes, directly or indirectly, with the Group in the Business; provided, however, it shall not be a violation of this Section 11(a) for the Executive to become the registered or beneficial owner of up to five percent (5%) of any class of the capital stock of a publicly traded corporation in Competition with the Group, provided that the Executive does not otherwise participate in the business of such corporation.

For purposes of this Agreement, "Business" means the operation of pre-owned consumer electronics transactions and services platform and any other business which the Group engages in, or is preparing to become engaged in, during the Term.

- (b) Non-Solicitation; Non-Interference. During the Term and for a period of one year following the termination of the Executive's employment for any reason, the Executive agrees that he/she will not, directly or indirectly, for the Executive's benefit or for the benefit of any other person or entity, do any of the following:
- (1) solicit from any customer or business partner doing business with the Group during the Term business of the same or of a similar nature to the Business;
  - (2) solicit from any known potential customer of the Group business of the same or of a similar nature to that which has been the subject of a known written or oral bid, offer or proposal by the Group, or of substantial preparation with a view to making such a bid, proposal or offer;
  - (3) solicit the employment or services of, or hire or engage, any person who is known to be employed or engaged by the Group; or
  - (4) otherwise interfere with the business or accounts of the Group, including, but not limited to, with respect to any relationship or agreement between the Group and any vendor or supplier.

- (c) Injunctive Relief; Indemnity of Company. The Executive agrees that any breach or threatened breach of subsections (a) and (b) of this Section 11 would result in irreparable injury and damage to the Company for which an award of money to the Company would not be an adequate remedy. The Executive therefore also agrees that in the event of said breach or any reasonable threat of breach, the Company shall be entitled to seek an immediate injunction and restraining order to prevent such breach and/or threatened breach and/or continued breach by the Executive and/or any and all persons and/or entities acting for and/or with the Executive. The terms of this paragraph shall not prevent the Company from pursuing any other available remedies for any breach or threatened breach hereof, including, but not limited to, remedies available under this Agreement and the recovery of damages. The Executive and the Company further agree that the provisions of this Section 11 are reasonable. The Executive agrees to indemnify and hold harmless the Company from and against all reasonable expenses (including reasonable fees and disbursements of counsel) which may be incurred by the Company in connection with, or arising out of, any violation of this Agreement by the Executive. This Section 11 shall survive the termination of the Agreement for any reason.

## 12. WITHHOLDING TAXES

Notwithstanding anything else herein to the contrary, the Company may withhold (or cause there to be withheld, as the case may be) from any amounts otherwise due or payable under or pursuant to the Agreement such national, state, provincial, local or any other income, employment, or other taxes as may be required to be withheld pursuant to any applicable law or regulation.

## 13. ASSIGNMENT

The Agreement is personal in its nature and neither of the parties hereto shall, without the consent of the other, assign or transfer the Agreement or any rights or obligations hereunder; provided, however, that the Company may assign or transfer the Agreement or any rights or obligations hereunder to any member of the Group without such consent. If the Executive should die while any amounts would still be payable to the Executive hereunder if the Executive had continued to live, all such amounts unless otherwise provided herein shall be paid in accordance with the terms of this Agreement to the Executive's devisee, legatee, or other designee or, if there be no such designee, to the Executive's estate. The Company will require any and all successors (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle the Executive to compensation from the Company in the same amount and on the same terms as the Executive would be entitled to hereunder if the Company had terminated the Executive's employment other than for Cause, except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination. As used in this Section 13, "Company" shall mean the Company as herein before defined and any successor to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this Section 13 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

**14. SEVERABILITY**

If any provision of the Agreement or the application thereof is held invalid, the invalidity shall not affect other provisions or applications of the Agreement which can be given effect without the invalid provisions or applications and to this end the provisions of the Agreement are declared to be severable.

**15. ENTIRE AGREEMENT**

The Agreement constitutes the entire agreement and understanding between the Executive and the Company regarding the terms of the Employment and supersedes all prior or contemporaneous oral or written agreements concerning such subject matter. The Executive acknowledges that he/she has not entered into the Agreement in reliance upon any representation, warranty or undertaking which is not set forth in the Agreement.

**16. GOVERNING LAW**

The Agreement shall be governed by and construed in accordance with the law of the State of New York, U.S.A.

**17. AMENDMENT**

The Agreement may not be amended, modified or changed (in whole or in part), except by a formal, definitive written agreement expressly referring to the Agreement, which agreement is executed by both of the parties hereto.

**18. WAIVER**

Neither the failure nor any delay on the part of a party to exercise any right, remedy, power or privilege under the Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of the same or of any right, remedy, power or privilege, nor shall any waiver of any right, remedy, power or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power or privilege with respect to any other occurrence. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.



**19. NOTICES**

All notices, requests, demands and other communications required or permitted under the Agreement shall be in writing and shall be deemed to have been duly given and made if (i) delivered by hand, (ii) otherwise delivered against receipt therefor, (iii) sent by a recognized courier with next-day or second-day delivery to the last known address of the other party; or (iv) sent by e-mail with confirmation of receipt.

**20. COUNTERPARTS**

The Agreement may be executed in any number of counterparts, each of which shall be deemed an original as against any party whose signature appears thereon, and all of which together shall constitute one and the same instrument. The Agreement shall become binding when one or more counterparts hereof, individually or taken together, shall bear the signatures of all of the parties reflected hereon as the signatories. Photographic copies of such signed counterparts may be used in lieu of the originals for any purpose.

**21. NO INTERPRETATION AGAINST DRAFTER**

Each party recognizes that the Agreement is a legally binding contract and acknowledges that such party has had the opportunity to consult with legal counsel of choice. In any construction of the terms of the Agreement, the same shall not be construed against either party on the basis of that party being the drafter of such terms.

*[Remainder of the page intentionally left blank.]*

IN WITNESS WHEREOF, the Agreement has been executed as of the date first written above.

COMPANY:

**AiHuiShou International Co. Ltd.**  
a Cayman Islands exempted company

By: \_\_\_\_\_

\_\_\_\_\_  
Name:  
Title:

EXECUTIVE:

\_\_\_\_\_  
Name:  
Address:

**Schedule A**

**Cash Compensation**

	<u>Amount</u>	<u>Pay Period</u>
<b>Base Salary</b>		
<b>Cash Bonus</b>		

**Schedule B**

**List of Prior Inventions**

<b>Title</b>	<b>Date</b>	<b>Identifying Number or Brief Description</b>
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\_\_\_\_\_ No inventions or improvements

\_\_\_\_\_ Additional Sheets Attached

Signature of Executive: \_\_\_\_\_

Print Name of Executive: \_\_\_\_\_

Date: \_\_\_\_\_

**Exclusive Technology Consulting and Management Service Agreement**

This Exclusive Technology Consulting and Management Service Agreement (this "**Agreement**") is made on August 31, 2012 by and between:

Party A: Shanghai Yueyee Network Information Technology Co., Ltd.

Company Address: Rooms 1202-3, Building 2, No.335 Guoding Road, Yangpu District, Shanghai

Legal Representative: Sun Wenjun

Party B: Shanghai Aihui Trading Co., Ltd.

Company Address: Room 224, Building 1, No.2011 Wusi Road, Fengxian District, Shanghai

Legal Representative: Sun Wenjun

**WHEREAS:**

1. Party A is a limited liability company incorporated in the territory of the People's Republic of China (the "**PRC**") engaging in, among other things, the provision of a bidding and trading platform for sellers and recyclers of second-hand electronic products.
2. Party B is a wholly foreign-owned enterprise duly incorporated and validly existing in the territory of the PRC, engaging in, among other things, the provision of services relating to the bidding and trading platform for sellers and recyclers of second-hand electronic products.
3. It is agreed that Party B has the exclusive right to provide Party A with technology consulting and management services, and Party A agrees to accept such services so provided.

NOW THEREFORE, the Parties hereby agree as follows by mutual agreement:

1. Exclusive Technology Consulting and Management Services
  - 1.1 During the term of this Agreement, Party A agrees that Party B has the exclusive right to provide Party A with such technology consulting and management services as set out in Appendix 1 hereto. Party A also agrees that, during the term hereof, it will not accept any technology consulting and management services provided by any third party with respect to the business mentioned above without Party B's prior written consent.

- 1.2 During the term of this Agreement, Party A shall, within a reasonable period of time upon determination of its request for Party B's technical support, furnish Party B with such request, upon receipt of which Party B shall complete the technical work product as requested within such period as agreed by the Parties and deliver to the same to Party A in the manner agreed by the Parties.
  - 1.3 All intellectual property created as a result of the performance of this Agreement, including but not limited to any technology and software, whether independently developed by Party B or developed by either Party using the other Party's intellectual property, shall be the sole and exclusive property of Party B, and Party A shall not assert any right, title, interest or intellectual property right therein or thereto against Party B.
  - 1.4 If any intellectual property is to be developed by Party B using Party A's intellectual property, then Party A is required to ensure such intellectual property be free from any defects, failing which Party A shall be liable for any losses caused to Party B.
2. Calculation and Payment of Technology Consulting and Service Fees
- 2.1 Service Fees: It is agreed that Party B shall provide Party A with the services described herein during the term of this Agreement, and in return, Party A shall pay to Party B service fees to be determined in such manner as set forth in the Calculation and Payment Terms of Service Fees attached hereto as Appendix 2.
  - 2.2 Party B shall have the right to appoint, at its own cost, its employees or certified public accountants in the PRC or any other country ("**Party B's Authorized Representative**") to inspect Party A's accounts for the purpose of auditing the calculation method and amount of service fees. In this regard, Party A shall provide Party B's Authorized Representative with such documents, accounts, records and data as requested thereby in order for such representative to audit Party A's accounts and determine the amount of service fees. The amount of service fees payable by Party A shall be determined by Party B's Authorized Representative. Party B shall have the right to issue a service bill to Party A at any time after the issuance of an audit report by Party B's Authorized Representative, requesting Party A to pay any unpaid service fees. Party A shall pay for the bill within seven (7) business days upon receipt thereof.

3. Representations and Warranties

3.1 Party A hereby represents and warrants that:

3.1.1 Party A is a company duly incorporated, validly existing and in good standing under the laws of the PRC.

3.1.2 Party A's execution and performance of this Agreement are within the scope of its corporate power and business, and it has taken necessary corporate actions and obtained appropriate authorization subject to such laws and contracts that are binding upon or affect it. Upon execution by Party A, this Agreement constitutes its legal, valid and binding obligation, and is enforceable against it in accordance with the terms hereof.

3.2 Party B hereby represents and warrants that:

3.2.1 Party B is a company duly incorporated, validly existing and in good standing under the laws of the PRC.

3.2.2 The services provided by Party B do not constitute a violation of any applicable laws, regulations or government policies.

3.2.3 Party B's execution and performance of this Agreement are within the scope of its corporate power and business, and it has taken necessary corporate actions and obtained appropriate authorization subject to such laws and contracts that are binding upon or affect it. Upon execution by Party B, this Agreement constitutes its legal, valid and binding obligation, and is enforceable against it in accordance with the terms hereof.

4. Intellectual Property and Confidentiality

4.1 Party A agrees to make its best efforts to take all reasonable measures to keep confidential Party B's confidential materials and information ("**Confidential Information**"). Party A shall, upon Party B's request, return to Party B or destroy any document, material or software incorporating Confidential Information, and delete any Confidential Information from any relevant memory device, in which case Party A shall not continue to use such Confidential Information. Party A shall not disclose, provide or transfer any Confidential Information to any third party without Party B's written consent.

- 4.2 “Confidential Information” means any trade secret, proprietary information and other material and information in any form whatsoever that belongs to Party B or any of its clients, customers, consultants, sub-licensees or affiliates and is held in confidence by Party B. Confidential Information shall include, without limitation, computer software, Party B’s online catalogs, business plans and ideas, product development, inventions, service designs, creative designs, pictures, texts, audio and video recordings, multimedia information, client data, market data, financial information, scientific information and any and all intellectual property or industrial property owned by Party B, as well as other information deemed or used as Confidential Information by Party B or any of its clients, customers, consultants, sub-licensees or affiliates. Notwithstanding the foregoing, Confidential Information shall not include any information freely disclosed by any associated company to the public or otherwise made generally available to the public.
- 4.3 It is agreed that, notwithstanding any modification, rescission or termination of this Agreement, this Article shall remain in force and effect.
- 4.4 Party A covenants that, if it commits a breach of the preceding provisions, it shall indemnify Party B against any financial losses caused thereto.

5. Indemnification

- 5.1 Unless otherwise set forth herein, in the event that Party A fails or suspends to perform all of its obligations hereunder, and fails to correct such behavior within thirty (30) days after receipt of Party B’s notice, or that any of Party A’s representations or warranties is untrue, Party A shall be deemed to have committed a default hereunder.
- 5.2 Party A shall be fully liable for any claim made by any person as a result of Party A’s failure to obey Party B’s instructions or its improper use of Party B’s intellectual property or improper technical operations.
- 5.3 Party B shall indemnify and hold harmless Party A from and against any losses, damages, obligations and expenses resulting from any lawsuit, claim or other demand against Party A caused by or arising out of the provision of Party B’s services.
- 5.4 Party A shall indemnify and hold harmless Party B from and against any losses, damages, obligations and expenses resulting from any lawsuit, claim or other demand against Party B caused by or arising out of Party A’s request.



- 5.5 In the event that Party A fails to pay to Party B the service fees at such time and in such manner as agreed by the Parties, for each day of delay, Party A shall pay to Party B liquidated damages in an amount equal to 0.05% of the late payment as described in the Calculation and Payment Terms of Service Fees attached hereto.
6. Effectiveness
- 6.1 This Agreement shall be executed and take effect as of the date first written above. The term of this Agreement shall be ten (10) years, unless earlier terminated by Party B. Prior to the expiration of the term of this Agreement, the Parties shall, upon Party B's request, extend this Agreement for further performance hereof or otherwise enter into a new exclusive technology consulting and management service agreement.
7. Termination
- 7.1 Party A shall not terminate this Agreement during the term hereof, otherwise Party A shall indemnify Party B against all losses caused thereto and pay for the services that have been performed by Party B. Party B shall have the right to terminate this Agreement at any time by giving thirty (30) days' prior written notice to Party A.
- 7.2 Survival: All rights and obligations of the Parties under Articles 4, 5 and 8 hereof shall survive the termination of this Agreement.
8. Governing Law and Dispute Resolution
- 8.1 The conclusion, validity, interpretation and performance of this Agreement shall be governed by the laws of the PRC.
- 8.2 Any and all disputes between the Parties arising from the interpretation and performance of the provisions hereof shall be resolved by the Parties through negotiations in good faith. Should such negotiations fail, either Party may refer the dispute to Shanghai Arbitration Commission for arbitration in accordance with its arbitration rules then in effect. The arbitration proceedings shall be conducted in Chinese. The arbitral award shall be final and binding upon the Parties.
9. Force Majeure
- 9.1 If and when the performance of this Agreement is delayed or hindered by reason of any "force majeure event", the Party affected by force majeure shall be exempted from any liability hereunder only for such delay or hindrance. "Force majeure event" means any event beyond the reasonable control of a Party that cannot be avoided by such Party with reasonable care, including but not limited to government actions, acts of nature, fire, explosion, geographical changes, storm, flood, earthquake, tide, lightning or war; provided, however, that lack of credit, funds or financing shall not be deemed to have gone beyond the reasonable control of a Party. The Party affected by "force majeure event" who seeks exemption from performance of this Agreement or any provision hereof shall, as soon as practicable, notify the other Party of such exemption and all necessary measures to be taken for such performance.

9.2 The Party affected by force majeure shall be exempted from any liability hereunder for such force majeure; provided, however, that the affected Party who seeks exemption from any liability may be exempted from liability only to the extent that it has made its reasonably practicable efforts to perform this Agreement, which exemption shall be solely applicable to the performance delayed or hindered by force majeure. The Parties agree to make their best efforts to resume the performance hereof as soon as the cause for such exemption is rectified and remedied.

10. Transfer

10.1 Without Party B's prior written consent, Party A shall not transfer to any third party any of its rights and obligations hereunder.

10.2 Party B may transfer its rights and obligations to any of its affiliates hereunder. For the purposes hereof, "affiliate" mentioned above means an entity is controlled by, controls or is under common control with Party B. For the purposes of this Article, "control" means the possession, direct or indirect, of the power to determine and/or direct the other Party's operations and management, whether through ownership of equity in or agreement with the controlled entity. Party B shall notify Party A in writing of such transfer by giving at least twenty (20) days' prior written notice to Party A.

11. Severability

If any provision hereof is invalid or unenforceable due to non-compliance with applicable laws, then such provision shall be deemed invalid only to the extent that applicable laws apply, and shall not affect the validity and enforceability of the remaining provisions hereof.

12. Amendment and Supplement

Any amendment or supplement to or extension of this Agreement may be made in writing by the Parties. Any amendment or supplemental agreement duly signed by the Parties with respect to this Agreement shall form an integral part hereof, and shall have the same legal force and effect as this Agreement.

13. This Agreement is executed in two (2) originals, with each Party holding one (1) original, and each original having the same legal effect.

IN WITNESS WHEREOF, the Parties have caused their respective authorized representatives to execute this Agreement as of the date first written above.

(The remainder of this page is intentionally left blank)

(This is a signature page to the Exclusive Technology Consulting and Management Service Agreement)

Party A: Shanghai Yueyee Network Information Technology Co., Ltd.  
(Seal)

Party B: Shanghai Aihui Trading Co., Ltd. (Seal)

/s/ Shanghai Yueyee Network Information Technology Co., Ltd.

/s/ Shanghai Aihui Trading Co., Ltd.

Legal Representative (or Authorized  
Representative):

/s/ Sun Wenjun  
Sun Wenjun

Legal Representative (or Authorized  
Representative):

/s/ Sun Wenjun  
Sun Wenjun

Signature Page

Exclusive Technology Consulting and Management Service Agreement

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**Appendix 1**

**List of Technology Consulting and Services**

- 1) Software development and maintenance;
- 2) Internet technical support;
- 3) Database and network security services;
- 4) Other technical consulting and services.

Appendix 1

Exclusive Technology Consulting and Management Service Agreement

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**Appendix 2**

**Calculation and Payment Terms of Service Fees**

It is agreed to calculate fees for the services provided by Party B under Article 1 hereof in the following manner:

1. The service fees hereunder shall be settled quarterly based on the costs and expenses incurred by and between the Parties and Party A's operating condition and in accordance with normal pricing principles applied among independent entities, and shall be paid by Party A to Party B on a quarterly or annual basis upon Party A's request.
2. It is acknowledged that a business tax shall be levied on the service fees at the rate of 5%.

Appendix 2

Exclusive Technology Consulting and Management Service Agreement

**Fifth Supplemental Agreement to the Exclusive Technology Consulting and Management Service Agreement**

This Fifth Supplemental Agreement to the Exclusive Technology Consulting and Management Service Agreement (this “**Supplemental Agreement**”) is made on March 12, 2021 (the “**Execution Date**”) in Shanghai, the People’s Republic of China (the “**PRC**”, for the purposes hereof, excluding Hong Kong, Macau and Taiwan) by and between:

- Party A:**     **Shanghai Aihui Trading Co., Ltd.**, a wholly foreign-owned enterprise duly incorporated and validly existing in the territory of the PRC with unified social credit code of 913100000512489464, having its domicile at Room 611, Building 1, No.1616 Changyang Road, Yangpu District, Shanghai; and
- Party B:**     **Shanghai Yueee Network Information Technology Co., Ltd.**, a limited liability company duly incorporated and validly existing under the laws of the PRC with unified social credit code of 913101105559290751, having its domicile at Rooms 1101-1103, No.433 Songhu Road, Yangpu District, Shanghai.

For the purposes of this Supplemental Agreement, Party A and Party B are hereinafter referred to individually as a “**Party**” and collectively as the “**Parties**”.

**WHEREAS:**

- (1) The Parties entered into the Exclusive Technology Consulting and Management Service Agreement (the “**Original Agreement**”) on August 31, 2012, and the Fourth Supplemental Agreement to the Exclusive Technology Consulting and Management Service Agreement (the “**Original Supplemental Agreement**”) on June 26, 2018.
- (2) The Parties propose to amend and supplement the Original Agreement and terminate the Original Supplemental Agreement by signing this Supplemental Agreement.

**NOW THEREFORE**, the Parties hereby agree as follows by mutual agreement:

**Article 1 Amendment to the Original Agreement**

With respect to payment provision for service fees under the Original Agreement, i.e. Article 2.1 (Service Fees) of and Appendix 2 (Calculation and Payment Terms of Service Fees) to the Original Agreement (the "**Original Payment Provisions**"), the Parties hereby agree to amend the Original Payment Provisions as follows:

"2.1. Service Fees. Party B (i.e. Shanghai Yueyee Network Information Technology Co., Ltd.) shall pay to Party A (i.e. Shanghai Aihui Trading Co., Ltd.) for the services provided by Party A pursuant to this Agreement in the following manner:

- (1) Subject to the provisions of applicable PRC laws, Party A shall have the right to determine the amount of service fees based on, among other things, the provision of technology consulting and services to Party B and/or its subsidiaries as well as its operating condition and development needs, which amount shall be equal to all or part of consolidated pre-tax profits of Party B and/or its subsidiaries without taking into account the service fees hereunder upon deduction of prior year losses made good by Party B and/or its subsidiaries (if needed) and costs, expenses and taxes required to be incurred due to business operations; and
- (2) Such service fees as otherwise agreed by Party A in writing for specified services provided by Party A from time to time upon Party B's request.

The Parties further acknowledge that the above payment provision for service fees shall take effect retrospectively as of August 31, 2012, and that Party A shall have the right to determine the amount of service fees as per such provision as of August 31, 2012."

**Article 2 Termination of the Original Supplemental Agreement**

The Parties hereby irrevocably agree and acknowledge that the Original Supplemental Agreement shall terminate and lapse as of the effective date hereof, and that neither Party enjoys or bears any and all rights or obligations under the Original Supplemental Agreement. The Parties further acknowledge that: (i) as of the effective date hereof, neither Party is required to pay to the other Party any additional fee or compensation pursuant to the Original Supplemental Agreement, or to compensate the other Party for the termination thereof; (ii) either Party shall be exempted from any liability for its breach or other misconduct committed prior to the effective date hereof (including acts and omissions, if any); and (iii) either Party who suffers any third party claim in connection with the Original Supplemental Agreement, whether or not attributable to the other Party, shall not claim compensation against the other Party.

**Article 3 Miscellaneous**

1. This Supplemental Agreement shall form an integral part of the Original Agreement upon being duly signed by the Parties, and shall have the same legal effect as the Original Agreement. In case of any inconsistency between this Supplemental Agreement and the Original Agreement or with respect to matters covered hereby that are not set forth in the Original Agreement, this Supplemental Agreement shall prevail. Any matter not set forth in this Supplemental Agreement shall be subject to the Original Agreement.



2. The execution, validity, interpretation, performance, modification and termination of and resolution of disputes arising from this Supplemental Agreement shall be governed by the laws of the PRC.
3. Any and all disputes arising from the interpretation and performance of this Supplemental Agreement shall be firstly resolved by the Parties through amicable negotiations. Should the Parties be unable to reach a consensus on the resolution of such dispute through negotiations within thirty (30) days after either Party's notice to the other Party to that effect, then such Party may refer the same to Shanghai Arbitration Commission for arbitration in accordance with its arbitration rules then in effect. The arbitral award shall be final and binding upon the Parties.
4. This Supplemental Agreement shall become effective as of the Execution Date, and is executed in two (2) originals, with each original having the same legal effect.

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**Party A:**

**Shanghai Aihui Trading Co., Ltd. (Seal)**

/s/ Shanghai Aihui Trading Co., Ltd.

By: /s/ Chen Xuefeng

Name: Chen Xuefeng

Title: Legal Representative

**Party B:**

**Shanghai Yueyee Network Information Technology Co., Ltd. (Seal)**

/s/ Shanghai Yueyee Network Information Technology Co., Ltd.

By: /s/ Chen Xuefeng

Name: Chen Xuefeng

Title: Legal Representative

## Business Operation Agreement

This Business Operation Agreement (this "**Agreement**") is made on August 31, 2012 by and among the following parties (each "**Party**" and collectively the "**Parties**");

**Party A: Shanghai Aihui Trading Co., Ltd.**

Address: Room 224, Building 1, No.2011 Wusi Road, Fengxian District, Shanghai  
Legal Representative: Sun Wenjun

**Party B: Shanghai Yueyee Network Information Technology Co., Ltd.**

Address: Rooms 1202-3, Building 2, No.335 Guoding Road, Yangpu District, Shanghai  
Legal Representative: Sun Wenjun

**Party C:**

**Sun Wenjun** (ID Card No.: \*\*\*)

**Chen Xuefeng** (ID Card No.: \*\*\*)

**WHEREAS:**

1. Party A is a wholly foreign-owned enterprise duly incorporated and validly existing in the territory of the People's Republic of China (the "**PRC**");
2. Party B is a limited liability company incorporated in the PRC, engaging in, among other things, the provision of a bidding and trading platform for sellers and recyclers of second-hand electronic products;
3. Party A and Party B have established a business relationship by signing the Exclusive Technology Consulting and Management Service Agreement and other agreements under which Party B shall make payments to Party A, thus Party B's daily operating activities would have a substantial effect on its ability to make relevant payments to Party A;
4. Sun Wenjun and Chen Xuefeng (collectively "**Party C**") are Party B's shareholders (each "**Founding Shareholder**" or collectively "**Founding Shareholders**"), among whom Sun holds 60% of Party B's shares and Chen holds the other 40% thereof.

**NOW THEREFORE, the Parties, intending to be bound hereby, reach an agreement as follows through amicable negotiations and based on the principles of equality and mutual benefit:**

**1. Obligation to Refrain from an Act**

In order to procure Party B to perform all agreements entered into with Party A and all obligations to Party A, the Founding Shareholders hereby acknowledge, agree and jointly and severally warrant that, without the prior written consent of Party A or any other party designated by Party A, Party B will not conduct any transactions that may materially or adversely affect its assets, business, personnel, obligations, rights or company operations, including, without limitation:

- 1.1 carrying out any activities beyond its normal business scope;
- 1.2 borrowing any loan from any third party or assuming any debt;
- 1.3 changing or dismissing any of its director or replacing any of its officer;
- 1.4 selling to or acquiring from any third party any assets or rights, including, without limitation, intellectual property rights;
- 1.5 providing any third party with any form of collaterals on top of its assets or intellectual property or any other form of security, or creating any encumbrance on its assets;
- 1.6 modifying its articles of association or its business scope;
- 1.7 changing its normal business procedures or amending any of its important internal policies and procedures; and
- 1.8 assigning its rights and obligations under this Agreement to any third party.

**2. Operation Management and Personnel Arrangement**

- 2.1 Party B and the Founding Shareholders hereby agree to accept and strictly follow the guidance of Party A time-to-time recruitment and dismissal of its employees, its daily operations and its financial management system.
- 2.2 Party B and the Founding Shareholders hereby agree that, the Founding Shareholders shall: (i) elect any persons designated by Party A as Party B's directors in accordance with applicable laws and regulations and the articles of association; (ii) procure the directors so elected shall elect a chairman from persons recommended by Party A; and (iii) appoint the persons designated by Party A as Party B's general manager, finance director and other senior management.
- 2.3 Any director or senior management so designated by Party A who leaves Party A, whether voluntarily or involuntarily, shall be concurrently disqualified from holding any office in Party B. In such case, the Founding Shareholders shall elect any other person otherwise designated by Party A to act in such person's stead.
- 2.4 For the purposes of the foregoing Article 2.3, the Founding Shareholders shall take all necessary internal and external corporate procedures to complete such recruitment and dismissal in accordance with applicable laws, the articles of association and this Agreement.

- 2.5 The Founding Shareholders hereby agree that they will, contemporaneously with the execution hereof, execute an irrevocable voting proxy power of attorney, pursuant to which the Founding Shareholder shall irrevocably authorize any person designated by Party A to exercise their rights as Party B's shareholders on their behalf and exercise all voting rights of the Founding Shareholders at the shareholders' meetings held by Party B. The Founding Shareholders further agree that he will replace the authorized person designated in the said power of attorney at any time as per Party A's request.

**3. Miscellaneous**

- 3.1 In the event that any agreement between Party A and Party B terminates or expires, Party A shall have the right to decide whether or not to terminate all agreements between Party A and Party B, including but not limited to the Exclusive Technology Consulting and Management Service Agreement.
- 3.2 Given that Party A and Party B have established a business relationship by signing the Exclusive Technology Support and Consulting Agreement and other agreements, Party B's daily operating activities would have a substantial effect on its ability to make relevant payments to Party A. The Founding Shareholders agree that any bonuses, dividends or other interests or benefits (in whatever form) received by them from Party B as Party B's shareholder shall be immediately paid or transferred to Party A unconditionally upon realization.

**4. Entire Agreement and Modification of the Agreement**

- 4.1 This Agreement, together with all agreements and/or documents referred to or expressly incorporated herein, constitutes the entire agreement made by the Parties with respect to the subject matter hereof, and supersedes all prior oral and written agreements, contracts, understandings and communications among the Parties with respect thereto.
- 4.2 No modification to this Agreement may become effective unless made in writing and signed by the Parties. Any amendment and supplemental agreement to this Agreement shall form an integral part hereof upon being duly signed by the Parties, and shall have the same legal effect as this Agreement.

**5. Governing Law**

The execution, validity, performance and interpretation of and resolution of disputes arising from this Agreement shall be governed by and construed in accordance with the laws of the PRC.

**6. Dispute Resolution**

- 6.1 Any and all disputes among the Parties arising from the interpretation and performance of the provisions hereof shall be resolved by the Parties through negotiations in good faith. Should such negotiations fail, either Party may refer the dispute to Shanghai Arbitration Commission for arbitration in accordance with its arbitration rules then in effect. The arbitration proceedings shall be conducted in Chinese. The arbitral award shall be final and binding upon the Parties.

6.2 Except for matters in dispute, the Parties shall continue to perform their respective obligations in good faith pursuant to this Agreement.

**7. Notices**

All notices sent by the Parties hereto in connection with the performance of their rights and obligations hereunder shall be made in writing and addressed to relevant party or the Parties by personal delivery, registered mail, postage prepaid mail, recognized courier service or fax.

Party A: Shanghai Aihui Trading Co., Ltd.

Address: Room 224, Building 1, No.2011 Wusi Road, Fengxian District, Shanghai

Tel: [ ]

Recipient: Sun Wenjun

Party B & Party C: Shanghai Yueyee Network Information Technology Co., Ltd.

Address: Room 705, Building 7, Phase III, Chuangzhi Tiandi, No.333 Songhu Road, Shanghai

Tel: \*\*\*

Recipient: Sun Wenjun

**8. Effectiveness, Term and Miscellaneous**

- 8.1 Any decision hereunder regarding Party A's written consent, suggestion or designation or otherwise has any significant impact on Party B's daily operations shall be made by the board of directors of Party A.
- 8.2 This Agreement shall be executed by the Parties and take effect as of the date first written above. This Agreement will remain effective for ten (10) years unless terminated by Party A in advance. Before the expiration of this Agreement, upon request by Party A, this Agreement shall be renewed by the Parties for further performance hereof or replaced by a new business operation agreement.
- 8.3 Neither Party B nor the Founding Shareholders shall terminate this Agreement in advance during the term hereof. Party A shall have the right to terminate this Agreement at any time by giving written notice to Party B and the Founding Shareholders.
- 8.4 If any provision hereof is deemed to be invalid or unenforceable under applicable laws, then such provision shall be deemed to have been deleted from this Agreement and deemed void, provided that the remaining provisions hereof remain in full force and effect, and this Agreement shall be deemed to exclude such provision ab initio. The Parties shall, through negotiations, replace the provision deemed to have been deleted with a legal and valid provision acceptable to the Parties.

8.5 Failure by any Party to exercise any of its rights, powers or privileges hereunder shall not operate as a waiver thereof. No single or partial exercise of any right, power or privilege shall preclude the exercise of any other right, power or privilege.

IN WITNESS WHEREOF, the Parties have caused their respective authorized representatives to execute this Agreement as of the date first written above.

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Party A: Shanghai Aihui Trading Co., Ltd.

(Seal)

/s/ Shanghai Aihui Trading Co., Ltd.

By: /s/ Sun Wenjun

Name: Sun Wenjun

Title: Legal Representative

Party B: Shanghai Yueyee Network Information Technology Co., Ltd.

(Seal)

/s/ Shanghai Yueyee Network Information Technology Co., Ltd.

By: /s/ Sun Wenjun

Name: Sun Wenjun

Title: Legal Representative

Party C:

Sun Wenjun

/s/ Sun Wenjun

Chen Xuefeng

/s/ Chen Xuefeng

Signature Page

Business Operation Agreement



**Third Amended and Restated Option Purchase Agreement**

This Third Amended and Restated Option Purchase Agreement (this “**Agreement**”) is made on December 7, 2020 by and between:

**Party A: Shanghai Aihui Trading Co., Ltd.**

Address: Room 611, Building 1, No.1616 Changyang Road, Yangpu District, Shanghai

Legal Representative: Chen Xuefeng (ID Card No.: \*\*\*)

**Party B: Chen Xuefeng** (ID Card No.: \*\*\*)

For the purposes hereof, Party A and Party B are hereinafter referred to individually as a “**Party**” and collectively as the “**Parties**”.

**WHEREAS:**

1. Party A is a wholly foreign-owned enterprise duly incorporated and validly existing in the territory of the People’s Republic of China (the “**PRC**”);
2. Shanghai Yueyee Network Information Technology Co., Ltd. (the “**Company**”) is a limited liability company incorporated in the PRC;
3. Party B is one of the Company’s shareholders, holding 72.3425% of the Company’s equity interests;
4. Party A and Party B entered into a certain Second Amended and Restated Option Purchase Agreement on April 11, 2018;
5. The Parties agree to execute this Agreement, which supersedes the Second Amended and Restated Option Purchase Agreement as of the execution date hereof.

NOW THEREFORE, the Parties hereby agree as follows by mutual agreement:

**I. Grant of Option**

## 1.1 Grant

The Parties agree that, as of the execution date of this Agreement, Party A has an exclusive option (the “**Option**”) to, subject to the provisions hereof, purchase or have any third party designated by it to purchase, all or part of the Company’s equity interests currently held and may in the future be held by Party B. Party A or any third party designated by it may exercise such Option at the lowest price permitted under applicable PRC laws. This Agreement, upon being signed by the Parties, grants Party A the Option, which grant once made shall be irrevocable during the term hereof.

## 1.2 Term

This Agreement shall become effective as of the date when it is signed by the Parties, and shall terminate on the date when Party A acquires all of the Company’s equity interests held by Party B to the extent permitted under the laws of the PRC.

## II. Exercise of Option and Closing

### 2.1 Exercise Schedule

- (1) Party B agrees that, to the extent permitted under the laws of the PRC, Party A may exercise all or part of the Option hereunder at any time hereafter.
- (2) Party B agrees that there is no limit to the number of times that Party A may exercise the Option, unless Party A has acquired all of the Company's equity interests held by Party B.
- (3) Party B agrees that Party A may appoint a third party as its attorney-in-fact to exercise the Option, provided that Party A shall notify Party B in writing prior to such exercise.

### 2.2 Transfer

Party B agrees that Party A may transfer to any third party all or part of the Option hereunder, whereupon such third party will be entitled to exercise the Option subject to the provisions hereof and have Party A's rights and obligations hereunder as if it were a party hereto.

### 2.3 Exercise Notice

- (1) Party A who intends to exercise the Option shall notify Party B in writing ten (10) business days prior to the Closing Date (as defined below), which notice shall specify the following:
  - (a) the date of effective closing of the equity interests acquired upon exercise of the Option (the "**Closing Date**");
  - (b) the name of registered holder of the equity interests acquired upon exercise of the Option;
  - (c) number of equity interests acquired from Party B;
  - (d) payment terms; and
  - (e) power of attorney (if exercised by any third party on its behalf).
- (2) The Parties agree that Party A may at any time appoint any third party to exercise the Option and register the equity interests subject to the Option in the name of such third party.

### 2.4 Transfer of Acquired Equity Interests

Whenever Party A exercises the Option:

- (1) Party B shall cause the Company to promptly hold a shareholders' meeting, at which a resolution shall be passed to approve the transfer of equity interests by Party B to Party A and (or) any designated person; and
- (2) All concerned parties shall execute all such other contracts, agreements or documents, obtain all such government approvals and consents and take all such actions as may be necessary to: (i) transfer good title to the acquired equity interests to Party A and (or) such designated person, free and clear of any security interest; (ii) cause Party A and (or) the designated person to become the registered holder of such equity interests; and (iii) submit to Party A or such designated person the business license, approval certificates and other relevant documents most recently issued by competent PRC authority, which shall reflect, among other things, any change of equity interests, directors and legal representative.

### III. Representations and Warranties

3.1 Party B hereby represents and warrants that:

- (1) Party B has full right and authority to execute and perform this Agreement;
- (2) Party B's performance of this Agreement or obligations hereunder does not constitute a violation of any laws, regulations and other agreements binding upon him, other than the Third Amended and Restated Share Pledge Agreement (as may be amended and restated from time to time, the "**Share Pledge Agreement**") dated December 7, 2020 by and among Party A, Party B and other shareholders of the Company, nor does such performance require the approval or authorization by competent government authority;
- (3) There is no litigation, arbitration or other judicial or administrative proceeding that is pending or is likely to have a substantial effect on the performance hereof;
- (4) Party B has disclosed to Party A all government documents that are likely to have an adverse effect on the performance hereof;
- (5) Party B has not been declared bankrupt;
- (6) The Company's equity interests held by Party B are not subject to any pledge, security, liability or other third party encumbrance, and are free from any third party claim, except for the pledge created pursuant to the Share Pledge Agreement;
- (7) The Company's equity interests held by Party B will not be subject to any pledge, liability or other third party encumbrance, nor will such equity interests be transferred, gifted, pledged or otherwise disposed of to any third person other than Party A or its designated person, except for the pledge created pursuant to the Share Pledge Agreement;
- (8) The Option granted to Party A shall be exclusive, and Party B shall not grant any other third party the Option or similar rights in any other manner;
- (9) During the term hereof, the Company will conduct its business in accordance with applicable laws, regulations and rules as well as other administrative rules and guidelines promulgated by competent administrative authorities of the PRC, and there will be no violation of any of the foregoing that constitutes a material adverse effect on the Company's business or assets;
- (10) Party B will keep the Company in good standing in accordance with good financial and commercial standards and practices, and operate the Company's business and handle its affairs in a diligent and effective manner, and will make his best efforts to obtain all such permits, licenses, and approvals as may be necessary for the Company's ongoing operations, and ensure that such permits, licenses, and approvals will not be canceled;
- (11) Party B will, upon Party A's request, provide Party A with all operating and financial information of the Company;

- (12) Before all of the Company's equity interests or assets are acquired by Party A (or any qualified subject designated by it) through exercising the Option, unless otherwise agreed by Party A in writing, the Company will not engage in such actions as:
- (a) selling, transferring, pledging, or otherwise disposing of or permitting to create any encumbrance on any legal or beneficial interests in any asset, business or income (unless arising in the normal or ordinary course of business or already disclosed to and agreed in writing by Party A);
  - (b) entering into any transaction that will substantially affect its assets, obligations, operations, equity and other legitimate rights (unless arising in the normal or ordinary course of business or already disclosed to and agreed in writing by Party A);
  - (c) distributing dividends or bonuses to shareholders in any form;
  - (d) inheriting, providing guarantee or permitting to incur any debt without the prior written consent of Party A, except for (i) debts incurred in the ordinary course of business other than incurred by loan; and (ii) debts that have been disclosed to and consented in writing by Party A;
  - (e) entering into any material contract without the prior written consent of Party A, except for contracts entered into in the normal course of business (for the purposes of this paragraph, a contract with a value of more than RMB 100,000 shall be deemed a material contract); and
  - (f) merging with or acquiring any other persons or making any investments in other persons without the prior written consent of Party A.
- (13) Before all of the Company's equity interests or assets are acquired by Party A (or any qualified subject designated by it) through exercising the Option, unless otherwise agreed by Party A in writing, Party B, individually or jointly with any other shareholder of the Company, will not engage in such actions as:
- (a) supplementing, modifying or amending any constitutional document of the Company in any form, which supplement, modification or amendment will substantially affect the Company's assets, obligations, operations, equity and other legitimate rights (other than to make an additional capital contribution in proportion to his shareholding as required by applicable laws);
  - (b) causing the Company to enter into any transaction that will substantially affect its assets, obligations, operations, equity and other legitimate rights (unless arising in the normal or ordinary course of business or already disclosed to and agreed in writing by Party A);
  - (c) causing the board of shareholders of the Company to pass any resolution on distribution of dividends or bonuses;
  - (d) selling, transferring, pledging, or otherwise disposing of or permitting to create any encumbrance on any legal or beneficial interests in any equity without the prior written consent of Party A, except for the purpose of performing the Share Pledge Agreement;
  - (e) causing the board of shareholders of the Company to approve the sale, transfer, pledge or otherwise disposition of or permission to create any encumbrance on any legal or beneficial interests in any equity without the prior written consent of Party A, except for the purpose of performing the Share Pledge Agreement;

- (f) causing the board of shareholders of the Company to approve any merger with or acquisition of any other persons or investment in other persons without the prior written consent of Party A;
- (g) immediately notifying Party A of the occurrence or possible occurrence of any litigation, arbitration or administrative proceeding with respect to the equity interests owned by it;
- (h) causing the board of shareholders of the Company to vote for the transfer of the equity interests acquired hereunder, upon which transfer (i) Party B shall and shall cause the Company to amend its articles of association to reflect the transfer of such equity interests from Party B to Party A or Party A's designated person and other changes described herein, and forthwith go through change registration procedures with competent PRC authority, and (ii) Party B shall and shall cause the Company to appoint any person designated by Party A or its designated person as the new director and the new legal representative by resolution passed at a shareholders' meeting;
- (i) executing all such documents, taking all such actions, filing all such complaints or raising all such defenses against all claims as necessary or appropriate to retain ownership of his equity interests;
- (j) immediately upon Party A's request from time to time, unconditionally transferring his equity interests to Party A's designated attorney-in-fact at any time, and waiving his right of first refusal with respect to the transfer of such equity interests to other existing shareholders; and
- (k) strictly complying with the provisions of this Agreement and other contracts jointly or severally executed by Party B and Party A, practically performing the obligations hereunder and thereunder, and refraining from committing any act/omission that will affect the validity and enforceability hereof and thereof.

### 3.2 Covenants

- (1) Party B hereby covenants to Party A that he will bear all costs and expenses incurred in connection with equity transfer and complete all such procedures as may be necessary for Party A or its designated person to become a shareholder of the Company, including, without limitation, assisting Party A in obtaining requisite approvals of competent government authority with respect to equity transfer and submitting to competent AIC the relevant equity delivery agreement in an effort to amend the Company's articles of association or shareholder register and make other adjustments.
- (2) Party B covenants that he shall, within ten (10) business days after receipt of the equity transfer price paid by Party A or its designated person upon exercise of the Option hereunder, fully refund to Party A or its designated person such equity transfer price; meanwhile, Party B acknowledges that he has obtained corresponding compensation from Party A.
- (3) Party B hereby represents and warrants to Party A that, as of the execution date hereof and each transfer date:
  - (a) Party B has the power and ability to execute and deliver this Agreement and any equity transfer agreement to which he is a party and which is executed with respect to each transfer of the acquired equity interests pursuant to this Agreement (each "**Transfer Agreement**"), and to perform his obligations hereunder and thereunder. This Agreement and each Transfer Agreement to which he is a party, upon being executed, will constitute his legal, valid and binding obligations, enforceable against him in accordance with their terms;

- (b) Neither his execution and delivery of this Agreement or any Transfer Agreement nor his performance of obligations hereunder or thereunder will: (i) constitute a violation of any applicable PRC laws; (ii) contravene the articles of association or other organizational documents of Party B; (iii) constitute a breach of any contract or instrument to which he is a party or by which he is bound, or constitute a default thereunder; (iv) constitute a breach of any condition with respect to the grant and (or) survival of any permit or approval issued to him; or (v) result in suspension or revocation or attaching any condition to any permit or approval issued to him;
- (c) Party B has good and marketable title to the equity interests held by him in the Company, on which Party B has not created any encumbrance, except created under the Share Pledge Agreement;
- (d) There are no outstanding debts, except for (i) debts incurred in the ordinary course of business of Party B; and (ii) debts that have been disclosed to and consented in writing by Party A;
- (e) The Company will comply with all laws and regulations applicable to the acquisition of assets; and
- (f) There is no ongoing, pending or threatened litigation, arbitration or administrative proceeding with respect to the Company or its equity interests or assets.

#### **IV. Default**

In the event that either Party hereto commits a breach of any of its or his representations, warranties, covenants or obligations hereunder, then the breaching Party shall compensate the non-breaching Party for actual losses sustained thereby.

#### **V. Governing Law and Dispute Resolution**

##### **5.1. Governing Law**

The conclusion, validity, interpretation and performance of and resolution of disputes from this Agreement shall be governed by the laws of the PRC.

##### **5.2. Dispute Resolution**

Any and all disputes arising from the interpretation and performance of this Agreement shall be firstly resolved by the Parties through amicable negotiations. Should the Parties be unable to resolve such dispute through negotiations within thirty (30) days after a Party's written notice to the other Party to that effect, then either Party may refer the same to Shanghai Arbitration Commission for arbitration in accordance with its arbitration rules then in effect. The arbitration proceedings shall be conducted in Chinese. The arbitral award shall be final and binding upon the Parties.

#### **VI. Taxes and Fees**

The Parties shall, in accordance with the laws of the PRC, bear any and all transfer and registration taxes, expenses and fees incurred thereby or levied thereon respectively in connection with the preparation and execution of this Agreement and each Transfer Agreement and the consummation of transactions contemplated hereunder and thereunder.

## **VII. Notices**

Any notice or other communication required to be sent by either Party or the Company hereunder shall be written in Chinese and sent by personal delivery, mail or fax to the designated address notified by the other Party thereto from time to time. Any notice shall be deemed to have been duly delivered: (a) if delivered personally, on the date of delivery; (b) if sent by mail, on the tenth (10<sup>th</sup>) day following the date of posting (indicated by the postmark) of a registered air mail, postage prepaid, or on the fourth (4<sup>th</sup>) day upon delivery to an internationally recognized courier service; or (c) if sent by fax, at the time of receipt shown on the transmission confirmation receipt.

## **VIII. Confidentiality**

The Parties acknowledge and confirm that any oral or written information exchanged between them in connection with this Agreement are confidential. Both Parties shall keep all such information confidential and, without the prior written consent of the other Party, may not disclose any confidential information to a third party, except for: (a) any information that is already known or will be known to the public for reasons other than unauthorized disclosure by the Party receiving such information, any of its Affiliates or their respective personnel; (b) any information required to be disclosed by applicable laws; or (c) any information required to be disclosed by either Party to its or his legal or financial consultant in connection with the transaction hereunder, provided that such legal or financial consultant shall be subject to confidentiality obligations similar to those provided herein. Any disclosure of confidential information made by any staff member of or institution engaged by either Party shall be deemed to be made by such Party itself, for which such Party shall be liable in accordance with this Agreement. This provision shall remain in force regardless of the termination of this Agreement for any reason.

## **IX. Further Assurance**

The Parties agree to, as soon as practicable, execute all such documents and take all such further actions as reasonably required or beneficial for the implementation of the provisions and purpose of this Agreement.

## **X. Miscellaneous**

### **10.1. Amendment, Modification and Supplement**

Any amendment, modification and supplement hereto must be made in writing and signed by the Parties.

### **10.2. Compliance with Laws and Regulations**

The Parties shall and shall cause their business operations to comply with all laws and regulations that have been officially published by the PRC and made available to the public.

### **10.3. Entire Agreement**

This Agreement, together with any written amendments, supplements or modifications hereto made hereafter, constitutes the entire agreement reached by the Parties with respect to the subject matter hereof, and supersedes all prior oral or written negotiations, representations and agreements between the Parties with respect thereto.

### **10.4. Headings**

The headings used herein are for convenience of reference only and shall not be used to construe, explain or otherwise affect the meaning of any of the provisions hereof.

10.5. Language

This Agreement is written in Chinese and executed in two (2) originals.

10.6. Severability

If any one or more provisions hereof are determined to be invalid, illegal or unenforceable in any respect under any applicable laws or regulations, the validity, legality or enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby. The Parties shall endeavor in good faith negotiations to replace such invalid, illegal or unenforceable provision with a valid, legal or enforceable provision, the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provision.

10.7. Successors

This Agreement shall be binding upon and inure to the benefit of the successors and permitted assigns of the Parties.

10.8. Survival

Any obligation arising from or becoming due in connection with this Agreement prior to the expiration or early termination hereof shall survive such expiration or early termination.

Articles 5 and 8 and this Article hereof shall survive the termination of this Agreement.

10.9. Waiver

Either Party may waive any terms or conditions hereof, provided that such waiver must be made in writing. No waiver made by either Party of any breach by the other Party under certain circumstances shall operate as a waiver of any similar breach by the other Party under any other circumstances.

IN WITNESS WHEREOF, the Parties have caused their respective authorized representative to execute this Agreement as of the date first written above.

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(This is signature page to the Third Amended and Restated Option Purchase Agreement)

**Shanghai Aihui Trading Co., Ltd.**

By: /s/ Chen Xuefeng

Name: Chen Xuefeng

Title: Legal Representative

**Chen Xuefeng**

/s/ Chen Xuefeng

**Third Amended and Restated Option Purchase Agreement**

This Third Amended and Restated Option Purchase Agreement (this “**Agreement**”) is made on December 7, 2020 by and between:

**Party A: Shanghai Aihui Trading Co., Ltd.**

Address: Room 611, Building 1, No.1616 Changyang Road, Yangpu District, Shanghai

Legal Representative: Chen Xuefeng (ID Card No.: \*\*\*)

**Party B: Sun Wenjun** (ID Card No.: \*\*\*)

For the purposes hereof, Party A and Party B are hereinafter referred to individually as a “**Party**” and collectively as the “**Parties**”.

**WHEREAS:**

1. Party A is a wholly foreign-owned enterprise duly incorporated and validly existing in the territory of the People’s Republic of China (the “**PRC**”);
2. Shanghai Yueyee Network Information Technology Co., Ltd. (the “**Company**”) is a limited liability company incorporated in the PRC;
3. Party B is one of the Company’s shareholders, holding 27.6575% of the Company’s equity interests;
4. Party A and Party B entered into a certain Second Amended and Restated Option Purchase Agreement on April 11, 2018;
5. The Parties agree to execute this Agreement, which supersedes the Second Amended and Restated Option Purchase Agreement as of the execution date hereof.

NOW THEREFORE, the Parties hereby agree as follows by mutual agreement:

**I. Grant of Option**

## 1.1 Grant

The Parties agree that, as of the execution date of this Agreement, Party A has an exclusive option (the “**Option**”) to, subject to the provisions hereof, purchase or have any third party designated by it to purchase, all or part of the Company’s equity interests currently held and may in the future be held by Party B. Party A or any third party designated by it may exercise such Option at the lowest price permitted under applicable PRC laws. This Agreement, upon being signed by the Parties, grants Party A the Option, which grant once made shall be irrevocable during the term hereof.

## 1.2 Term

This Agreement shall become effective as of the date when it is signed by the Parties, and shall terminate on the date when Party A acquires all of the Company's equity interests held by Party B to the extent permitted under the laws of the PRC.

## II. Exercise of Option and Closing

### 2.1 Exercise Schedule

- (1) Party B agrees that, to the extent permitted under the laws of the PRC, Party A may exercise all or part of the Option hereunder at any time hereafter.
- (2) Party B agrees that there is no limit to the number of times that Party A may exercise the Option, unless Party A has acquired all of the Company's equity interests held by Party B.
- (3) Party B agrees that Party A may appoint a third party as its attorney-in-fact to exercise the Option, provided that Party A shall notify Party B in writing prior to such exercise.

### 2.2 Transfer

Party B agrees that Party A may transfer to any third party all or part of the Option hereunder, whereupon such third party will be entitled to exercise the Option subject to the provisions hereof and have Party A's rights and obligations hereunder as if it were a party hereto.

### 2.3 Exercise Notice

- (1) Party A who intends to exercise the Option shall notify Party B in writing ten (10) business days prior to the Closing Date (as defined below), which notice shall specify the following:
  - (a) the date of effective closing of the equity interests acquired upon exercise of the Option (the "**Closing Date**");
  - (b) the name of registered holder of the equity interests acquired upon exercise of the Option;
  - (c) number of equity interests acquired from Party B;
  - (d) payment terms; and
  - (e) power of attorney (if exercised by any third party on its behalf).
- (2) The Parties agree that Party A may at any time appoint any third party to exercise the Option and register the equity interests subject to the Option in the name of such third party.

### 2.4 Transfer of Acquired Equity Interests

Whenever Party A exercises the Option:

- (1) Party B shall cause the Company to promptly hold a shareholders' meeting, at which a resolution shall be passed to approve the transfer of equity interests by Party B to Party A and (or) any designated person; and
- (2) All concerned parties shall execute all such other contracts, agreements or documents, obtain all such government approvals and consents and take all such actions as may be necessary to: (i) transfer good title to the acquired equity interests to Party A and (or) such designated person, free and clear of any security interest; (ii) cause Party A and (or) the designated person to become the registered holder of such equity interests; and (iii) submit to Party A or such designated person the business license, approval certificates and other relevant documents most recently issued by competent PRC authority, which shall reflect, among other things, any change of equity interests, directors and legal representative.

### III. Representations and Warranties

3.1 Party B hereby represents and warrants that:

- (1) Party B has full right and authority to execute and perform this Agreement;
- (2) Party B's performance of this Agreement or obligations hereunder does not constitute a violation of any laws, regulations and other agreements binding upon him, other than the Third Amended and Restated Share Pledge Agreement (as may be amended and restated from time to time, the "**Share Pledge Agreement**") dated December 7, 2020 by and among Party A, Party B and other shareholders of the Company, nor does such performance require the approval or authorization by competent government authority;
- (3) There is no litigation, arbitration or other judicial or administrative proceeding that is pending or is likely to have a substantial effect on the performance hereof;
- (4) Party B has disclosed to Party A all government documents that are likely to have an adverse effect on the performance hereof;
- (5) Party B has not been declared bankrupt;
- (6) The Company's equity interests held by Party B are not subject to any pledge, security, liability or other third party encumbrance, and are free from any third party claim, except for the pledge created pursuant to the Share Pledge Agreement;
- (7) The Company's equity interests held by Party B will not be subject to any pledge, liability or other third party encumbrance, nor will such equity interests be transferred, gifted, pledged or otherwise disposed of to any third person other than Party A or its designated person, except for the pledge created pursuant to the Share Pledge Agreement;
- (8) The Option granted to Party A shall be exclusive, and Party B shall not grant any other third party the Option or similar rights in any other manner;
- (9) During the term hereof, the Company will conduct its business in accordance with applicable laws, regulations and rules as well as other administrative rules and guidelines promulgated by competent administrative authorities of the PRC, and there will be no violation of any of the foregoing that constitutes a material adverse effect on the Company's business or assets;
- (10) Party B will keep the Company in good standing in accordance with good financial and commercial standards and practices, and operate the Company's business and handle its affairs in a diligent and effective manner, and will make his best efforts to obtain all such permits, licenses, and approvals as may be necessary for the Company's ongoing operations, and ensure that such permits, licenses, and approvals will not be canceled;
- (11) Party B will, upon Party A's request, provide Party A with all operating and financial information of the Company;
- (12) Before all of the Company's equity interests or assets are acquired by Party A (or any qualified subject designated by it) through exercising the Option, unless otherwise agreed by Party A in writing, the Company will not engage in such actions as:

- (a) selling, transferring, pledging, or otherwise disposing of or permitting to create any encumbrance on any legal or beneficial interests in any asset, business or income (unless arising in the normal or ordinary course of business or already disclosed to and agreed in writing by Party A);
  - (b) entering into any transaction that will substantially affect its assets, obligations, operations, equity and other legitimate rights (unless arising in the normal or ordinary course of business or already disclosed to and agreed in writing by Party A);
  - (c) distributing dividends or bonuses to shareholders in any form;
  - (d) inheriting, providing guarantee or permitting to incur any debt without the prior written consent of Party A, except for (i) debts incurred in the ordinary course of business other than incurred by loan; and (ii) debts that have been disclosed to and consented in writing by Party A;
  - (e) entering into any material contract without the prior written consent of Party A, except for contracts entered into in the normal course of business (for the purposes of this paragraph, a contract with a value of more than RMB 100,000 shall be deemed a material contract); and
  - (f) merging with or acquiring any other persons or making any investments in other persons without the prior written consent of Party A.
- (13) Before all of the Company's equity interests or assets are acquired by Party A (or any qualified subject designated by it) through exercising the Option, unless otherwise agreed by Party A in writing, Party B, individually or jointly with any other shareholder of the Company, will not engage in such actions as:
- (a) supplementing, modifying or amending any constitutional document of the Company in any form, which supplement, modification or amendment will substantially affect the Company's assets, obligations, operations, equity and other legitimate rights (other than to make an additional capital contribution in proportion to his shareholding as required by applicable laws);
  - (b) causing the Company to enter into any transaction that will substantially affect its assets, obligations, operations, equity and other legitimate rights (unless arising in the normal or ordinary course of business or already disclosed to and agreed in writing by Party A);
  - (c) causing the board of shareholders of the Company to pass any resolution on distribution of dividends or bonuses;
  - (d) selling, transferring, pledging, or otherwise disposing of or permitting to create any encumbrance on any legal or beneficial interests in any equity without the prior written consent of Party A, except for the purpose of performing the Share Pledge Agreement;
  - (e) causing the board of shareholders of the Company to approve the sale, transfer, pledge or otherwise disposition of or permission to create any encumbrance on any legal or beneficial interests in any equity without the prior written consent of Party A, except for the purpose of performing the Share Pledge Agreement;

- (f) causing the board of shareholders of the Company to approve any merger with or acquisition of any other persons or investment in other persons without the prior written consent of Party A;
- (g) immediately notifying Party A of the occurrence or possible occurrence of any litigation, arbitration or administrative proceeding with respect to the equity interests owned by it;
- (h) causing the board of shareholders of the Company to vote for the transfer of the equity interests acquired hereunder, upon which transfer (i) Party B shall and shall cause the Company to amend its articles of association to reflect the transfer of such equity interests from Party B to Party A or Party A's designated person and other changes described herein, and forthwith go through change registration procedures with competent PRC authority, and (ii) Party B shall and shall cause the Company to appoint any person designated by Party A or its designated person as the new director and the new legal representative by resolution passed at a shareholders' meeting;
- (i) executing all such documents, taking all such actions, filing all such complaints or raising all such defenses against all claims as necessary or appropriate to retain ownership of his equity interests;
- (j) immediately upon Party A's request from time to time, unconditionally transferring his equity interests to Party A's designated attorney-in-fact at any time, and waiving his right of first refusal with respect to the transfer of such equity interests to other existing shareholders; and
- (k) strictly complying with the provisions of this Agreement and other contracts jointly or severally executed by Party B and Party A, practicably performing the obligations hereunder and thereunder, and refraining from committing any act/omission that will affect the validity and enforceability hereof and thereof.

### 3.2 Covenants

- (1) Party B hereby covenants to Party A that he will bear all costs and expenses incurred in connection with equity transfer and complete all such procedures as may be necessary for Party A or its designated person to become a shareholder of the Company, including, without limitation, assisting Party A in obtaining requisite approvals of competent government authority with respect to equity transfer and submitting to competent AIC the relevant equity delivery agreement in an effort to amend the Company's articles of association or shareholder register and make other adjustments.
- (2) Party B covenants that he shall, within ten (10) business days after receipt of the equity transfer price paid by Party A or its designated person upon exercise of the Option hereunder, fully refund to Party A or its designated person such equity transfer price; meanwhile, Party B acknowledges that he has obtained corresponding compensation from Party A.
- (3) Party B hereby represents and warrants to Party A that, as of the execution date hereof and each transfer date:
  - (a) Party B has the power and ability to execute and deliver this Agreement and any equity transfer agreement to which he is a party and which is executed with respect to each transfer of the acquired equity interests pursuant to this Agreement (each "**Transfer Agreement**"), and to perform his obligations hereunder and thereunder. This Agreement and each Transfer Agreement to which he is a party, upon being executed, will constitute his legal, valid and binding obligations, enforceable against him in accordance with their terms;

- (b) Neither his execution and delivery of this Agreement or any Transfer Agreement nor his performance of obligations hereunder or thereunder will: (i) constitute a violation of any applicable PRC laws; (ii) contravene the articles of association or other organizational documents of Party B; (iii) constitute a breach of any contract or instrument to which he is a party or by which he is bound, or constitute a default thereunder; (iv) constitute a breach of any condition with respect to the grant and (or) survival of any permit or approval issued to him; or (v) result in suspension or revocation or attaching any condition to any permit or approval issued to him;
- (c) Party B has good and marketable title to the equity interests held by him in the Company, on which Party B has not created any encumbrance, except created under the Share Pledge Agreement;
- (d) There are no outstanding debts, except for (i) debts incurred in the ordinary course of business of Party B; and (ii) debts that have been disclosed to and consented in writing by Party A;
- (e) The Company will comply with all laws and regulations applicable to the acquisition of assets; and
- (f) There is no ongoing, pending or threatened litigation, arbitration or administrative proceeding with respect to the Company or its equity interests or assets.

#### **IV. Default**

In the event that either Party hereto commits a breach of any of its or his representations, warranties, covenants or obligations hereunder, then the breaching Party shall compensate the non-breaching Party for actual losses sustained thereby.

#### **V. Governing Law and Dispute Resolution**

##### **5.1. Governing Law**

The conclusion, validity, interpretation and performance of and resolution of disputes from this Agreement shall be governed by the laws of the PRC.

##### **5.2. Dispute Resolution**

Any and all disputes arising from the interpretation and performance of this Agreement shall be firstly resolved by the Parties through amicable negotiations. Should the Parties be unable to resolve such dispute through negotiations within thirty (30) days after a Party's written notice to the other Party to that effect, then either Party may refer the same to Shanghai Arbitration Commission for arbitration in accordance with its arbitration rules then in effect. The arbitration proceedings shall be conducted in Chinese. The arbitral award shall be final and binding upon the Parties.

#### **VI. Taxes and Fees**

The Parties shall, in accordance with the laws of the PRC, bear any and all transfer and registration taxes, expenses and fees incurred thereby or levied thereon respectively in connection with the preparation and execution of this Agreement and each Transfer Agreement and the consummation of transactions contemplated hereunder and thereunder.

## **VII. Notices**

Any notice or other communication required to be sent by either Party or the Company hereunder shall be written in Chinese and sent by personal delivery, mail or fax to the designated address notified by the other Party thereto from time to time. Any notice shall be deemed to have been duly delivered: (a) if delivered personally, on the date of delivery; (b) if sent by mail, on the tenth (10<sup>th</sup>) day following the date of posting (indicated by the postmark) of a registered air mail, postage prepaid, or on the fourth (4<sup>th</sup>) day upon delivery to an internationally recognized courier service; or (c) if sent by fax, at the time of receipt shown on the transmission confirmation receipt.

## **VIII. Confidentiality**

The Parties acknowledge and confirm that any oral or written information exchanged between them in connection with this Agreement are confidential. Both Parties shall keep all such information confidential and, without the prior written consent of the other Party, may not disclose any confidential information to a third party, except for: (a) any information that is already known or will be known to the public for reasons other than unauthorized disclosure by the Party receiving such information, any of its Affiliates or their respective personnel; (b) any information required to be disclosed by applicable laws; or (c) any information required to be disclosed by either Party to its or his legal or financial consultant in connection with the transaction hereunder, provided that such legal or financial consultant shall be subject to confidentiality obligations similar to those provided herein. Any disclosure of confidential information made by any staff member of or institution engaged by either Party shall be deemed to be made by such Party itself, for which such Party shall be liable in accordance with this Agreement. This provision shall remain in force regardless of the termination of this Agreement for any reason.

## **IX. Further Assurance**

The Parties agree to, as soon as practicable, execute all such documents and take all such further actions as reasonably required or beneficial for the implementation of the provisions and purpose of this Agreement.

## **X. Miscellaneous**

### **10.1. Amendment, Modification and Supplement**

Any amendment, modification and supplement hereto must be made in writing and signed by the Parties.

### **10.2. Compliance with Laws and Regulations**

The Parties shall and shall cause their business operations to comply with all laws and regulations that have been officially published by the PRC and made available to the public.

### **10.3. Entire Agreement**

This Agreement, together with any written amendments, supplements or modifications hereto made hereafter, constitutes the entire agreement reached by the Parties with respect to the subject matter hereof, and supersedes all prior oral or written negotiations, representations and agreements between the Parties with respect thereto.

### **10.4. Headings**

The headings used herein are for convenience of reference only and shall not be used to construe, explain or otherwise affect the meaning of any of the provisions hereof.

### **10.5. Language**

This Agreement is written in Chinese and executed in two (2) originals.



10.6. Severability

If any one or more provisions hereof are determined to be invalid, illegal or unenforceable in any respect under any applicable laws or regulations, the validity, legality or enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby. The Parties shall endeavor in good faith negotiations to replace such invalid, illegal or unenforceable provision with a valid, legal or enforceable provision, the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provision.

10.7. Successors

This Agreement shall be binding upon and inure to the benefit of the successors and permitted assigns of the Parties.

10.8. Survival

Any obligation arising from or becoming due in connection with this Agreement prior to the expiration or early termination hereof shall survive such expiration or early termination.

Articles 5 and 8 and this Article hereof shall survive the termination of this Agreement.

10.9. Waiver

Either Party may waive any terms or conditions hereof, provided that such waiver must be made in writing. No waiver made by either Party of any breach by the other Party under certain circumstances shall operate as a waiver of any similar breach by the other Party under any other circumstances.

IN WITNESS WHEREOF, the Parties have caused their respective authorized representative to execute this Agreement as of the date first written above.

(The remainder of this page is intentionally left blank)

(This is signature page to the Third Amended and Restated Option Purchase Agreement)

**Shanghai Aihui Trading Co., Ltd.**

By: /s/ Chen Xuefeng

Name: Chen Xuefeng

Title: Legal Representative

**Sun Wenjun**

/s/ Sun Wenjun

### Third Amended and Restated Share Pledge Agreement

This Third Amended and Restated Share Pledge Agreement (this “**Agreement**”) is made on December 7, 2020 by and among Shanghai Aihui Trading Co., Ltd. (a wholly foreign-owned enterprise duly incorporated and validly existing under the laws of the People’s Republic of China), having its registered address at Room 611, Building 1, No.1616 Changyang Road, Yangpu District, Shanghai (the “**Pledgee**”);

**Sun Wenjun** (ID Card No.: \*\*\*); and

**Chen Xuefeng** (ID Card No.: \*\*\*)

(collectively the “**Pledgors**” and each a “**Pledgor**”).

**WHEREAS**, the Pledgors hold the equity interests in Shanghai Yueyee Network Information Technology Co., Ltd. (a domestic limited liability company, having its registered address at Rooms 1101-1103, No.433 Songhu Road, Yangpu District, Shanghai, the “**Company**”) in proportion to their respective capital contributions as set out below:

Name of Shareholder	Subscribed Capital Contribution	Shareholding Percentage
Sun Wenjun	RMB 13,828,761.00	27.6575%
Chen Xuefeng	RMB 36,171,239.00	72.3425%

**WHEREAS**, the Company and the Pledgee entered into the exclusive technology consulting and management service agreement on August 31, 2012 (including any and all subsequent amendments thereto and restatements thereof, the “**Service Agreement**”); the Company, the Pledgee and other concerned parties entered into the business operation agreement on August 31, 2012 (including any and all subsequent amendments thereto and restatements thereof, the “**Business Operation Agreement**”); the Company, the Pledgee and the Pledgors entered into the voting proxy agreement on August 31, 2012 (including any and all subsequent amendments thereto and restatements thereof, the “**Voting Proxy Agreement**”); the Pledgors respectively issued to the Pledgee a power of attorney (including any and all subsequent amendments thereto and restatements thereof, collectively the “**Powers of Attorney**”); the Pledgee and the Pledgors entered into the third amended and restated option purchase agreement on December 7, 2020 (including any and all subsequent amendments thereto and restatements thereof, the “**Option Purchase Agreement**”). The Service Agreement, the Business Operation Agreement, the Voting Proxy Agreement, the Powers of Attorney and the Option Purchase Agreement are hereinafter referred to collectively as the “**Master Agreement**”, pursuant to which the Company and/or the Pledgors shall be obligated to pay service fees and interest thereon, liquidated damages and compensations and bear any other losses caused to the Pledgee as a result of any default hereunder committed by the Company and/or the Pledgors (the “**Secured Obligations**”);

The Pledgors agree to pledge to the Pledgee their respective equity interests in the Company’s registered capital to guarantee (i) the performance of the Secured Obligations by the Pledgors and the Company; and (ii) the performance of all contractual obligations by the Pledgors and the Company respectively under the Master Agreement (the “**Contractual Obligations**”), and the Pledgee is willing to accept such pledge in accordance with the terms and conditions contained herein.

**WHEREAS**, the Pledgors and the Pledgee entered into a Second Amended and Restated Share Pledge Agreement dated on April 11, 2018. The Pledgors and the Pledgee hereby agree to execute this Agreement, which supersedes the Second Amended and Restated Share Pledge Agreement as of the execution date hereof;

NOW THEREFORE, the Pledgors and the Pledgee agree as follows:

#### **Article 1 Pledge**

##### 1.1 Subject Matter of Pledge

The subject matter pledged by the Pledgors to the Pledgee hereunder shall be 100% equity interests in the Company's registered capital, whether now owned or hereafter acquired by the Pledgors, together with all dividends and bonuses acquired therefrom during the term hereof (the "**Pledged Equity Interests**"), in which:

Sun Wenjun shall pledge to the Pledgee his equity interests held in the Company in an amount of RMB 13,828,761.00;

Chen Xuefeng shall pledge to the Pledgee his equity interests held in the Company in an amount of RMB 36,171,239.00;

##### 1.2 Pledge

The Pledgors are willing to pledge the Pledged Equity Interests described above to guarantee the performance of all Secured Obligations and Contractual Obligations by the Pledgors and the Company. Each Pledgor hereby consents to the other's pledge of his own equity interests held in the Company to the Pledgee.

##### 1.3 Realization of Pledge

In the event that (i) the Company fails to perform the Secured Obligations pursuant to the Master Agreement, or (ii) the Pledgors or the Company fails to perform the Contractual Obligations pursuant to the Master Agreement, the Pledgee shall dispose of the Pledged Equity Interests in accordance with the *Civil Code of the People's Republic of China* and other pertinent laws and regulations, and shall have the right to firstly by law get compensated from the proceeds of such disposal and apply them to the satisfaction of the Secured Obligations and payment of any other relevant expenses. It is agreed that the proceeds acquired under this Article shall be applied in the following order of priority: (1) the payment of all taxes incurred due to the disposal of the Pledged Equity Interests; (2) the repayment of outstanding Secured Obligations owed by the Pledgors; (3) if there remains any balance upon deduction of the payments set forth in the preceding Items from such proceeds, in the absence of any payable by the Pledgors or the Company to the Pledgee, the Pledgee shall refund such balance to the Pledgors. In such case, the Pledgors, as shareholders of the Company, agree to waive their right of first refusal and agree that the Pledgee has the right to purchase such Pledged Equity Interests.

Unless otherwise agreed in writing by the Pledgee in writing upon execution hereof, the pledge hereunder may be released subject to the Pledgee's written approval and only to the extent that the Company and the Pledgors have duly performed all of their obligations and responsibilities under the Master Agreement. In the event that the Pledgors fail to fully perform all or any part of their obligations or responsibilities under the Master Agreement as of the expiration thereof, the Pledgee remains entitled to the pledge hereunder until all such obligations and responsibilities have been fully performed.

#### 1.4 Term of Pledge

The pledge hereunder shall take effect as of the date on which the pledge of the Pledged Equity Interests hereunder is registered with competent administration for market regulation, and shall lapse upon the satisfaction of all Secured Obligations and performance of all Contractual Obligations.

### **Article 2 Representations and Warranties**

2.1 Each Pledgor hereby represents and warrants to the Pledgee that:

- (1) The Pledgor is the legal owner of the Pledged Equity Interests, and has the right to pledge the same to the Pledgee, whereupon the Pledgee will not be legally or factually inhibited from exercising the pledge.
- (2) The Pledgor has obtained all such approvals and authorizations as may be necessary to execute this Agreement, and this Agreement is valid and binding upon the Pledgor, enforceable against the Pledgor in accordance with its terms.
- (3) The execution and performance of this Agreement by the Pledgor will not constitute a violation of any other agreement to which he is a party (other than the Option Purchase Agreement) or any applicable laws and regulations and relevant government approvals, licenses or authorizations by which he is bound.
- (4) There is no security interest, right of set-off or other similar encumbrance on the Pledged Equity Interests on the execution date hereof, except for the option granted to the Pledgee under the Option Purchase Agreement.
- (5) At no time shall the exercise of the Pledgee's rights by its board of directors pursuant to this Agreement be interfered with by any other party, unless by judicial or administrative authorities.
- (6) Without the prior written consent of the Pledgee, the Pledgor shall not transfer or otherwise dispose of the Pledged Equity Interests (or any part thereof), nor shall the Pledgor directly or indirectly cause or allow any other encumbrance to be created on the Pledged Equity Interests, other than the option granted by the Pledgor to the Pledgee pursuant to the Option Purchase Agreement.
- (7) Without the prior written consent of the Pledgee, the Pledgor shall not change or allow the change of the Pledged Equity Interests that may decrease the value of the Pledged Equity Interests (except for the purpose of performing the Master Agreement).
- (8) There is no pending civil, administrative or criminal proceeding, administrative penalty or arbitration with respect to the Pledged Equity Interests on the execution date hereof.
- (9) There is no outstanding tax or cost or legal proceeding or procedure that should be completed but not completed with respect to the Pledged Equity Interests on the execution date hereof.
- (10) The Pledgor agrees to sign an irrevocable voting proxy power of attorney.
- (11) The Pledgor agrees that the exercise by the Pledgee of its rights pursuant to this Agreement shall not be interrupted or hindered by the Pledgor or any of his successors or assigns or any other person.

- (12) All provisions hereof represent the true intention of the Pledgor, and are legally binding upon the Pledgor. In the event that the Pledgor fails to perform or fully perform any of his warranties, covenants, agreements or representations, the Pledgor shall indemnify the Pledgee against actual losses incurred thereby.
- 2.2 The Pledgee hereby represents and warrants that:
- (1) The Pledgee is a wholly foreign-owned enterprise duly incorporated and validly existing under the laws of the People's Republic of China.
  - (2) The Pledgee has obtained all such approvals and authorizations as may be necessary to execute this Agreement, and this Agreement is valid and binding upon the Pledgee.

**Article 3 Effectiveness and Term**

- 3.1 This Agreement shall become effective as of the date it is signed by authorized representatives of the parties. The pledge hereunder shall take effect on the date of completion of the pledge registration procedures of the Pledged Equity Interests with competent administration for market regulation at the place of registration of the Company.
- 3.2 It is agreed to record the pledge of the Pledged Equity Interests in the Company's shareholder register on the execution date hereof.
- 3.3 This Agreement shall terminate upon the termination of the Master Agreement by law and the satisfaction of all Secured Obligations in accordance with the terms and conditions contained therein.

**Article 4 Possession and Custody of Share Certificates**

- 4.1 During the term of the pledge set forth herein, the Pledgors shall deliver to the Pledgee the possession of an original copy of their respective share certificates issued by the Company. The Pledgors shall deliver an original copy of such share certificates to the Pledgee within five (5) business days of the execution date hereof, and shall furnish the Pledgee with proof evidencing that the pledge hereunder has been duly recorded in the shareholder register, and shall complete all such approvals, registrations and filings as required by the laws of the People's Republic of China (including but not limited to the registration of the pledge of the Pledged Equity Interests with competent administration for market regulation at the place of registration of the Company).
- 4.2 To the extent required by law to change any pledge related matter recorded in the Company's shareholder register, the Pledgors shall record such change within fifteen (15) days thereof and go through relevant change registration procedures with competent administration for market regulation at the place of registration of the Company.
- 4.3 During the term of the pledge, the Pledgors shall instruct the Company not to distribute any dividend or bonus or adopt any profit distribution plan; if the Pledgors acquire monetary interests of any nature from the Pledged Equity Interests other than dividends, bonuses or other profit distribution plans, the Pledgors shall, upon the request of the Pledgee, instruct the Company to remit relevant funds directly into the Pledgee's designated bank account, which funds shall not be used by the Pledgors without the prior written consent of the Pledgee.

- 4.4 During the term of the pledge, if the Pledgors acquire additional equity interests as a result of the stock offering plan adopted by the Company for its shareholders or their additional capital contributions to the Company or otherwise, then such additional equity interests shall automatically become the Pledged Equity Interests hereunder, and the Pledgors shall complete all such procedures as may be necessary to pledge such equity interests upon acquisition thereof. In the event that the Pledgors fail to complete relevant procedures as per the preceding provision, the Pledgee shall have the right to forthwith realize the pledge pursuant to Article 6 hereof.
- 4.5 In the case of the Pledgors being the Pledgee's employees, if either Pledgor terminates his employment relationship with the Pledgee during the term of the pledge, the Pledgor hereby agrees and covenants that he will transfer all of the Company's equity interests held by him to any third person designated by the Pledgee, whereupon such third person shall have all rights and obligations of such Pledgor under the Master Agreement. Such covenant shall be irrevocable during the term of this Agreement.

#### **Article 5 Event of Default**

- 5.1 Any one of the following events shall be deemed an event of default hereunder:
- (1) The Company or any of its successors or assigns fails to timely and fully pay any service fees payable under the Service Agreement, or either Pledgor or any of his successors or assigns fails to perform the Business Operation Agreement and the Option Purchase Agreement;
  - (2) Any representation, warranty or covenant made by either Pledgor in Article 2 hereof is substantially misleading or incorrect, and/or is breached by such Pledgor;
  - (3) Either Pledgor commits a serious breach of any provision hereof;
  - (4) Either Pledgor relinquishes the Pledged Equity Interests or arbitrarily transfers or otherwise disposes of the Pledged Equity Interests without the written consent of the Pledgee;
  - (5) Any of either Pledgor's external loans, guaranties, compensations, undertakings or other obligations (i) is required to be repaid or performed prior to the scheduled due date due to his default hereunder or (ii) becomes due but cannot be repaid or performed as scheduled, thus causing the Pledgee to believe that the Pledgor's ability to perform his obligations hereunder has been affected, which would have an adverse effect on the Pledgee's interests;
  - (6) Either Pledgor is unable to repay general debts or other debts, which would have an adverse effect on the Pledgee's interests;
  - (7) This Agreement is rendered illegal or either Pledgor is rendered incapable of continuing to perform his obligations hereunder by reason of the promulgation of applicable laws;
  - (8) Any government consent, license, approval or authorization necessary to render this Agreement to be enforceable, legal or valid is withdrawn, suspended or substantially modified or lapses; or
  - (9) There is any adverse change to any property owned by either Pledgor, causing the Pledgee to believe that the Pledgor's ability to perform his obligations hereunder has been affected.
- 5.2 The Pledgors shall notify the Pledgee in writing as soon as they become aware of or discover the occurrence of any event described in Article 5.1 or any event that might give rise thereto.

- 5.3. Unless any of the above events set out in Article 5.1 has been solved to the satisfaction of the Pledgee, the Pledgee may, at the time of occurrence of such event or at any time thereafter, (a) send a written default notice to the Pledgors, requesting the Pledgors to forthwith make all outstanding payments and other payables under the Service Agreement, or promptly perform the Option Purchase Agreement or the Business Operation Agreement, or (b) exercise the pledge pursuant to Article 6 hereof.

**Article 6 Exercise of Pledge**

- 6.1 Prior to the satisfaction of all Secured Obligations and performance of all Contractual Obligations hereunder, the Pledgors shall not transfer or otherwise dispose of the Pledged Equity Interests without the Pledgee's written consent.
- 6.2 The Pledgee shall issue to the Pledgors a default notice in exercising the pledge.
- 6.3 Subject to Article 5.3, the Pledgee may exercise the pledge concurrently with the giving of the default notice as per Article 5.3 or at any time thereafter.
- 6.4 The Pledgee shall have the priority to be indemnified in the form of all or part of the Pledged Equity Interests based on the conversion value thereof, or from the proceeds from the auction or sale of all or part of the Pledged Equity Interests in accordance with legal procedures, until the repayment of all outstanding service fees and other payables under the Service Agreement and the full performance of the Option Purchase Agreement and the Business Operation Agreement.
- 6.5 Neither the Pledgors shall hinder the Pledgee from and shall provide necessary assistance to the Pledgee in exercising the pledge pursuant to this Agreement in order for the Pledgee to realize such pledge.

**Article 7 Miscellaneous**

- 7.1 This Agreement is ancillary to the Master Agreement, provided that the validity of this Agreement shall not be affected thereby.
- 7.2 Any modification, extension, transfer and early termination of this Agreement shall be subject to the prior written consent of the Pledgee.
- 7.3 This Agreement shall be governed by and construed in accordance with the laws of the People's Republic of China.
- 7.4 All disputes arising from or in connection with this Agreement shall be resolved by the parties through amicable negotiations. Should such negotiations fail, either party may refer the dispute to Shanghai Arbitration Commission for arbitration in accordance with its arbitration rules then in effect. The arbitration proceedings shall be conducted in Chinese. The arbitral award shall be final and binding on the parties.
- 7.5 During the term hereof, any moratorium/extension granted by the Pledgee to the Pledgors with respect to any default or delay in performance thereby shall not affect, impair or restrict any right or power conferred upon the Pledgee hereunder and as creditor under applicable laws and regulations, and shall not be deemed to be its consent to such default, or constitute its waiver of any existing or future default thereby.



- 7.6 The Pledgors shall not be entitled to grant or transfer any of their rights and obligations hereunder without the prior consent of the Pledgee. This Agreement shall be binding upon the Pledgors and their respective successors, and upon the Pledgee and each of its successors and assigns. The Pledgee may at any time transfer all or any of its rights and obligations under the Master Agreement to its designated person (natural person/legal person), whereupon the transferee shall have all rights and obligations of the Pledgee hereunder as if such transferee were a party hereto. After the Pledgee has been changed as a result of the said transfer, the new parties to the pledge shall execute a new pledge contract.
- 7.7 All costs and out-of-pocket expenses in connection with this Agreement shall be for the account of the Pledgee.
- 7.8 This Agreement is written in Chinese and executed in five (5) originals, with one (1) original to be held by each of the Pledgors and Pledgee, one (1) original submitted to competent administration for market regulation, and the remaining original to be held by the Company.
- 7.9 IN WITNESS WHEREOF, the parties hereto have caused their respective authorized representatives to execute this Agreement as of the date first written above.

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**Pledgee:**

**Shanghai Aihui Trading Co., Ltd.**

By: /s/ Chen Xuefeng  
Name: Chen Xuefeng  
Title: Legal Representative

**Pledgors:**

**Sun Wenjun**

By: /s/ Sun Wenjun

**Chen Xuefeng**

By: /s/ Chen Xuefeng

## Voting Proxy Agreement

**Voting Proxy Agreement**

This Voting Proxy Agreement (this "**Agreement**") is made on August 31, 2012 in the People's Republic of China (the "**PRC**") by and among:

**Party A: Sun Wenjun**, a PRC citizen, whose ID Card No. is \*\*\*;

**Chen Xuefeng**, a PRC citizen, whose ID Card No. is \*\*\*;

**Party B: Shanghai Yueyee Network Information Technology Co., Ltd.**, a limited liability company incorporated in Shanghai, the PRC, having its domicile at Rooms 1202-3, Building 2, No.335 Guoding Road, Yangpu District, Shanghai; and

**Party C: Shanghai Aihui Trading Co., Ltd.**, a wholly foreign-owned enterprise duly incorporated and validly existing under the laws of the PRC, having its domicile at Room 224, Building 1, No.2011 Wusi Road, Fengxian District, Shanghai.

The above parties are hereinafter referred to individually as a "**Party**" and collectively as the "**Parties**".

**WHEREAS:**

1. Sun Wenjun and Chen Xuefeng are the only two shareholders of Party B, holding in aggregate 100% of Party B's equity interests;
2. Party B is a wholly foreign-owned company duly incorporated and validly existing in the PRC;
3. Party A, Party B and Party C propose to jointly or severally enter into the Exclusive Technology Consulting and Management Service Agreement, the Option Purchase Agreement, the Business Operation Agreement, the Share Pledge Contract and this Agreement (collectively "**Cooperation Agreements**"); and
4. Party A (the "**Principal**") proposes, in accordance with this Agreement, to appoint and authorize the Agent (as defined in Article 1.1) to exercise the rights enjoyed by it as Party B's shareholder, including voting rights.

**NOW THEREFORE**, the Parties hereby agree as follows:

**Article 1 Shareholder Rights**

- 1.1 By signing the Irrevocable Power of Attorney attached hereto as Appendix 1 contemporaneously with the execution of this Agreement, the Principal hereby appoints and authorizes Party C or its designated person (collectively the “**Attorney-in Fact**”) to exercise the following rights enjoyed by it as Party B’s shareholder (collectively the “**Shareholder Rights**”):
- (1) to propose, convene and attend shareholders’ meetings;
  - (2) to exercise shareholders’ voting rights, including, but not limited to, making decision on the sale or transfer of part or all of the Principal’s equity interests;
  - (3) to designate or elect the legal representative, directors, general manager and other senior management; and
  - (4) to sign resolutions and other documents related to the exercise of the above rights.
- 1.2 The Principal hereby acknowledges that it will bear all legal consequences arising from the Attorney-in-Fact’s exercise of the Shareholder Rights.
- 1.3 The Principal hereby acknowledges that the Attorney-in-Fact’s exercise of the Shareholder Rights does not require its prior written consent.
- 1.4 The Principal shall provide the Attorney-in-Fact with adequate assistance in exercising the Shareholder Rights, including the right to promptly sign resolutions of shareholders’ meetings or other relevant legal instruments when necessary (for instance, when such legal instruments are required to be submitted for approval of or registration or filing with competent government authority). The Principal’s covenant under this Article 1.4 will not limit its authorization granted to the Attorney-in-Fact with respect to the Shareholder Rights.

**Article 2 Information Right**

The Attorney-in-Fact shall have the right to access Party B’s operations, clients, financial affairs, employees and other related information and to inspect Party B’s relevant materials for the purposes of exercising the Shareholder Rights. Such information right shall include at least the entitlement of Party B’s shareholder to inspect Party B’s information. Party B shall provide adequate convenience for such inspection.

**Article 3 Appointment and Authorization of the Attorney-in-Fact**

- 3.1 Party C may at its own discretion appoint a person as the Attorney-in-Fact under the Irrevocable Power of Attorney. If multiple Attorneys-in-Fact are appointed, Party C may at its own discretion decide whether such Attorneys-in-Fact may individually act or must collectively act on behalf of the Principal.
- 3.2 Upon Party C’s written notice to the Principal of termination of the authorization and appointment of an Attorney-in-Fact under a certain Irrevocable Power of Attorney, the Principal shall immediately withdraw such appointment and authorization, and authorize and appoint any other person nominated by Party C by entering into a new power of attorney in the same form and substance as the Irrevocable Power of Attorney.

**Article 4 Exemption**

The Parties agree that neither Party C nor its designated person shall be liable for compensation in any form to any other Party hereto or any third party by reason of its exercise of the Shareholder Rights.

**Article 5 Representations and Warranties of the Principal**

- 5.1 The Principal, whether individual or entity, has full capacity for civil conduct.
- 5.2 The Principal lawfully holds 100% of Party B's equity interests.
- 5.3 The Principal has the right to execute and perform this Agreement and has obtained all necessary and appropriate approvals and authorizations.
- 5.4 The execution and performance of this Agreement by the Principal do not constitute a violation of any laws and regulations or government approvals, authorizations, notices or other government documents that are binding upon or affect it, or of any contract signed by the Principal with any third party or any covenant issued by the Principal to any third party.
- 5.5 Upon execution by the Principal, this Agreement constitutes the legal and valid obligation of the Principal, and is enforceable against it.
- 5.6 Unless otherwise provided in this Agreement or the Share Pledge Agreement signed by the Parties, the Principal has not: (i) mortgaged, pledged or otherwise secured Party B's equity interests held by it; (ii) made any restrictive agreement with any third party with respect to Party B's equity interests, or offered to transfer such equity interests to any third party; (iii) made any covenant as to any third party's offer to purchase such equity interests; or (iv) entered into any contract with any third party with respect to the transfer of Party B's equity interests held by it.
- 5.7 The Principal will strictly comply with the provisions of the Cooperation Agreements, proactively perform its duties as per the said agreements, and prevent the occurrence of any act or omission that affects the validity and enforceability of the Cooperation Agreements (including this Agreement).
- 5.8 The Principal warrants that breach of any other Cooperation Agreement by the Principal or Party B (if any) will not have any adverse effect on the Attorney-in-Fact's exercise of the Shareholder Rights.

**Article 6 Party B's Representations and Warranties**

- 6.1 Party B is a limited liability company duly incorporated and validly existing under the laws of the PRC.
- 6.2 Party B has obtained all such approvals and authorizations as necessary and appropriate to execute and perform this Agreement.
- 6.3 The Principal is the legitimate shareholder of Party B who lawfully holds all the equity interests of Party B.

- 6.4 Party B will strictly comply with the provisions of this Agreement and other Cooperation Agreements, proactively perform its duties as per the said agreements, and prevent the occurrence of any act or omission that affects the validity and enforceability of this Agreement and such other Cooperation Agreements.
- 6.5 Party B warrants that breach of any other Cooperation Agreement by the Principal or Party B (if any) will not have any adverse effect on the Attorney-in-Fact's exercise of the Shareholder Rights.

**Article 7 Governing Law and Dispute Resolution**

- 7.1 The conclusion, validity, interpretation, performance, modification and termination of and resolution of disputes arising from this Agreement shall be governed by the laws of the PRC.
- 7.2 Any and all disputes arising from the interpretation and performance of this Agreement shall be firstly resolved by the Parties through amicable negotiations. Should the Parties be unable to resolve such dispute through negotiations within thirty (30) days after a Party's written notice to the other Parties to that effect, then any Party may refer the same to Shanghai Arbitration Commission for arbitration in accordance with its arbitration rules then in effect. The arbitration proceedings shall be conducted in Shanghai and in Chinese. The arbitral award shall be final and binding upon the Parties.
- 7.3 Where any dispute arises from the interpretation and performance of this Agreement or is subject to arbitration, the Parties may continue to exercise and shall continue to perform their respective rights and obligations hereunder, other than rights and obligations with regard to matters in dispute.

**Article 8 Liabilities for Breach of Contract**

- 8.1 The Principal shall indemnify and hold harmless Party B and its shareholders, directors, employees, affiliates, agents and successors and the Attorney-in-Fact from and against any legal proceedings, damages, expenses, compensations, liabilities, fines and any other losses resulting from:
  - (1) the Attorney-in-Fact's exercise of the Shareholder Rights;
  - (2) any representation or warranty made by the Principal or Party B herein that is inaccurate, incomplete or misleading; and
  - (3) any breach or non-performance by the Principal or Party B of any provision hereof, including any of its covenants made herein.
- 8.2 Party C shall also have the right to request the Principal and Party B to cease any infringement in an effort to prevent the Principal and Party B from violating or attempting to violate this Agreement, and/or to request specific performance hereof by the Principal and Party B.
- 8.3 Notwithstanding any other provision hereof, this Article 9 shall survive the termination or suspension of this Agreement.

**Article 9 Effectiveness and Term**

This Agreement shall take immediate effect and be performed as of the execution date hereof. Unless otherwise earlier terminated by the Attorney-in-Fact, this Agreement shall continue in force during the lifetime of Party B. In no event shall the Principal and Party B have the right to request early termination of this Agreement.

**Article 10 Confidentiality**

- 10.1 The Parties acknowledge and confirm that this Agreement, and the content hereof, and any oral or written information exchanged among the Parties in connection with the preparation or performance hereof are confidential. The Parties shall keep all such information confidential, and without the prior written consent of the other Party, may not disclose any confidential information to a third party except for: (a) any information that is already known or will be known to the public for reasons other than unauthorized disclosure by the Party receiving such information; (b) any information required to be disclosed by applicable laws and regulations, stock exchange rules or the order of competent government authority or court; or (c) any information required to be disclosed by either Party to its shareholders, investors, or legal or financial consultant in connection with the transaction hereunder, provided that such shareholders, investors, or legal or financial consultant shall also be subject to confidentiality obligations similar to those provided under this Article 11. Any disclosure of confidential information made by any staff member of or institution engaged by any Party shall be deemed a breach by such Party itself, for which such Party shall be liable in accordance with this Agreement.
- 10.2 It is agreed that this Article 11 shall remain in force and effect notwithstanding any modification, rescission or termination of this Agreement.

**Article 11 Miscellaneous**

- 11.1 This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, successors and permitted assigns. Without the prior written consent of the Attorney-in-Fact, the Principal shall not transfer to any third party any of its rights, interests or obligations hereunder.
- 11.2 The Principal hereby agrees that Party C may transfer to any other third party its rights and obligations hereunder whenever needed; provided only that Party C shall issue a written notice to the Principal at the time of such transfer, which transfer does not require the Principal's consent.
- 11.3 This Agreement constitutes the entire agreement reached by the Parties with respect to the subject matter hereof, and supersedes all prior oral or written agreements reached by the Parties with respect thereto.
- 11.4 Waiver by any Party of a breach of this Agreement by any other Party under certain circumstances shall not be deemed as its waiver of any similar breach by such other Party under any other circumstance.

- 11.5 Any amendment or supplement to this Agreement may be made in writing and signed by the Parties. Any amendment and supplemental agreement to this Agreement by the Parties shall form an integral part hereof, and shall have the same legal effect as this Agreement.
- 11.6 If any one or more provisions hereof are determined to be invalid, illegal or unenforceable in any respect under any applicable laws or regulations, the validity, legality or enforceability of the remaining provisions hereof shall not in any way be affected or impaired. The Parties shall endeavor to replace such invalid, illegal or unenforceable provision with a valid, legal or enforceable provision through good faith negotiations to the maximum extent permitted by law and anticipated by the Parties, the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provision.
- 11.7 This Agreement is written in Chinese and executed in three (3) originals, with each Party holding one (1) original and each original having the same legal effect.
- 11.8 The appendix to this Agreement shall form an integral part hereof, and shall have the same legal effect as this Agreement.

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IN WITNESS WHEREOF, the Parties have caused their respective authorized representatives to execute this Agreement with immediate effect as of the date first written above.

**Party A (Principal):**

**Sun Wenjun** By: /s/ Sun Wenjun

**Chen Xuefeng** By: /s/ Chen Xuefeng

IN WITNESS WHEREOF, the Parties have caused their respective authorized representatives to execute this Agreement with immediate effect as of the date first written above.

**Party B:**

Shanghai Yueyee Network Information Technology Co., Ltd. (Seal)

/s/ Shanghai Yueyee Network Information Technology Co., Ltd.

Authorized Representative: Sun Wenjun

By: /s/ Sun Wenjun

IN WITNESS WHEREOF, the Parties have caused their respective authorized representatives to execute this Agreement with immediate effect as of the date first written above.

**Party C (Attorney-in-Fact):**

Shanghai Aihui Trading Co., Ltd. (Seal)

/s/ Shanghai Aihui Trading Co., Ltd.

Authorized Representative: Sun Wenjun

By: /s/ Sun Wenjun

Appendix 1:

**Irrevocable Power of Attorney**

Principal: Sun Wenjun; Chen Xuefeng

Attorney-in-Fact: Shanghai Aihui Trading Co., Ltd.

The Principal hereby authorizes the Attorney-in-Fact to exercise the rights described herein during the term of this power of attorney (this "**Power of Attorney**").

Sun Wenjun and Chen Xuefeng (collectively the "**Principal**") are the only two shareholders of Shanghai Yueyee Network Information Technology Co., Ltd., and hereby authorize the Attorney-in-Fact to exercise the following rights enjoyed by the Principal as the shareholder of Shanghai Yueyee Network Information Technology Co., Ltd. (the "**Shareholder Rights**") subject to applicable PRC laws and the company's articles of association:

- (1) to propose, convene and attend shareholders' meetings;
- (2) to exercise shareholders' voting rights, including, but not limited to, making decision on the sale or transfer of part or all of the Principal's equity interests;
- (3) to designate or elect the legal representative, directors, general manager and other senior management of Shanghai Yueyee Network Information Technology Co., Ltd.; and
- (4) to sign resolutions and other documents related to the exercise of the above rights.

The Principal hereby acknowledges that:

- (1) the Attorney-in-Fact's exercise of its Shareholder Rights pursuant to this Power of Attorney does not require its prior written consent;
- (2) the Attorney-in-Fact has the right to access the operations, clients, financial affairs, employees and other related information of Shanghai Yueyee Network Information Technology Co., Ltd. and to inspect the relevant materials of Shanghai Yueyee Network Information Technology Co., Ltd. for the purposes of exercising the Shareholder Rights; and
- (3) it will provide the Attorney-in-Fact with adequate assistance in exercising the Shareholder Rights, including the right to promptly sign resolutions of shareholders' meetings or other relevant legal instruments when necessary (for instance, when such legal instruments are required to be submitted for approval of or registration or filing with competent government authority), and its covenant under this Article will not limit its authorization granted to the Attorney-in-Fact with respect to the Shareholder Rights.

This Power of Attorney does not involve any monetary payment.

Unless otherwise instructed in writing by Shanghai Yueyee Network Information Technology Co., Ltd., this Power of Attorney shall remain in force and effect during the lifetime of Shanghai Yueyee Network Information Technology Co., Ltd.

Appendix 1: Irrevocable Power of Attorney

This Power of Attorney shall be irrevocable upon being signed by the Principal, unless otherwise instructed in writing by Shanghai Yueyee Network Information Technology Co., Ltd. Upon the written notice of Shanghai Aihui Trading Co., Ltd. to the Principal of termination of such authorization and appointment, the Principal shall immediately withdraw the appointment and authorization of the Attorney-in-Fact, and authorize and appoint any other person nominated by Shanghai Aihui Trading Co., Ltd. by entering into a new power of attorney in the same form and substance as this Power of Attorney.

This Power of Attorney shall be signed by the Principal on the effective date of the Voting Proxy Agreement, and shall become effective as of the date when it is signed by the Principal.

This Power of Attorney is executed in two (2) originals, with each Party holding one (1) original, and each copy having the same legal effect.

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(This is a signature page to the Irrevocable Power of Attorney)

**Principal:**

**Sun Wenjun** By: /s/ Sun Wenjun **Chen Xuefeng** By: /s/ Chen Xuefeng

(This is a signature page to the Irrevocable Power of Attorney)

**Attorney-in-Fact: Shanghai Aihui Trading Co., Ltd. (Seal)**

/s/ Shanghai Aihui Trading Co., Ltd.

Authorized Representative: Sun Wenjun

By: /s/ Sun Wenjun

**Amended and Restated Power of Attorney**

Date: March 12, 2021

**WHEREAS:**

- (1) I, Chen Xuefeng (ID Card No.: \*\*\*) (the "**Principal**") am a shareholder of Shanghai Yueyee Network Information Technology Co., Ltd. (the "**Company**");
- (2) I entered into the Voting Proxy Agreement (the "**Voting Proxy Agreement**") with the Company, Shanghai Aihui Trading Co., Ltd. (the "**Attorney-in-Fact**") and other shareholders of the Company on August 31, 2012, and issued one or more powers of attorney (the "**Original Powers of Attorney**") to the Attorney-in-Fact on the same date; upon the consent of the Attorney-in-Fact, I hereby agree to issue this Amended and Restated Power of Attorney (this "**Power of Attorney**") to supersede the Original Powers of Attorney in its entirety.
- (3) For the sake of greater clarity, this Power of Attorney shall be deemed an "irrevocable power of attorney" required to be issued under the Voting Proxy Agreement.

NOW THEREFORE, I hereby irrevocably authorize and appoint the Attorney-in-Fact to exercise such rights and deal with such matters as set out below on my behalf during the term of this Power of Attorney:

The Attorney-in-Fact is hereby appointed and authorized as the only exclusive agent and attorney to exercise the following rights and deal with the following matters on my behalf with respect to my equity interests: 1) making decisions as a shareholder of the Company; 2) exercising all rights and discretions to which I am entitled under relevant PRC laws and the articles of association of the Company as a shareholder of the Company (including but not limited to determining the Company's bonuses); 3) handling the sale, transfer, pledge or disposal of my equity interests in the Company (in all or in part), including but not limited to signing all necessary equity transfer documents or other documents for disposing of my equity interests and handling all necessary procedures on my behalf; 4) in my name and on my behalf, signing any resolutions and meeting minutes as a shareholder of the Company; 5) on my behalf, nominating, electing, designating, appointing and removing the legal representative, directors, supervisors, general manager, chief financial officer and other senior management personnel of the Company; 6) approving the amendment to the articles of association of the Company; and 7) other matters agreed in the Voting Proxy Agreement, if any. Without the written consent of the Attorney-in-Fact, I shall have no right to increase or decrease, transfer, re-pledge, or otherwise dispose of or change my equity interests in the Company. For the sake of greater clarity, the Attorney-in-Fact may commit any acts with respect to my equity interests based on its own judgment and without my oral or written instructions.

With respect to the Exclusive Technology Consulting and Management Service Agreement, the Option Purchase Agreement, the Business Operation Agreement, the Voting Proxy Agreement and the Share Pledge Agreement (including any and all subsequent amendments thereto and restatements thereof) executed by and among the Attorney-in-Fact, the Company and (or) me, the Attorney-in-Fact shall have the right to execute any supplemental agreement, ancillary document, amendment and (or) modification thereto or restatement thereof, and all other agreements and documents required to be executed by me as set forth therein, and shall promptly perform the obligations under the foregoing agreements and documents. The exercise of such right shall not constitute a restriction on any other form of authority granted hereunder.

All acts committed by the Attorney-in-Fact with respect to my equity interests shall be deemed to be my own acts, and all documents signed by the Attorney-in-Fact shall be deemed to have been signed by me. I hereby acknowledge all acts committed and documents signed by the Attorney-in-Fact with respect to my equity interests. During the term of this Power of Attorney, I hereby waive all rights with regard to my equity interests that have been granted to the Attorney-in-Fact hereunder, and will no longer exercise such rights.

I hereby agree that the Attorney-in-Fact shall have the right to sub-delegate one or more matters and rights delegated to it hereunder to any other person or entity without my prior written consent.

This Power of Attorney shall become effective as of the date it is signed. This Power of Attorney, upon entry into force, supersedes in its entirety any and all Original Powers of Attorney. As of the execution date hereof, this Power of Attorney shall be irrevocable and continue in force during my tenure as a shareholder of the Company.

Any dispute arising from the interpretation and performance of this Power of Attorney shall be governed by the provision of dispute resolution contained in the Voting Proxy Agreement.

This Power of Attorney is written in Chinese and executed in three (3) originals, with each of the Principal, the Company and the Attorney-in-Fact holding one (1) original and each original having the same legal effect.

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IN WITNESS WHEREOF, the Parties have caused their respective authorized representatives to execute this Power of Attorney with immediate effect as of the date first written above.

**Principal:**

**Chen Xuefeng**

/s/ Chen Xuefeng \_\_\_\_\_

Signature Page to the Power of Attorney

IN WITNESS WHEREOF, the Parties have caused their respective authorized representatives to execute this Power of Attorney with immediate effect as of the date first written above.

**Accepted by:**

**Shanghai Yueyee Network Information Technology Co., Ltd. (Seal)**

/s/ Shanghai Yueyee Network Information Technology Co., Ltd.

Signature of Legal Representative (or Authorized Representative): /s/ Chen Xuefeng

**Acknowledged by:**

**Shanghai Aihui Trading Co., Ltd. (Seal)**

/s/ Shanghai Aihui Trading Co., Ltd.

Signature of Legal Representative (or Authorized Representative): /s/ Chen Xuefeng

Signature Page to the Power of Attorney

**Amended and Restated Power of Attorney**

Date: March 12, 2021

**WHEREAS:**

- (1) I, Sun Wenjun (ID Card No.: \*\*\*) (the "**Principal**") am a shareholder of Shanghai Yueyee Network Information Technology Co., Ltd. (the "**Company**");
- (2) I entered into the Voting Proxy Agreement (the "**Voting Proxy Agreement**") with the Company, Shanghai Aihui Trading Co., Ltd. (the "**Attorney-in-Fact**") and other shareholders of the Company on August 31, 2012, and issued one or more powers of attorney (the "**Original Powers of Attorney**") to the Attorney-in-Fact on the same date; upon the consent of the Attorney-in-Fact, I hereby agree to issue this Amended and Restated Power of Attorney (this "**Power of Attorney**") to supersede the Original Powers of Attorney in its entirety.
- (3) For the sake of greater clarity, this Power of Attorney shall be deemed an "irrevocable power of attorney" required to be issued under the Voting Proxy Agreement.

NOW THEREFORE, I hereby irrevocably authorize and appoint the Attorney-in-Fact to exercise such rights and deal with such matters as set out below on my behalf during the term of this Power of Attorney:

The Attorney-in-Fact is hereby appointed and authorized as the only exclusive agent and attorney to exercise the following rights and deal with the following matters on my behalf with respect to my equity interests: 1) making decisions as a shareholder of the Company; 2) exercising all rights and discretions to which I am entitled under relevant PRC laws and the articles of association of the Company as a shareholder of the Company (including but not limited to determining the Company's bonuses); 3) handling the sale, transfer, pledge or disposal of my equity interests in the Company (in all or in part), including but not limited to signing all necessary equity transfer documents or other documents for disposing of my equity interests and handling all necessary procedures on my behalf; 4) in my name and on my behalf, signing any resolutions and meeting minutes as a shareholder of the Company; 5) on my behalf, nominating, electing, designating, appointing and removing the legal representative, directors, supervisors, general manager, chief financial officer and other senior management personnel of the Company; 6) approving the amendment to the articles of association of the Company; and 7) other matters agreed in the Voting Proxy Agreement, if any. Without the written consent of the Attorney-in-Fact, I shall have no right to increase or decrease, transfer, re-pledge, or otherwise dispose of or change my equity interests in the Company. For the sake of greater clarity, the Attorney-in-Fact may commit any acts with respect to my equity interests based on its own judgment and without my oral or written instructions.

With respect to the Exclusive Technology Consulting and Management Service Agreement, the Option Purchase Agreement, the Business Operation Agreement, the Voting Proxy Agreement and the Share Pledge Agreement (including any and all subsequent amendments thereto and restatements thereof) executed by and among the Attorney-in-Fact, the Company and (or) me, the Attorney-in-Fact shall have the right to execute any supplemental agreement, ancillary document, amendment and (or) modification thereto or restatement thereof, and all other agreements and documents required to be executed by me as set forth therein, and shall promptly perform the obligations under the foregoing agreements and documents. The exercise of such right shall not constitute a restriction on any other form of authority granted hereunder.

All acts committed by the Attorney-in-Fact with respect to my equity interests shall be deemed to be my own acts, and all documents signed by the Attorney-in-Fact shall be deemed to have been signed by me. I hereby acknowledge all acts committed and documents signed by the Attorney-in-Fact with respect to my equity interests. During the term of this Power of Attorney, I hereby waive all rights with regard to my equity interests that have been granted to the Attorney-in-Fact hereunder, and will no longer exercise such rights.

I hereby agree that the Attorney-in-Fact shall have the right to sub-delegate one or more matters and rights delegated to it hereunder to any other person or entity without my prior written consent.

This Power of Attorney shall become effective as of the date it is signed. This Power of Attorney, upon entry into force, supersedes in its entirety any and all Original Powers of Attorney. As of the execution date hereof, this Power of Attorney shall be irrevocable and continue in force during my tenure as a shareholder of the Company.

Any dispute arising from the interpretation and performance of this Power of Attorney shall be governed by the provision of dispute resolution contained in the Voting Proxy Agreement.

This Power of Attorney is written in Chinese and executed in three (3) originals, with each of the Principal, the Company and the Attorney-in-Fact holding one (1) original and each original having the same legal effect.

[The remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, the Parties have caused their respective authorized representatives to execute this Power of Attorney with immediate effect as of the date first written above.

**Principal:**

**Sun Wenjun**

/s/ Sun Wenjun

Signature Page to the Power of Attorney

IN WITNESS WHEREOF, the Parties have caused their respective authorized representatives to execute this Power of Attorney with immediate effect as of the date first written above.

**Accepted by:**

**Shanghai Yueyee Network Information Technology Co., Ltd. (Seal)**

/s/ Shanghai Yueyee Network Information Technology Co., Ltd.

Signature of Legal Representative (or Authorized Representative): /s/ Chen Xuefeng

**Acknowledged by:**

**Shanghai Aihui Trading Co., Ltd. (Seal)**

/s/ Shanghai Aihui Trading Co., Ltd.

Signature of Legal Representative (or Authorized Representative): /s/ Chen Xuefeng

Signature Page to the Power of Attorney

**EXCLUSIVE BUSINESS COOPERATION AGREEMENT**

THIS EXCLUSIVE BUSINESS COOPERATION AGREEMENT (this "**Agreement**") is entered into by and between the following parties on June 19, 2019 in Shanghai, the People's Republic of China (the "**PRC**", solely for the purposes of this Agreement, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and the islands of Taiwan):

Party A: Shanghai Aihui Trading Co., Ltd., a wholly foreign owned enterprise duly incorporated and validly existing under the laws of the PRC with its Uniform Social Credit Code of 913100000512489464;

Party B: Shenzhen Lvchuang Network Technology Co., Ltd., a limited liability company duly incorporated and validly existing under the laws of the PRC with Uniform Social Credit Code of 9144030058272928X4.

Each of the parties listed above is referred to herein individually as a "**Party**" and collectively as the "**Parties**".

WHEREAS, Party A has the necessary resources to provide technical and consulting services;

WHEREAS, Party B is permitted to engage in [recycling and sales of pre-owned electronic products] by the relevant PRC governmental authorities. The businesses conducted by Party B currently and any time during the term of this Agreement are collectively referred to herein as the "**Principal Business**";

WHEREAS, during the term of this Agreement, Party A agrees to provide technical support, consulting services and other services in relation to the Principal Business for Party B on an exclusive basis, utilizing its advantages in technology, human resources, and information, and Party B agrees to accept such exclusive services provided by Party A or Party A's designee(s), pursuant to the terms hereunder.

NOW, THEREFORE, in consideration of the foregoing recitals and mutual discussion, the Parties hereby agree as follows:

**1. Services Provided by Party A**

- 1.1 Party B hereby appoints Party A as Party B's exclusive services provider to provide Party B with complete business support and technical and consulting services during the term of this Agreement, in accordance with the terms and conditions of this Agreement, which may include all services within the Principal Business as may be determined by Party A from time to time, including without limitation the following items:

- (1) licensing Party B to use any software legally owned by Party A;
  - (2) development, maintenance and update of software involved in Party B's business;
  - (3) design, installation, daily management, maintenance and updating of network systems, hardware and database;
  - (4) providing technical support and professional training for relevant staff of Party B;
  - (5) assisting Party B in consultancy, collection and research of technology and market information (excluding market research business that wholly foreign-owned enterprises are prohibited from conducting under the PRC laws);
  - (6) providing business management consultation for Party B;
  - (7) providing marketing and promotional services for Party B;
  - (8) providing customer order management and customer services for Party B;
  - (9) leasing equipment or properties to Party B; and
  - (10) other related services requested by Party B from time to time to the extent permitted under the PRC laws.
- 1.2 Party B agrees to accept all the consultations and services provided by Party A. Party B further agrees that unless with Party A's prior written consent, during the term of this Agreement, Party B shall not, directly or indirectly, accept the same or any similar consultations or services provided by any third party, and shall not cooperate with any third party regarding the matters contemplated by this Agreement. Party A may appoint other parties (who may enter into certain agreements described in Section 1.3 with Party B) to provide Party B with the consultations or services under this Agreement.
- 1.3 Service Providing Manner



- (1) The Parties agree that during the term of this Agreement, as the case may be, at the request of Party A, Party B shall enter into further technical service agreements or consulting service agreements with Party A or any other party designated by Party A, which shall provide the details, manner, personnel, and fees of the specific technical services and consulting services, and the form and substance of which shall be satisfactory to Party A.
- (2) The Parties agree that during the term of this Agreement, as the case may be, at the request of Party A, Party B shall enter into intellectual property (including without limitation software, trademark, patent and know-how) license agreements with Party A or any other party designated by Party A, which shall permit Party B to use Party A's relevant intellectual property rights at any time and from time to time based on the needs of the business of Party B, and the form and substance of which shall be satisfactory to Party A.
- (3) The Parties agree that during the term of this Agreement, as the case may be, at the request of Party A, Party B shall enter into equipment or property leasing agreement with Party A or any other party designated by Party A, which shall permit Party B to use Party A's relevant equipment or property based on the business needs of Party B, and the form and substance of which shall be satisfactory to Party A.
- (4) Party B hereby grants to Party A an irrevocable, unconditional and exclusive option to purchase from Party B, at Party A's sole discretion, any or all of the assets and business of Party B, to the extent permitted under the PRC laws, and at the lowest purchase price permitted by the PRC laws. The Parties shall then enter into separate assets or business transfer agreement, specifying the terms and conditions of such assets or business transfer.

**2. Calculation and Payment of Service Fees**

- 2.1 During the term of this Agreement, Party B shall pay service fee to Party A in each month for the services provided by Party A to Party B, which shall be determined by the Parties based on:
  - (1) complexity and difficulty of the services;

- (2) title of and time consumed by the employees of Party A providing the services;
  - (3) details and business value of the services;
  - (4) market reference price of the same type of services;
  - (5) operation conditions of Party B.
- 2.2 If Party A transfers technology to Party B, develops software or other technology as entrusted by Party B, or leases equipment or properties to Party B, the technology transfer price, development fees or rent shall be determined by the Parties based on the actual situations.

**3. Intellectual Property Rights and Confidentiality**

- 3.1 Party A shall have exclusive and proprietary rights and interests in all rights, ownership, interests and intellectual properties arising out of or created from the performance of this Agreement, including but not limited to, copyrights, patents, patent applications, trademarks, software, technical secrets, trade secrets and others, regardless of whether they have been developed by Party A or Party B. Party B shall execute all appropriate documents, take all appropriate actions, submit all filings and applications, render all appropriate assistance and otherwise conduct whatever is deemed necessary by Party A at its sole discretion for the purposes of vesting any ownership, right or interest of any such intellectual property rights in Party A, and perfecting the protections for any such intellectual property rights entitled to Party A.
- 3.2 The Parties acknowledge that the existence and the terms of this Agreement and any oral or written information exchanged between the Parties in connection with the preparation and performance of this Agreement shall be regarded as confidential information. Each Party shall maintain confidentiality of all such confidential information, and without the written consent of the other Party, it shall not disclose any relevant confidential information to any third party, except for the information that: (a) is or will be in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws, regulations, stock exchange regulations or orders of the court or other governmental authorities; or (c) is required to be disclosed by any Party to its shareholders, directors, employees, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, directors, employees, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Section. Any unauthorized disclosure of confidential information by the shareholders, director, employees of or agencies engaged by any Party shall be deemed as unauthorized disclosure of such confidential information by such Party and such Party shall be liable for breach of this Agreement.

**4. Representations and Warranties**

4.1 Party A hereby represents and warrants as follows:

- (1) Party A is a wholly foreign-owned enterprise legally incorporated and validly existing under the PRC laws; Party A or the service providers designated by Party A will obtain all governmental permits and licenses for providing the service under this Agreement before providing such services.
- (2) Party A has taken all necessary corporate actions, obtained all necessary authorizations as well as all consents and approvals from third parties and governmental authorities (if required) for the execution, delivery and performance of this Agreement. The execution, delivery and performance of this Agreement by Party A do not violate any requirements explicitly stipulated by any law or regulation.
- (3) This Agreement constitutes Party A's legal, valid and binding obligations, and is enforceable against it in accordance with the terms hereunder.

4.2 Party B hereby represents and warrants as follows:

- (1) Party B is a company legally incorporated and validly existing under the PRC laws; Party B has obtained all permits and licenses for engaging in the Principal Business in a timely manner.
- (2) Party B has taken all necessary corporate actions, obtained all necessary authorizations as well as all consents and approvals from third parties and governmental authorities (if required) for the execution, delivery and performance of this Agreement. The execution, delivery and performance of this Agreement by Party B do not violate any requirements explicitly stipulated by any law or regulation.

- (3) This Agreement constitutes Party B's legal, valid and binding obligations, and is enforceable against it in accordance with the terms hereunder.

**5. Terms of Agreement**

- 5.1 This Agreement is executed by the Parties on the date first above written and shall take effect as of such date. Unless terminated in accordance with the provisions of this Agreement or terminated in writing by Party A, this Agreement shall remain effective.
- 5.2 During the term of this Agreement, each Party shall renew its operation term prior to the expiration thereof so as to enable this Agreement to remain effective and enforceable. This Agreement shall be terminated upon the expiration of the operation term of any Party if the application for the renewal of such Party's operation term is not approved or agreed by the relevant governmental authorities.
- 5.3 The rights and obligations of the Parties under Sections 3, 6, 7 and this Section 5.3 shall survive the termination of this Agreement.

**6. Governing Law and Resolution of Disputes**

- 6.1 The execution, effectiveness, interpretation, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the PRC laws.
- 6.2 In the event of any dispute with respect to the interpretation and performance of the provisions of this Agreement, the Parties shall negotiate in good faith to resolve the dispute. In the event the Parties fail to reach an agreement on the resolution of such a dispute within thirty (30) days after any Party's request for resolution of the dispute through negotiations, any Party may submit the relevant dispute to the Shanghai Arbitration Commission for arbitration, in accordance with its then-effective arbitration rules. The language used during arbitration shall be Chinese. The arbitration award shall be final and binding on both Parties.
- 6.3 Upon the occurrence of any disputes arising from the interpretation and performance of this Agreement or during the pending arbitration of any dispute, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights under this Agreement and perform their respective obligations under this Agreement.

**7. Liability for Breach and Indemnification**

- 7.1 If Party B conducts any material breach of any term of this Agreement, Party A shall have the right to terminate this Agreement and require Party B to indemnify all damages; this Section 7.1 shall not prejudice any other rights of Party A herein.
- 7.2 Unless otherwise required by the applicable laws, Party B shall not have any right to terminate this Agreement under any circumstance.
- 7.3 Party B shall indemnify and hold harmless Party A from any losses, damages, liabilities or expenses caused by any lawsuit, claims or other demands against Party A arising from or caused by the consultations and services provided by Party A at the request of Party B, except where such losses, damages, liabilities or expenses arising from the gross negligence or willful misconduct of Party A.

**8. Force Majeure**

- 8.1 In the case of any force majeure events ("**Force Majeure**") such as earthquakes, typhoons, floods, fires, flu, wars, strikes or any other events that cannot be predicted and are unpreventable and unavoidable by the affected Party, which directly or indirectly causes the failure of either Party to perform or completely perform this Agreement, then the Party affected by such Force Majeure shall give the other Party a written notice without any delay, and shall provide details of such event within fifteen (15) days after sending out such notice, explaining the reasons for such failure of performance, partial performance or delay of performance.
- 8.2 If such Party claiming Force Majeure fails to notify the other Party and furnish it with proof pursuant to the above provision, such Party shall not be excused from the non-performance of its obligations hereunder. The Party so affected by the event of Force Majeure shall use reasonable efforts to minimize the consequences of such Force Majeure and to promptly resume performance of obligations hereunder whenever the causes of such excuse are cured. If the Party affected by the event of Force Majeure fails to resume performance of obligations hereunder when the causes of such excuse are cured, such Party shall be liable to the other Party.

8.3 In the event of Force Majeure, the Parties shall promptly consult with each other to find an equitable solution and shall use all reasonable endeavors to minimize the consequences of such Force Majeure.

**9. Notices**

9.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, commercial courier service, facsimile transmission or email to the address of such Party set forth below. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

- (1) Notices given by personal delivery, courier service or registered mail, shall be deemed effectively given on the date of delivery or refusal at the address specified for notices.
- (2) Notices given by facsimile transmission or email shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

9.2 For the purpose of notices, the addresses of the Parties are as follows:

If to: Party A  
Address: 12th Floor, No.433 Songhu Road, Yangpu District, Shanghai  
Attn: \*\*\*  
Phone: \*\*\*

If to: Party B  
Address: Room 602, Qilong Center, Building 20, Guangqian Village Industrial Zone, Taoyuan Street, Nanshan District, Shenzhen  
Attn: Shenzhen Lvchuang Network Technology Co., Ltd.  
Phone: \*\*\*

9.3 Any Party may at any time change its address for notices by a notice delivered to the other Party in accordance with the terms hereof.

**10. Assignment**

10.1 Without Party A's prior written consent, Party B shall not assign its rights and obligations under this Agreement to any third party.

10.2 Party B agrees that Party A may assign its obligations and rights hereunder to any third party upon a prior written notice to Party B but without the consent of Party B.

**11. Severability**

In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any aspect. The Parties shall negotiate in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

**12. Amendments and Supplements**

Any amendments and supplements to this Agreement shall be in writing. The amendment agreements and supplementary agreements that have been signed by the Parties and that relate to this Agreement shall be an integral part of this Agreement and shall have the same legal validity as this Agreement.

**13. Language and Counterparts**

This Agreement is written in both Chinese and English language and executed in two (2) copies, and each Party shall have one (1) copy with equal legal validity. In case there is any conflict between the Chinese version and the English version, the Chinese version shall prevail.

*The remainder of this page has been left intentionally blank*

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Agreement as of the date first above written.

**Party A:**

**Shanghai Aihui Trading Co., Ltd. (Seal)**

/s/ Shanghai Aihui Trading Co., Ltd.

By: /s/ CHEN Xuefeng

Name: CHEN Xuefeng

Title: Legal Representative

**Party B:**

**Shenzhen Lvchuang Network Technology Co., Ltd. (Seal)**

/s/ Shenzhen Lvchuang Network Technology Co., Ltd.

By: /s/ SHEN Haichen

Name: SHEN Haichen

Title: Legal Representative

Signature Page to Exclusive Business Cooperation Agreement



**EQUITY PLEDGE AGREEMENT**

THIS EQUITY PLEDGE AGREEMENT (this "**Agreement**") is entered into by and between the following parties on June 19, 2019 in Shanghai, the People's Republic of China (the "PRC", solely for the purposes of this Agreement, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and the islands of Taiwan):

- Party A: Shanghai Aihui Trading Co., Ltd. (the "**Pledgee**"), a wholly foreign owned enterprise duly incorporated and validly existing under the laws of the PRC with its Uniform Social Credit Code of 913100000512489464;
- Party B: SHEN Haichen (the "**Pledgor**"), a PRC citizen with Identification No. of \*\*\*; and
- Party C: Shenzhen Lvchuang Network Technology Co., Ltd., a limited liability company duly incorporated and validly existing under the laws of the PRC with its Uniform Social Credit Code of 9144030058272928X4.

Each of the parties listed above is referred to herein individually as a "**Party**" and collectively as the "**Parties**".

WHEREAS, the Pledgor is the shareholder of Party C and as the date hereof, holds 100% of the equity interests of Party C, representing RMB20,000,000.00 in the registered capital of Party C. Party C acknowledges the respective rights and obligations of the Pledgor and the Pledgee under this Agreement, and intends to provide necessary assistance in registering the Pledge (as defined below).

The Pledgee is a wholly foreign owned enterprise registered in the PRC. The Pledgee, the Pledgor and Party C have entered into a series of Transaction Documents (as defined below).

To ensure the performance of the Contract Obligations (as defined below) and the payments of the Secured Indebtedness (as defined below), the Pledgor hereby pledges all of the equity interest of Party C held by him/her/it to the Pledgee as security.

NOW, THEREFORE, in consideration of the foregoing recitals and mutual discussion, the Parties hereby agree as follows:

1. **Definitions**

Unless otherwise provided herein, the following terms shall have the meanings ascribed to them below:

- (1) **“Pledge”** means the security interest granted by the Pledgor to the Pledgee pursuant to Section 2 of this Agreement, *i.e.*, the right of the Pledgee to be paid in priority with the Equity Interest based on the monetary valuation that such Equity Interest is converted into or from the proceeds from the auction or sale of the Equity Interest.
- (2) **“Equity Interest”** means all of the equity interest of Party C lawfully currently held and hereafter acquired by the Pledgor.
- (3) **“Term of Pledge”** means the term set forth in Section 3 of this Agreement.
- (4) **“Transaction Documents”** means the Exclusive Business Cooperation Agreement entered into by and between Party C and the Pledgee on [June 19, 2019] (the **“Exclusive Business Cooperation Agreement”**), the Exclusive Option Agreement entered into by and among Party C, the Pledgee and the Pledgor on [June 19, 2019] (the **“Exclusive Option Agreement”**), Power of Attorney executed by the Pledgor on [June 19, 2019] (the **“Power of Attorney”**) and any modification, amendment and restatement to the aforementioned documents.
- (5) **“Contract Obligations”** means all the obligations of the Pledgor under the Exclusive Option Agreement, the Power of Attorney and this Agreement; all the obligations of Party C under the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement and this Agreement.
- (6) **“Secured Indebtedness”** means all the direct, indirect and derivative losses and losses of anticipated profits, suffered by the Pledgee, incurred as a result of any Event of Default. The amount of such loss shall be calculated in accordance with the reasonable business plan and profit forecast of the Pledgee, the consulting and service fees payable to the Pledgee under the Exclusive Business Cooperation Agreement, all expenses occurred in connection with enforcement by the Pledgee of the Pledgor’s or Party C’s Contract Obligations and etc.

- (7) “**Event of Default**” means any of the circumstances set forth in Section 7 of this Agreement.
- (8) “**Notice of Default**” the notice issued by the Pledgee in accordance with this Agreement declaring an Event of Default.

**2. Pledge**

- 2.1 The Pledgor agrees to pledge all the Equity Interest as security for Pledgor’s and the Party C’s performance of the Contract Obligations and payment of the Secured Indebtedness under this Agreement. Party C hereby assents that the Pledgor pledges the Equity Interest to the Pledgee pursuant to this Agreement.
- 2.2 During the Term of Pledge, the Pledgee is entitled to receive dividends distributed on the Equity Interest. The Pledgor may receive dividends distributed on the Equity Interest only with prior written consent of the Pledgee. Dividends received by the Pledgor on Equity Interest after the deduction of individual income tax paid by the Pledgor shall be, as required by the Pledgee, (a) deposited into an account designated and supervised by the Pledgee and used to secure the Contract Obligations and pay the Secured Indebtedness prior and in preference to making any other payment; or (b) unconditionally donated to the Pledgee or any other person designated by the Pledgee to the extent permitted under the applicable PRC laws.
- 2.3 The Pledgor may subscribe for increased capital of Party C only with prior written consent of the Pledgee. Any equity interest obtained by the Pledgor as a result of the Pledgor’s subscription of the increased registered capital of Party C shall also be deemed as Equity Interest.
- 2.4 In the event that Party C is required to be liquidated or dissolved by the PRC laws, any interest distributed to the Pledgor upon Party C’s dissolution or liquidation shall be, upon the request of the Pledgee and extent permitted under the applicable PRC laws, (a) deposited into an account designated and supervised by the Pledgee and used to secure the Contract Obligations and pay the Secured Indebtedness prior and in preference to make any other payment; or (b) unconditionally donated to the Pledgee or any other person designated by the Pledgee to the.

**3. Term of Pledge**

- 3.1 The Pledge shall become effective from date when both parties execute this Agreement. The Pledge shall remain effective until all Contract Obligations have been fully performed and all Secured Indebtedness has been fully paid. The Pledgor and Party C shall (1) register the Pledge in the shareholders' register of Party C within the time required by the Pledgee according to the Pledgee's request, and (2) submit an application to the relevant administration of industry and commerce (the "AIC") for the registration of the Pledge of the Equity Interest contemplated herein within the time required by the Pledgee according to the Pledgee's request. The parties covenant that for the purpose of registration of the Pledge, the parties hereto and all other shareholders of Party C shall submit to the AIC this Agreement or an equity interest pledge contract in the form required by the AIC at the location of Party C which shall truly reflect the information of the Pledge hereunder (the "AIC Pledge Contract"). For matters not specified in the AIC Pledge Contract, the Parties shall be bound by the provisions of this Agreement. The Pledgor and Party C shall submit all necessary documents and complete all necessary procedures, as required by the relevant PRC laws and regulations and the competent AIC, to ensure that the Pledge of the Equity Interest shall be registered with the AIC as soon as possible after submission for filing.
- 3.2 During the Term of Pledge, in the event that the Pledgor or Party C fails to perform the Contract Obligations or pay Secured Indebtedness, the Pledgee shall have the right, but not the obligation, to enforce the Pledge in accordance with the terms and conditions of this Agreement.

**4. Escrow of Pledge Records**

According to the Pledgee's request, the Pledgor shall deliver to the Pledgee the capital contribution certificate for the Equity Interest and the shareholders' register containing the Pledge within the time required by the Pledgee, which shall be held in escrow by the Pledgee during the entire Term of Pledge.

**5. Representations and Warranties of the Pledgor and Party C**

The Pledgor and Party C hereby represent and warrant to the Pledgee, jointly and severally, as of the date of this Agreement, that:

- (1) The Pledgor is the exclusive legal and beneficial owner of the Equity Interest.

- (2) The Pledgee is entitled to dispose of and transfer the Equity Interest in accordance with the terms and conditions hereunder.
- (3) Except for the Pledge, the Pledgor has not placed any security interest or other encumbrance on the Equity Interest.
- (4) The Pledgor and Party C have obtained any and all approvals and consents from the applicable government authorities and third parties (if required) for the execution, delivery and performance of this Agreement.
- (5) The execution and delivery of this Agreement or any Transfer Contracts and the obligations under this Agreement or any Transfer Contracts shall not: (a) result in any violation of any applicable PRC laws; (b) be in conflict with the articles of association, bylaws or other constitutional documents of Party C; (c) result in the violation of any contract or instrument to which either of them is a party or is bound by, or constitute any breach under any contracts or instruments to which either of them is a party or is bound by; (d) result in any violation of any condition for the grant or continuous effectiveness of any licenses or permits issued to either of them; or (e) result in the suspension or revocation of or imposition of additional conditions to any licenses or permits issued to either of them.

**6. Covenants of the Pledgor and Party C**

6.1 The Pledgor and Party C hereby jointly and severally covenant to the Pledgee that, during the term of this Agreement:

- (1) Without the prior written consent of the Pledgee, the Pledgor shall not transfer the Equity Interest, place or permit the existence of any security interest or other encumbrance on the Equity Interest or any portion thereof, except for the performance of the Transaction Documents and this Agreement;
- (2) The Pledgor and Party C shall comply with the provisions of all laws and regulations applicable to the pledge of rights, and within five (5) days of receipt of any notice, order or recommendation issued or prepared by the competent authorities regarding the Pledge, shall present the aforementioned notice, order or recommendation to the Pledgee, and shall comply with the aforementioned notice, order or recommendation or submit objections and representations with respect to the aforementioned matters upon the Pledgee's reasonable request or upon consent of the Pledgee;

- (3) The Pledgor and Party C shall promptly notify the Pledgee of any event or notice received by the Pledgor that may have an impact on the Pledgee's right to the Equity Interest or any portion thereof, as well as any event or notice received by the Pledgor that may have an impact on any warranty and other obligation of the Pledgor arising out of this Agreement.
  - (4) Party C shall complete the registration procedures for the extension of the operation term within three (3) months prior to the expiration of such term to maintain the validity of this Agreement.
  - (5) With respect to any additional capital contribution by the Pledgor in Party C or acquisition of any equity interest in Party C after the date hereof, the Pledgor and Party C shall (a) register the Pledge in the shareholders' register of Party C within the time required by the Pledgee according to the Pledgee's request, and (b) submit an application to the AIC for the registration of the Pledge of the d Equity Interest contemplated herein within the time required by the Pledgee according to the Pledgee's request.
- 6.2 The Pledgor agrees that the rights acquired by the Pledgee in accordance with this Agreement with respect to the Pledge shall not be interrupted or harmed by the Pledgor or any heirs or representatives of the Pledgor or any other persons through any legal proceedings.
- 6.3 To protect or perfect the security interest granted by this Agreement for the Contract Obligations and Secured Indebtedness, the Pledgor hereby undertakes to execute in good faith and to cause other parties who have an interest in the Pledge to execute all certificates, agreements, deeds and/or covenants required by the Pledgee. The Pledgor also undertakes to perform and to cause other parties who have an interest in the Pledge to perform actions required by the Pledgee, to facilitate the exercise by the Pledgee of its rights and authority granted thereto by this Agreement, and to enter into all relevant documents regarding ownership of Equity Interest with the Pledgee or designee(s) of the Pledgee. The Pledgor undertakes to provide the Pledgee within a reasonable time with all notices, the orders and decisions regarding the Pledge that are required by the Pledgee.

- 6.4 The Pledgor hereby undertakes to comply with and perform all guarantees, promises, agreements, representations and conditions under this Agreement. In the event of failure or partial performance of its guarantees, promises, agreements, representations and conditions, the Pledgor shall indemnify the Pledgee for all losses resulting therefrom.

**7. Event of Breach**

- 7.1 The following circumstances shall be deemed an Event of Default:

- (1) The Pledgor's any breach to any obligations under the Transaction Documents or this Agreement.
- (2) Party C's any breach to any obligations under the Transaction Documents or this Agreement.

- 7.2 Upon notice or discovery of the occurrence of any circumstances or event that may lead to the aforementioned circumstances described in Section 7.1, the Pledgor and Party C shall immediately notify the Pledgee in writing accordingly.

- 7.3 Unless an Event of Default has been successfully resolved to the Pledgee's satisfaction within twenty (20) days after the Pledgee delivers a notice to the Pledgor or Party C requesting ratification of such Event of Default, the Pledgee may issue a Notice of Default to the Pledgor in writing at any time thereafter, demanding the Pledgor to immediately enforce the Pledge in accordance with the provisions of Section 8.

**8. Enforcement of the Pledge**

- 8.1 The Pledgee shall issue a written Notice of Default to the Pledgor when it enforces the Pledge.

- 8.2 Subject to the provisions of Section 7.3, the Pledgee may exercise the right to enforce the Pledge at any time after the issuance of the Notice of Default in accordance with Section 8.1. Once the Pledgee elects to enforce the Pledge, the Pledgor shall cease to be entitled to any rights or interests associated with the Equity Interest.

- 8.3 After the Pledgee issues a Notice of Default to the Pledgor in accordance with Section 8.1, the Pledgee may exercise any remedy measure under the applicable PRC laws, the Transaction Documents and this Agreement, including but not limited to being compensated in priority with the Equity Interest based on the monetary valuation that such Equity Interest is converted into or from the proceeds from the auction or sale of the Equity Interest. The Pledgee shall not be liable for any loss incurred by its duly exercise of such rights and powers.
- 8.4 The proceeds from the exercise of the Pledge by the Pledgee shall be used to pay for taxes and expenses incurred as a result of disposing the Equity Interest and to perform Contract Obligations and pay the Secured Indebtedness to the Pledgee prior and in preference to any other payment. After the payment of the aforementioned amounts, the remaining balance shall be returned to the Pledgor or any other person who have rights to such balance under applicable laws or be deposited to the local notary public office where the Pledgor resides, with all expenses incurred being borne by the Pledgor. To the extent permitted under the applicable PRC laws, the Pledgor shall unconditionally donate the aforementioned proceeds to the Pledgee or any other person designated by the Pledgee.
- 8.5 The Pledgee may exercise any remedy measure available simultaneously or in any order. The Pledgee may exercise the right to being paid in priority with the Equity Interest based on the monetary valuation that such Equity Interest is converted into or from the proceeds from the auction or sale of the Equity Interest under this Agreement, without exercising any other remedy measure first.
- 8.6 The Pledgee shall be entitled to designate an attorney or other representatives to enforce the Pledge on its behalf, and the Pledgor or Party C shall not raise any objection to such designation.
- 8.7 When the Pledgee disposes of the Pledge in accordance with this Agreement, the Pledgor and Party C shall provide the necessary assistance to enable the Pledgee to enforce the Pledge in accordance with this Agreement.

**9. Terms of Agreement**

- 9.1 This Agreement is executed by the Parties on the date first above written and shall take effect as of such date.
- 9.2 Upon the fulfillment of all Contract Obligations and the full payment of all Secured Indebtedness by the Pledgor and Party C, the Pledgee shall release the Pledge under this Agreement upon the Pledgor's request as soon as reasonably practicable and shall assist the Pledgor in de-registering the Pledge from the shareholders' register of Party C and with the AIC.



9.3 The rights and obligations of the Parties under Sections 10, 11, 13 and this Section 9.3 shall survive the termination of this Agreement.

**10. Governing Law and Resolution of Disputes**

- 10.1 The execution, effectiveness, interpretation, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the PRC laws.
- 10.2 In the event of any dispute with respect to the interpretation and performance of the provisions of this Agreement, the Parties shall negotiate in good faith to resolve the dispute. In the event the Parties fail to reach an agreement on the resolution of such a dispute within thirty (30) days after any Party's request for resolution of the dispute through negotiations, any Party may submit the relevant dispute to the Shanghai Arbitration Commission for arbitration, in accordance with its then-effective arbitration rules. The language used during arbitration shall be Chinese. The arbitration award shall be final and binding on both Parties.
- 10.3 Upon the occurrence of any disputes arising from the interpretation and performance of this Agreement or during the pending arbitration of any dispute, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights under this Agreement and perform their respective obligations under this Agreement.

**11. Liability of Breach and Indemnification**

- 11.1 If the Pledgor or Party C conducts any material breach of any term of this Agreement, Party A shall have the right to terminate this Agreement and require the Pledgor or Party C to indemnify all damages; this Section 11.1 shall not prejudice any other rights of Party A herein.
- 11.2 Unless otherwise required by the applicable laws, Party B or Party C shall not have any right to terminate this Agreement in any event.

**12. Notices**

12.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, commercial courier service, facsimile transmission or email to the address of such Party set forth below. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

- (1) Notices given by personal delivery, courier service or registered mail, shall be deemed effectively given on the date of delivery or refusal at the address specified for notices.
- (2) Notices given by facsimile transmission or email shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

12.2 For the purpose of notices, the addresses of the Parties are as follows:

If to: Party A  
Address: 12th Floor, No.433 Songhu Road, Yangpu District, Shanghai  
Attn: \*\*\*  
Phone: \*\*\*

If to: Party B  
Address: Room 302, No. 80, Lane 99, Wanding Road, Minhang District, Shanghai  
Attn: \*\*\*  
Phone: \*\*\*

If to: Party C  
Address: Room 602, Qilong Center, Building 20, Guangqian Village Industrial Zone, Taoyuan Street, Nanshan District, Shenzhen  
Attn: Shenzhen Lvchuang Network Technology Co., Ltd.  
Phone: \*\*\*

12.3 Any Party may at any time change its address for notices by a notice delivered to the other Party in accordance with the terms hereof.

**13. Confidentiality**

The Parties acknowledge that the existence and the terms of this Agreement and any oral or written information exchanged among the Parties in connection with the preparation and performance of this Agreement shall be regarded as confidential information. Each Party shall maintain confidentiality of all such confidential information, and without the written consent of the other Parties, it shall not disclose any relevant confidential information to any third party, except for the information that: (a) is or will be in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws, regulations, stock exchange regulations or orders of the court or other governmental authorities; or (c) is required to be disclosed by any Party to its shareholders, directors, employees, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, directors, employees, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Section. Any unauthorized disclosure of confidential information by the shareholders, director, employees of or agencies engaged by any Party shall be deemed as unauthorized disclosure of such confidential information by such Party and such Party shall be liable for breach of this Agreement.

**14. Assignment**

- 14.1 Without the Pledgee's prior written consent, the Pledgor and Party C shall not have the right to assign or delegate their rights and obligations under this Agreement.
- 14.2 This Agreement shall be binding on the Pledgor and his/her/it successors and permitted assigns, and shall be valid with respect to the Pledgee and each of its successors and assigns.
- 14.3 At any time, the Pledgee may assign any and all of its rights and obligations under the Transaction Documents and this Agreement to its designee(s), in which case the assigns shall have the rights and obligations of the Pledgee under the Transaction Documents and this Agreement, as if it were the original party to the Transaction Documents and this Agreement.
- 14.4 In the event of change of the Pledgee due to assignment, the Pledgor and Party C shall, at the request of the Pledgee, execute a new pledge agreement with the new pledgee on the same terms and conditions as this Agreement, and register the same with the competent AIC.
- 14.5 The Pledgor and Party C shall strictly comply with the provisions of this Agreement and other contracts jointly or separately executed by the Parties hereto or any of them, including the Transaction Documents, perform the obligations hereunder and thereunder, and refrain from any action and omission that may affect the effectiveness and enforceability thereof. Any remaining rights of the Pledgor with respect to the Equity Interest pledged hereunder shall not be exercised by the Pledgor except in accordance with the written instructions of the Pledgee.

**15. Fees and Expenses**

All fees and out of pocket expenses relating to this Agreement, including but not limited to legal costs, costs of production, stamp tax and any other taxes and fees, shall be borne by Party C.

**16. Severability**

In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any aspect. The Parties shall negotiate in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

**17. Amendments and Supplements**

Any amendments and supplements to this Agreement shall be in writing. The amendment agreements and supplementary agreements that have been signed by the Parties and that relate to this Agreement shall be an integral part of this Agreement and shall have the same legal validity as this Agreement.

**18. Language and Counterparts**

This Agreement is written in both Chinese and English language and executed in four (4) copies, and each Party shall have one (1) copy with equal legal validity, and the remaining one (1) copy shall be used for registration. In case there is any conflict between the Chinese version and the English version, the Chinese version shall prevail.

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IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Agreement as of the date first above written.

**Party A:**

**Shanghai Aihui Trading Co., Ltd. (Seal)**

/s/ Shanghai Aihui Trading Co., Ltd.

By: /s/ CHEN Xuefeng

Name: CHEN Xuefeng

Title: Legal Representative

**Party B:**

**SHEN Haichen**

By: /s/ SHEN Haichen

**Party C:**

**Shenzhen Lvchuang Network Technology Co., Ltd. (Seal)**

/s/ Shenzhen Lvchuang Network Technology Co., Ltd.

By: /s/ SHEN Haichen

Name: SHEN Haichen

Title: Legal Representative

Signature Page to Equity Pledge Agreement

**Exclusive Option Agreement**

THIS EXCLUSIVE OPTION AGREEMENT (this "**Agreement**") is entered into by and between the following parties on June 19, 2019 in Shanghai, the People's Republic of China (the "**PRC**", solely for the purposes of this Agreement, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and the islands of Taiwan):

- Party A: Shanghai Aihui Trading Co., Ltd., a wholly foreign owned enterprise duly incorporated and validly existing under the laws of the PRC with its Uniform Social Credit Code of 913100000512489464;
- Party B: SHEN Haichen, a PRC citizen with Identification No. of \*\*\*; and
- Party C: Shenzhen Lvchuang Network Technology Co., Ltd., a limited liability company duly incorporated and validly existing under the laws of the PRC with its Uniform Social Credit Code of 9144030058272928X4.

Each of the parties listed above is referred to herein individually as a "**Party**" and collectively as the "**Parties**".

WHEREAS, Party B is a shareholder of Party C and as of the date hereof, holds [100]% of the equity interests of Party C, representing RMB[20,000,000.00] in the registered capital of Party C;

NOW, THEREFORE, in consideration of the foregoing recitals and mutual discussion, the Parties hereby agree as follows:

**1. Sale and Purchase of Equity Interest**

- 1.1 Party B hereby irrevocably grants Party A an irrevocable and exclusive right to purchase, or designate one or more persons (each, a "**Designee**") to purchase the equity interests of Party C then held by Party B at once or at multiple times at any time in part or in whole at Party A's sole and absolute discretion to the extent permitted by the PRC laws and at the Equity Interest Purchase Price described in Section 1.3 hereof (such right hereinafter referred as the "**Equity Interest Purchase Option**"). Except for Party A and the Designee(s), no other person shall be entitled to the Equity Interest Purchase Option or other rights with respect to the equity interests of Party C. Party C hereby agrees to the grant by Party B of the Equity Interest Purchase Option to Party A. The term "**person**" used herein shall mean individuals, corporations, partnerships, partners, enterprises, trusts or non-corporate organizations.

- 1.2 Subject to the provisions of the laws and regulations of the PRC, Party A may exercise the Equity Interest Purchase Option by issuing a written notice (the “**Equity Interest Purchase Option Notice**”) to Party B, specifying: (a) Party A’s decision to exercise the Equity Interest Purchase Option; (b) the portion of equity interests to be purchased by Party A or the Designee from Party B (the “**Optioned Interests**”); and (c) the date for purchasing the Optioned Interests or the date for transfer of the Optioned Interests.
- 1.3 The purchase price of the Optioned Interests (the “**Base Price**”) shall be RMB 1. If the PRC laws require a minimum price higher than the Base Price when Party A exercises the Equity Interest Purchase Option, the minimum price permitted by PRC law shall be the purchase price (collectively, the “**Equity Interest Purchase Price**”).
- 1.4 For each exercise of the Equity Interest Purchase Option:
  - (1) Party B shall cause Party C to promptly convene a shareholders’ meeting, at which a resolution shall be adopted to approve Party B’s transfer of the Optioned Interests to Party A or the Designee(s);
  - (2) Party B shall obtain written statements from the other shareholders of Party C for giving consent to the transfer of Optioned Interests to Party A or the Designee(s) and waiving any right of first refusal related thereto;
  - (3) Party B shall execute an equity interest transfer contract with respect to each transfer with Party A or each Designee (as the case may be), in accordance with the provisions of this Agreement and the Equity Interest Purchase Option Notice regarding the Optioned Interests;
  - (4) The relevant Parties shall execute all other necessary contracts, agreements or documents, obtain all necessary government licenses and permits and take all necessary actions to transfer valid ownership of the Optioned Interests to Party A and/or the Designee(s), unencumbered by any security interests, and cause Party A and/or the Designee(s) to become the registered owner(s) of the Optioned Interests. For the purpose of this Section and this Agreement, “**security interests**” shall include securities, mortgages, third party’s rights or interests, stock options, acquisition right, right of first refusal, right to offset, ownership retention or other security arrangements, but shall be deemed to exclude any security interest created by this Agreement, Party B’s Equity Pledge Agreement and Party B’s Power of Attorney. “**Party B’s Equity Pledge Agreement**” used in this Agreement shall refer to the Equity Interest Pledge Agreement executed by and among Party A, Party B and Party C on the date hereof and any modification, amendment and restatement thereto. “**Party B’s Power of Attorney**” used in this Agreement shall refer to the Power of Attorney executed by Party B on the date hereof for granting Party A with a power of attorney and any modification, amendment and restatement thereto.

**2. Covenants**

2.1 Party B (as a shareholder of Party C) and Party C hereby covenant as follows:

- (1) Without the prior written consent of Party A, they shall not in any manner supplement, modify or amend the articles of association of Party C, increase or decrease its registered capital, or change its structure of registered capital in other manners;
- (2) They shall maintain Party C's corporate existence in accordance with good financial and business standards and practices, obtain and maintain all necessary government licenses and permits by operating its business and handling its affairs prudently and effectively;
- (3) Without the prior written consent of Party A, they shall not at any time following the date hereof, sell, transfer, mortgage or dispose of in any manner any material assets of Party C or legal or beneficial interest in the material business or revenues of Party C, or allow any other security interest to be placed on the foregoing;
- (4) Without the prior written consent of Party A, they shall not incur, inherit, guarantee or suffer the existence of any indebtedness, except for (a) indebtedness incurred in the ordinary course of business other than through loans; and (b) indebtedness disclosed to Party A for which Party A's written consent has been obtained;



- (5) They shall always operate all of Party C's businesses in normal business process to maintain the asset value of Party C and refrain from any action or omission that may affect Party C's operation status and asset value;
- (6) Without the prior written consent of Party A, they shall not cause Party C to execute any material contract, except the contracts executed in the ordinary course of business (for purpose of this subsection, a contract with a value exceeding RMB100,000 shall be deemed as a "**material contract**");
- (7) Without the prior written consent of Party A, Party C shall not provide any person with any loan or credit;
- (8) They shall provide Party A with information about Party C's business operations and financial condition at Party A's request;
- (9) If requested by Party A, Party C shall cover and maintain insurance in respect of its assets and business from an insurance company acceptable to Party A, at an amount and type of coverage typical for companies that operate similar businesses;
- (10) Without the prior written consent of Party A, Party C shall not merge or consolidate with, or acquire or invest in, any person;
- (11) They shall promptly notify Party A of any occurred or possible litigation, arbitration or administrative proceedings relating to Party C's assets, business or revenue;
- (12) To maintain the ownership by Party C of all of its assets, they shall execute all necessary or appropriate documents, take all necessary or appropriate actions, file all necessary or appropriate complaints, and raise necessary or appropriate defenses against all claims;
- (13) Without the prior written consent of Party A, they shall ensure that Party C would not in any manner distribute dividends to its shareholders, provided that upon Party A's written request, Party C shall promptly distribute all distributable profits to its shareholders;
- (14) At the request of Party A, they shall appoint any individual designated by Party A as the director of Party C;

(15) Unless otherwise required by the PRC laws, Party C shall not be dissolved or liquidated without prior written consent by Party A.

2.2 Party B hereby covenants as follows:

- (1) Without the prior written consent of Party A, Party B shall not sell, transfer, mortgage or dispose of in any other manner any legal or beneficial interest in the equity interests of Party C held by Party B, or allow any other security interest placed thereon, except for the security interest placed in accordance with Party B's Equity Pledge Agreement and Party B's Power of Attorney;
- (2) Without the prior written consent of Party A, Party B shall cause the shareholders' meeting and the board of directors of Party C not to approve any sale, transfer, mortgage or disposition in any other manner of any legal or beneficial interest in the equity interests of Party C held by Party B, or allow the encumbrance thereon of any security interest, except for the security interest placed in accordance with Party B's Equity Pledge Agreement and Party B's Power of Attorney;
- (3) Without the prior written consent of Party A, Party B shall cause the shareholders' meeting or the directors (or the executive director) of Party C not to approve the merger or consolidation with any person, or the acquisition of or investment in any person;
- (4) Party B shall promptly notify Party A of any occurred or possible litigation, arbitration or administrative proceedings relating to the equity interests of Party C held by Party B;
- (5) Party B shall cause the shareholders' meeting or the directors (or the executive director) of Party C to vote their approval of the transfer of the Optioned Interests as set forth in this Agreement and to take any and all other actions that may be requested by Party A;
- (6) To the extent necessary to maintain Party B's ownership of equity interests of Party C, Party B shall execute all necessary or appropriate documents, take all necessary or appropriate actions, file all necessary or appropriate complaints, and raise necessary or appropriate defenses against all claims;

- (7) Party B shall appoint any designee of Party A as the director of Party C, at the request of Party A;
- (8) Party B hereby waives its right of first refusal to the transfer of equity interest by any other shareholder of Party C to Party A (if any), and gives consent to the execution by each other shareholder of Party C with Party A and Party C the exclusive option agreement, the equity pledge agreement and the power of attorney similar to this Agreement, Party B's Equity Pledge Agreement and Party B's Power of Attorney, and accepts not to take any action in conflict with such documents executed by the other shareholders;
- (9) Party B shall promptly donate any profit, interest, dividend or proceeds of liquidation to Party A or any other person designated by Party A to the extent permitted under the applicable PRC laws; and
- (10) Party B shall strictly comply with the provisions of this Agreement and other contracts jointly or separately executed by and among Party B, Party C and Party A, perform the obligations hereunder and thereunder, and refrain from any action or omission that may affect the effectiveness and enforceability thereof. To the extent that Party B has any remaining rights with respect to the equity interests subject to this Agreement hereunder or under Party B's Equity Pledge Agreement or under Party B's Power of Attorney, Party B shall not exercise such rights except in accordance with the written instructions of Party A.

### 3. Representations and Warranties

- 3.1 Party B and Party C hereby represent and warrant to Party A, jointly and severally, as of the date of this Agreement and each date of the transfer of the Optioned Interests, that:
  - (1) They have the power, capacity and authority to execute and deliver this Agreement and any equity interest transfer contracts to which they are parties concerning the Optioned Interests to be transferred thereunder (each, a "**Transfer Contract**"), and to perform their obligations under this Agreement and any of the Transfer Contracts. Party B and Party C agree to enter into Transfer Contracts consistent with the terms of this Agreement upon Party A's exercise of the Equity Interest Purchase Option. This Agreement and the Transfer Contracts to which they are parties constitute or will constitute their legal, valid and binding obligations and shall be enforceable against them in accordance with the provisions hereof and thereof;

- (2) Party B and Party C have obtained any and all approvals and consents from the competent government authorities and third parties (if required) for the execution, delivery and performance of this Agreement.
- (3) The execution and delivery of this Agreement or any Transfer Contracts and the obligations under this Agreement or any Transfer Contracts shall not: (a) result in any violation of any applicable PRC laws; (b) be in conflict with the articles of association, bylaws or other constitutional documents of Party C; (c) result in the violation of any contract or instrument to which either of them is a party or is bound by, or constitute any breach under any contracts or instruments to which either of them is a party or is bound by; (d) result in any violation of any condition for the grant or continuous effectiveness of any licenses or permits issued to either of them; or (e) result in the suspension or revocation of or imposition of additional conditions to any licenses or permits issued to either of them;
- (4) Party B has a good and merchantable title to the equity interests of Party C held by Party B. Except for Party B's Equity Pledge Agreement and Party B's Power of Attorney, Party B has not placed any security interest on such equity interests;
- (5) Party C has a good and merchantable title to all of its assets, and has not placed any security interest on the aforementioned assets;
- (6) Party C does not have any outstanding indebtedness, except for (a) indebtedness incurred in the ordinary course of business other than through loans; and (b) indebtedness disclosed to Party A for which Party A's written consent has been obtained.
- (7) Party C has complied with all applicable PRC laws and regulations regarding asset acquisitions; and

- (8) There are no pending or threatened litigation, arbitration or administrative proceedings relating to the equity interests of Party C, assets of Party C or Party C.

**4. Terms of Agreement**

- 4.1 This Agreement is executed by the Parties on the date first above written and shall take effect as of such date. Unless terminated in accordance with the provisions of this Agreement or terminated in writing by Party A, this Agreement shall remain effective.
- 4.2 The existing or due liabilities arising out of this Agreement before the expiration or early termination of this Agreement shall survive the expiration or early termination thereof. The rights and obligations of the Parties under Sections 5, 6, 9 and this Section 4.2 shall survive the termination of this Agreement.

**5. Governing Law and Resolution of Disputes**

- 5.1 The execution, effectiveness, interpretation, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the PRC laws.
- 5.2 In the event of any dispute with respect to the interpretation and performance of the provisions of this Agreement, the Parties shall negotiate in good faith to resolve the dispute. In the event the Parties fail to reach an agreement on the resolution of such a dispute within thirty (30) days after any Party's request for resolution of the dispute through negotiations, any Party may submit the relevant dispute to the Shanghai Arbitration Commission for arbitration, in accordance with its then-effective arbitration rules. The language used during arbitration shall be Chinese. The arbitration award shall be final and binding on both Parties.
- 5.3 Upon the occurrence of any disputes arising from the interpretation and performance of this Agreement or during the pending arbitration of any dispute, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights under this Agreement and perform their respective obligations under this Agreement.

**6. Liability for Breach and Indemnification**

- 6.1 If Party B or Party C conducts any material breach of any term of this Agreement, Party A shall have the right to terminate this Agreement and require Party B or Party C to indemnify all damages; this Section 6.1 shall not prejudice any other rights of Party A herein.
- 6.2 Unless otherwise required by the applicable laws, Party B or Party C shall not have any right to terminate this Agreement under any circumstance.

**7. Taxes and Fees**

Each Party shall pay any and all transfer and registration taxes, expenses and fees incurred thereby or levied thereon in accordance with the PRC laws in connection with the preparation and execution of this Agreement and the Transfer Contracts and the consummation of the transactions contemplated hereunder and thereunder.

**8. Notices**

- 8.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, commercial courier service, facsimile transmission or email to the address of such Party set forth below. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:
  - (1) Notices given by personal delivery, courier service or registered mail, shall be deemed effectively given on the date of delivery or refusal at the address specified for notices.
  - (2) Notices given by facsimile transmission or email shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).
- 8.2 For the purpose of notices, the addresses of the Parties are as follows:

If to: Party A  
Address: 12th Floor, No.433 Songhu Road, Yangpu District, Shanghai  
Attn: \*\*\*  
Phone: \*\*\*

If to: Party B  
Address: Room 302, No. 80, Lane 99, Wanding Road, Minhang District, Shanghai  
Attn: \*\*\*  
Phone: \*\*\*

If to: Party C  
Address: Room 602, Qilong Center, Building 20, Guangqian Village Industrial Zone, Taoyuan Street, Nanshan District, Shenzhen  
Attn: Shenzhen Lvchuang Network Technology Co., Ltd.  
Phone: \*\*\*

8.3 Any Party may at any time change its address for notices by a notice delivered to the other Party in accordance with the terms hereof.

**9. Confidentiality**

The Parties acknowledge that the existence and the terms of this Agreement and any oral or written information exchanged among the Parties in connection with the preparation and performance of this Agreement shall be regarded as confidential information. Each Party shall maintain confidentiality of all such confidential information, and without the written consent of the other Parties, it shall not disclose any relevant confidential information to any third party, except for the information that: (a) is or will be in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws, regulations, stock exchange regulations or orders of the court or other governmental authorities; or (c) is required to be disclosed by any Party to its shareholders, directors, employees, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, directors, employees, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Section. Any unauthorized disclosure of confidential information by the shareholders, director, employees of or agencies engaged by any Party shall be deemed as unauthorized disclosure of such confidential information by such Party and such Party shall be liable for breach of this Agreement.

**10. Further Assurance**

The Parties agree to promptly execute documents that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement and take further actions that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement.

**11. Severability**

In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any aspect. The Parties shall negotiate in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

**12. Amendments and Supplements**

Any amendments and supplements to this Agreement shall be in writing. The amendment agreements and supplementary agreements that have been signed by the Parties and that relate to this Agreement shall be an integral part of this Agreement and shall have the same legal validity as this Agreement.

**13. Successors**

This Agreement shall be binding on and shall inure to the interest of the respective successors and the permitted assigns of each Party.

**14. Waivers**

Any Party may waive the terms and conditions of this Agreement, provided that such waiver shall be provided in writing and executed by the Parties. The waiver by any Party under certain circumstances with respect to a breach by other Parties shall not be deemed as a waiver by such Party with respect to any similar breach under other circumstances.

**15. Language and Counterparts**

This Agreement is written in both Chinese and English language and executed in three (3) copies, and each Party shall have one (1) copy with equal legal validity. In case there is any conflict between the Chinese version and the English version, the Chinese version shall prevail.



IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Agreement as of the date first above written.

**Party A:**

**Shanghai Aihui Trading Co., Ltd. (Seal)**

/s/ Shanghai Aihui Trading Co., Ltd.

By: /s/ CHEN Xuefeng

Name: CHEN Xuefeng

Title: Legal Representative

**Party B:**

**SHEN Haichen**

/s/ SHEN Haichen

By: /s/ SHEN Haichen

**Party C:**

**Shenzhen Lvchuang Network Technology Co., Ltd. (Seal)**

/s/ Shenzhen Lvchuang Network Technology Co., Ltd.

By: /s/ SHEN Haichen

Name: SHEN Haichen

Title: Legal Representative

Signature Page to Exclusive Option Agreement

**POWER OF ATTORNEY**

I, SHEN Haichen, a People's Republic of China (the "PRC", solely for the purposes of this Power of Attorney, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and the islands of Taiwan) citizen with PRC Identification Card No.: \*\*\*, hold 100% of the entire registered capital of Shenzhen Lvchuang Network Technology Co., Ltd. (the "Domestic Company") as of the date hereof. I hereby irrevocably authorize Shanghai Aihui Trading Co., Ltd. (the "WFOE") to exercise the following rights relating to all equity interests held by me currently and in the future in Domestic Company ("My Shareholding") during the term of this Power of Attorney:

The WFOE is hereby authorized to act on behalf of myself as my exclusive agent and attorney with respect to all matters concerning My Shareholding, including without limitation to: (a) attending shareholders' meetings of Domestic Company; (b) exercising all the shareholder's rights and shareholder's voting rights entitled to me under the laws of the PRC and Domestic Company's Articles of Association, including but not limited to the sale, transfer, pledge or disposition of My Shareholding in part or in whole; and (c) designating and appointing on behalf of myself the legal representative, directors, supervisors, general manager and other senior management members of Domestic Company.

Without limiting the generality of the powers granted hereunder, the WFOE shall have the power and authority under this Power of Attorney to execute all the documents I shall sign as stipulated in the Exclusive Option Agreement entered into by and among myself, the WFOE and Domestic Company on June 19, 2019 and the Equity Pledge Agreement entered into by and among me, the WFOE and Domestic Company on June 19, 2019 (including any modification, amendment and restatement thereto, collectively the "Transaction Documents"), and perform the terms of the Transaction Documents.

All the actions associated with My Shareholding conducted by the WFOE shall be deemed as my own actions, and all the documents related to My Shareholding executed by the WFOE shall be deemed to be executed by me. I hereby acknowledge and ratify those actions conducted and documents executed by the WFOE.

The WFOE is entitled to re-authorize or assign its rights related to the aforesaid matters to any other person or entity at its own discretion and without giving prior notice to me or obtaining my consent. If required by PRC laws, the WFOE shall designate a PRC citizen to exercise the aforementioned rights.

This Power of Attorney shall be effective from the date of execution, and during the period that I am a shareholder of Domestic Company, this Power of Attorney shall remain irrevocable and continuously effective.

During the term of this Power of Attorney, I hereby waive all the rights associated with My Shareholding, which have been authorized to the WFOE through this Power of Attorney, and shall not exercise such rights by myself.

**SHEN Haichen**

By: /s/ SHEN Haichen

Date: 2019.6.19

Signature Page to Power of Attorney

**Amended and Restated Business Cooperation Agreement**

This Amended and Restated Business Cooperation Agreement (this “**Agreement**”) is made on **April 20, 2021 (“Effective Date”)** by and between:

- (1) **Party A: JD.com, Inc.**, a company duly incorporated in accordance with the laws of the Cayman Islands (In this Agreement, Party A and the Affiliates under its control are collectively referred to as “**JD**”); and
- (2) **Party B: AiHuiShou International Co., Ltd.**, a company duly incorporated in accordance with the laws of the Cayman Islands (In this Agreement, Party B and the Affiliates under its control are collectively referred to as “**AHS**”).

The aforesaid parties are hereinafter collectively referred to as the “**Parties**”, and individually as a “**Party**”.

**WHEREAS:**

1. JD is a renowned Internet e-commerce company that mainly engages in self-operated business and platform-based e-commerce business through its official website and mobile applications;
2. AHS mainly engages in electronic product recycling and processing services, carrying out online and offline pre-owned electronic product recycling business, and providing retailers with trade-in and pre-owned machine recycling services;
3. Following the execution of a Business Cooperation Agreement between them on June 3, 2019, Party A and Party B have on the same day, in February 2020, on September 4, 2020, and on April 20, 2021 respectively, signed a series of supplementary agreements regarding the specific implementation of the Business Cooperation Agreement and/or other relevant matters, which include but are not limited to the agreement dated June 3, 2019 in relation to AHS’s advertising investment in JD Platform (all such agreements are hereinafter collectively referred to as the “**Agreement for Specific Implementation of Business Cooperation**”);
4. The Parties intend to cooperate with each other on relevant business pursuant to the terms and conditions of this Agreement in order to integrate business resources and give full play to their respective strengths.

NOW THEREFORE, the Parties hereby agree as follows by mutual agreement:

1. **Definitions**

The following terms in this Agreement shall have the following meanings:

- 1.1. **“Affiliate”** means, with respect to any entity, other entity or person that is directly or indirectly controlled by, controls, or is under common control with such entity. For the purposes of this Agreement, **“Control”** means holding more than 50% of the equity or voting rights of an entity, or the power to appoint more than half of the directors or members of a similar governing body of such entity, or having actual discretion and control over the operation of such entity (including through VIE) by contract or otherwise. Notwithstanding any other provisions hereof, AHS shall not be deemed an Affiliate of JD for the purposes of this Agreement, and vice versa.
- 1.2. **“Force Majeure”** means any event beyond the control of the Parties, occurring after the date hereof, that is neither avoidable, surmountable, and resolvable, nor foreseeable by the Parties at the time of signing this Agreement, which prevents either Party from performing this Agreement in part or in full. Such events include but are not limited to earthquake, typhoon, flood, war, interruption of international or domestic traffic, failure of electricity, network, computer, communication or other systems, strike (including internal strike, and labor turmoil), labor dispute, act of government agency, order of any international or domestic court, etc. For the avoidance of doubt, such events do not necessarily constitute a Force Majeure unless they are beyond the control of, and are unavoidable, insurmountable and unresolvable by the Parties hereto.
- 1.3. **“PRC”** means the People’s Republic of China to the exclusion of Taiwan, Hong Kong Special Administrative Region and Macao Special Administrative Region only for the purposes of this Agreement.
- 1.4. **“PaiPai Second-Hand Business”** means a combination of the following business that AHS operates on the JD Platform: (1) Sale of any of the following categories of second-hand goods (including the sale of second-hand proprietary goods and sale of Second-Hand POP Merchants’ goods): mobile and other communication products, complete computer products, photographic and video products, computer accessories, network products, peripheral products, audio-visual entertainment products, office equipment, intelligent equipment, game equipment, fitness equipment, luxury goods, bedroom furniture, living room furniture, study furniture, balcony/outdoor furniture, storage furniture, children’s furniture, office furniture, dining room furniture, large appliance for kitchens and bathrooms, large home appliance, household appliance, small appliance for kitchens, personal healthcare, digital accessories, mobile accessories, and books; (2) Spare Parts Store Business; (3) User resale business; and (4) Recycling of the following categories of second-hand goods: mobile, tablets, laptops, camera lens, SLR cameras, ILDC cameras, digital cameras, video cameras, sports cameras, flash lamps, E-books, UAVs, mobile power supply, electronic dictionaries, CPUs, smart devices, desktops, flashes, assembled computers, video cards, displays, solid-state drives, MP3/MP4, headphones, keyboards, mice, servers, hard drives, ink cartridges, projectors, drums, printers, game consoles, musical instruments, cosmetics, luxury goods, alcohol, clothing, cars and books.

- 1.5. **“Spare Parts Store Business”** means the operation on the JD Platform of such distribution channels as competitive sales, quota system for marketing, Duo Bao Island by now price, home sale and face-to-face sale for selling JD’s proprietary goods for after-sales service (including goods resulting from the 7-day no reason return rule, replacement of parts for after-sales repair, damage to external packing, etc.).
- 1.6. **“JD Platform”** means the JD.com website operated by JD, JD App, JD WeChat Entry Points and Mini Programs, and JD Mobile QQ.
- 1.7. **“JD Platform Rules”** means any regulatory documents posted or otherwise provided on the JD Platform in relation to merchants/operation of stores as updated, adjusted and amended from time to time, including without limitation, seller’s handbook, backstage announcements and help center of the seller, privacy policy, etc.
- 1.8. **“JD APP”** means JD’s mobile application service platform called “JD”.
- 1.9. **“JD WeChat Entry Points and Mini Programs”** means the WeChat entry points and WeChat mini programs (excluding WeChat) of JD operated on the WeChat platform, as updated, adjusted or amended from time to time based on its agreement with TX, including (1) the “Shop” entry point on the “Discover” interface of the current version of WeChat; (2) the “JD Select” entry point under “Payment” tab on the “Me” interface of the current version of WeChat; and (3) the “JD Shop” WeChat mini program (any WeChat entry point or mini-program to expire after June 3, 2019 shall be excluded from its respective date of expiration).
- 1.10. **“JD Mobile QQ”** means any channel of JD operated on the Mobile QQ platform, as updated, adjusted or amended from time to time based on its agreement with TX, including the “JD Shop” channel (any channel to expire after June 3, 2019 shall be excluded from its respective date of expiration).
- 1.11. **“JD Digital Technology”** means JD Digital Technology Holding Co., Ltd. and any Affiliates under its control.
- 1.12. **“JD Logistics”** means JD Logistics, Inc. and any Affiliates under its control.
- 1.13. **“JD Allianz Insurance”** means JD Allianz Property Insurance Co., Ltd.
- 1.14. **“Cooperation Period”** means the period of five (5) year from June 3, 2019 (inclusive) to June 2, 2024 (inclusive).

1.15. "Second-Hand POP Merchants" means any third-party stores selling second-hand goods on the JD Platform.

## 2. Territory of Business Cooperation

Except as otherwise expressly provided herein, the territory for the items of cooperation and/or restrictions under this Agreement shall be limited to the PRC.

## 3. Main Content of Business Cooperation

3.1. Entry Point Resources Cooperation. During the Cooperation Period, AHS shall have the right to conduct the PaiPai Business listed in Article 1.4 hereof on the JD Platform. JD undertakes to provide AHS with entry point resources for AHS to conduct such business on the JD Platform during the Cooperation Period. The specific content of cooperation shall be determined by both Parties through negotiation. The Parties further agree that:

- 3.1.1. After the Effective Date, AHS may by giving 60 days' prior written notice to JD, replace the "拍拍" logo with its legally owned and registered trademark that does not infringe the rights of any third party to carry on the PaiPai Business set out in Article 1.4 hereof on the JD Platform. The "PaiPai Business" hereunder includes the business set out in Article 1.4 hereof and operated by AHS on the JD Platform upon replacement of the logo.
- 3.1.2. If AHS intends to engage in the sale and/or recycling of any category of second-hand goods not covered by the "PaiPai Business" under Article 1.4 hereof, the Parties shall agree on the operation mode of such goods through amicable negotiation. Notwithstanding the foregoing, AHS may not conduct on the JD Platform any business other than the "PaiPai Business" listed in Article 1.4 hereof (including the sale and/or recycling of any category of second-hand goods not specified herein) without the prior written consent of JD.
- 3.1.3. AHS undertakes and warrants to conduct the PaiPai Business and any other business (if any) it operates on the JD Platform in strict conformance with the laws of the PRC and other applicable laws and regulations, specifications and JD Platform Rules.

3.2. Marketing Resources Cooperation. JD undertakes to provide AHS with certain amount of marketing resources each year during the Cooperation Period, and AHS undertakes to purchase certain amount of advertising services from JD during the term of this Agreement, the specific content of which shall be separately determined by the Parties through negotiation.

- 3.3. **Commission and Profit-Sharing Arrangement.** The Parties agree to share the proceeds of recycling or sale of second-hand goods and the advertising revenue of Second-Hand POP Merchants during the Cooperation Period according to the commission or profit-sharing method. The specific commission or profit-sharing arrangement shall be separately determined by the Parties through negotiation.
- 3.4. **Spare Parts Store Business.** During the Cooperation Period, AHS shall be responsible for building and operating the marketing channels for Spare Parts Store Business; AHS shall provide the platform service necessary for JD to sell goods in the spare parts store. The specific mode of cooperation and cost-sharing shall be separately determined by the Parties through negotiation. Subject to JD's rights of registered trademark to the Licensed Trademarks, JD agrees to grant AHS, at no cost to AHS, a non-exclusive license in the territory where the trademark rights of the Licensed Trademarks are granted for the duration of AHS's operation of the Spare Parts Store Business pursuant to the terms to be separately determined by the Parties through consultation. For the purposes of this Article 3.4, "**Licensed Trademarks**" refer to the trademarks set out in Table 7 and Table 8 of Schedule E-5 to the Series E Preferred Share Purchase Agreement signed among Party A, Party A's Affiliate JD. Com Development Limited, Party B and other related parties on June 3, 2019.
- 3.5. **Collaboration Support.** Based on the needs of AHS, JD undertakes to provide AHS with collaboration support services specified in Article 3.5 hereof during the Cooperation Period, and AHS shall pay for such services at the market rate. Meanwhile, for the purpose of providing collaboration support to AHS, JD undertakes to have specially-designated personnel from JD's Retail Subgroup to set up a contact and support mechanism with AHS.
- 3.5.1. The purchases and sales, and technical R&D teams of JD shall provide operation and system research and development support for AHS's operation of the PaiPai Business;
- 3.5.2. JD Logistics shall provide AHS with warehousing and logistics services;
- 3.5.3. JD shall provide AHS with client services and after-sales services.
- 3.6. **One-Stop Trade In.** The Parties undertake to jointly launch the one-stop trade in business by utilizing AHS's offline stores and door-to-door service system, and to conduct boundless retail business through offline channels. The specific cooperation arrangement, including commission, shall be separately determined by the Parties through negotiation.



- 3.7. JD's Non-Compete Commitments. Without prior consent of AHS during the Cooperation Period, JD undertakes (1) not to engage by itself in the sale (including the sale of second-hand proprietary products and products of Second-Hand POP Merchants) or recycling (by itself or through other recycling merchants) of such categories of second-hand goods as mobile phones, tablets, computers (laptops or desktops), digital cameras (SLR cameras, camera lens, UAVs and smartwatches) and books, or the sale (including the sale of second-hand proprietary products and products of Second-Hand POP Merchants) of large second-hand appliances (such as air-conditioners, TV sets, refrigerators, washing machines, water heaters, range hoods, and gas cookers); (2) not to invest in or hold equity in any rivals of AHS. The specific content of JD's non-compete obligations and the exceptions shall be subject to the provisions of this Agreement for Specific Implementation of Business Cooperation. The Parties agree and acknowledge that JD shall not be liable as a result of this Article 3.7 for any obligations and responsibilities not stipulated in this Agreement for Specific Implementation of Business Cooperation.
- 3.8. Right of Exclusive Operation after the Cooperation Period. JD undertakes to grant AHS the exclusive right to recycle mobile phones and tablets via JD Owned Platform (for the purposes of this Article 3.8, "**JD Owned Platform**" shall mean JDa.com and JDJDAPaiPai of JD only) for a period of one (1) year after the expiration of the Cooperation Period: After a registered user of JD Owned Platform ("**JD End User**") submits an order for recycling of second-hand phones and tablets ("**Recycled Goods**") to the JD Owned Platform, AHS shall have exclusive rights to pick up (through the use of logistics and express delivery services, or on-call collection by AHS) and inspect the Recycled Goods, determine the final recycling price, purchase the Recycled Goods at the final recycling price, and pay the corresponding consideration to the End User. The specific rights and obligations of both Parties shall be determined separately through negotiation.
- 3.9. Transfer of Trademarks. JD assigns and transfers to AHS free of charge all its rights, title and interest in and to certain number of "万物新生" and "新生万物" registered trademarks and applications for registered trademarks (collectively "**Target Trademarks**") held by JD. The transfer of ownership of the Target Trademarks shall take effect upon approval by the Trademark Office of the China National Intellectual Property Administration ("**Trademark Office**"). JD agrees that, prior to approval of the transfer of Target Trademarks by the Trademark Office, JD shall grant to AHS an exclusive and royalty-free license within the scope of the trademark authorization. The specific scope of the Target Trademarks, licensing arrangements of the Parties in respect of the Target Trademarks before the transfer of such trademarks take effect, and other specific terms for transfer of Target Trademarks, shall be agreed upon by the Parties separately.

3.10. Most Favorable Treatment. JD warrants to AHS that, if the Cooperation Period shall be extended in accordance with Article 4.2 hereof, then for any such extended Cooperation Period (for the avoidance of doubt, the extended Cooperation Period shall not include the five (5) years from June 3, 2019 (inclusive) to June 2, 2024 (inclusive)), the collaboration resources provided by JD to AHS for recycling (including One-Stop Trade In) and selling second-hand goods, as well as the commission rate or proportion of profit sharing provided to AHS for such business shall be no less favorable than those provided by JD to any third party entity in which JD directly or indirectly invests, now or in the future, but with which JD does not consolidate its financial statements (“JD Eco-Chain Company”). For greater certainty, if in any event, JD provides any JD Eco-Chain Company with cooperation resources or commission rate that is more favorable than those offered to AHS for the same or similar cooperation hereunder, AHS shall be entitled to such more favorable treatment automatically.

3.11. Cooperation in Other Fields:

3.11.1. Subject to the ability of JD Cloud function to meet the operation needs of AHS, AHS shall migrate all or part of its system modules to JD Cloud. For this purpose, JD will urge JD Digital Technology to charge AHS the most favorable price charged from the same type of clients and to provide service guarantee based on the needs of AHS. The specific terms of cooperation shall be separately agreed upon by the Parties.

3.11.2. AHS undertakes to use, in preference to others, the following services provided by JD or the relevant party below:

3.11.2.1. The financial products of JD Digital Technology, such as payment products, IOU notes, insurance, etc.;

3.11.2.2. The warehousing and logistics service of JD Logistics;

3.11.2.3. JD Allianz insurance (including without limitation, extended warranty service for mobile phones, and other products);

When procuring any financial, warehousing and logistics, or insurance services, AHS shall issue an invitation for purchase to JD or the aforesaid relevant party before or at the same time of providing such invitation to other service providers. AHS shall purchase and use the services of JD or such relevant party provided that the prices and terms of payment provided by JD or such relevant party are no inferior to those provided by a third party.

- 3.11.3. JD's New Products Purchase & Sales Department may recommend third-party recycling merchants to AHS which shall conduct reasonable evaluation of and cooperate with such merchants based on the result of evaluation.
- 3.11.4. Both Parties agree to jointly develop the management and settlement systems to realize systematic management and settlement under the PaiPai Business. Specifically, the development component shall include such modules as cost management, commodity management, order management and after-sales management. JD shall assist AHS in ensuring that the newly developed system is integrated with and compatible with the internal system of JD. The Parties shall separately sign a technical service agreement to agree on the allocation of labor, technical and other costs and expenses necessary for new system development.

#### **4. Effectiveness and Termination of the Agreement**

- 4.1. This Agreement shall come into force on the Effective Date after being signed by both Parties. The Parties further acknowledge and agree that this Agreement will be automatically extended for five (5) years upon expiration of the Cooperation Period on June 2, 2024, provided that the specific content of cooperation, the consideration, and other terms and conditions for such extended Cooperation Period shall be subject to negotiation and confirmation by both Parties prior to expiration of the Cooperation Period. The Parties may amend or restate this Agreement based on the new cooperation agreements.
- 4.2. This Agreement may be terminated in advance upon mutual agreement of both Parties during the term hereof.
- 4.3. Upon expiration or early termination of this Agreement in accordance with Article 4.2 hereof or as otherwise agreed by the Parties, the Parties will cease to perform the provisions hereto provided that Articles 4.3, 7, 10, 11 and 12 shall survive such expiration or termination.

#### **5. Intellectual Property Rights and Data**

- 5.1. The ownership of any material and information provided by either Party to the other for the purposes of this Agreement, as well as the intellectual property rights therein, shall not be changed as a result of the cooperation hereunder, unless the parties concerned have separately signed an explicit agreement regarding the transfer of such intellectual property rights.

- 5.2. Unless otherwise expressly provided in this agreement, or the parties concerned have separately signed a specific intellectual property license agreement, neither Party may without the prior written consent of the other, use or copy such other Party's patent, trademark, name, logo, business information, technical and other data, domain names, copyright or other intellectual property rights, or apply for registration of intellectual property rights similar to those mentioned above.
- 5.3. The ownership of intellectual property rights derived in the course of business cooperation between the Parties hereto shall be specifically and separately agreed upon by the Parties.
- 5.4. Each Party shall indemnify the other Party for any losses incurred if such Party infringes the intellectual property rights or other lawful rights of the other Party during the cooperation hereunder, or the products, services, and materials provided by such Party infringe the intellectual property rights or other lawful rights of any third party.

**6. Force Majeure**

Neither Party shall be deemed to have committed any breach hereof or be liable for damages arising therefrom if it delays in performing any obligations hereunder due to Force Majeure, provided that such Party endeavors to eliminate the cause of such delay and uses its best efforts to minimize the damage caused by Force Majeure (including but not limited to seeking or use of alternative tools or methods, etc.), and informs the other Party of the facts and possible damage of the Force Majeure within fifteen (15) business days after relevant factors of Force Majeure are eliminated (excluding the day such factors are eliminated). During the period of delay in performance, the Party affected by Force Majeure shall adopt reasonable alternatives or other commercially reasonable means to facilitate the performance of its obligations under this Agreement until the delay is eliminated.

**7. Confidentiality**

- 7.1. The Parties acknowledge and confirm that any oral or written information exchanged between them in connection with this Agreement, this Agreement, and the content hereof are confidential. Both Parties shall keep all such information confidential and, without the prior written consent of the other Party, may not disclose any confidential information to a third party except for: (1) any information that is already known to the public for reasons other than unauthorized disclosure by the Party receiving such information, any of its Affiliates or their respective personnel; (2) any information required to be disclosed by applicable laws, competent government authorities, the stock exchange in charge, or rules or regulations of relevant stock exchange; (3) any information required to be disclosed by either Party to its legal or financial consultant in connection with the cooperation hereunder, provided that such legal or financial consultant shall be subject to confidentiality obligations similar to those provided herein.

- 7.2. Each Party undertakes to use the confidential information provided by the other Party solely for related matters set forth herein, and to destroy or return such confidential information as required by the other Party upon termination of this Agreement. Any breach of this Article 7 by an Affiliate of either Party, or by any staff member of or institution engaged by such Party or its Affiliate shall be deemed a breach by such Party itself, for which such Party shall be liable in accordance with this Agreement. This provision shall remain in force regardless of the invalidity, rescission or termination of this Agreement for any reason.

**8. Taxes**

Except as otherwise provided herein, the taxes and fees incurred in connection with the execution and performance of this Agreement shall be borne by the Parties respectively in accordance with applicable laws.

**9. Representations and Warranties**

9.1. Each of the Parties hereby represents and warrants to the other Party that:

9.1.1. It is lawfully established and validly existing;

9.1.2. It has the right to enter into this Agreement and its authorized representative is fully authorized to enter into this Agreement on its behalf;

9.1.3. It is not required to file with or give any notice to any governmental agency or to obtain any licenses, permits, consents or other approvals from any governmental agency or any other person in connection with the execution, delivery and performance of this Agreement; and

9.1.4. It has the ability to perform its obligations under this Agreement and the performance of such obligations does not violate its Articles of Association and other organizational documents.

9.2. If any legal document signed by either Party prior to the execution of this Agreement is in conflict with any provision of this Agreement, such Party shall immediately notify the other Party in writing in the principle of good faith and friendship, and the two Parties shall separately negotiate to arrive at a solution. Further, such Party shall be liable to such other Party for breach of contract if any loss is caused to such other Party due to the conflict between the aforementioned prior legal document and this Agreement.

9.3. If either Party finds it necessary to obtain permission, consent or approval from any third party in the performance of its obligations hereunder, such Party shall notify the other Party in writing within thirty (30) days from the date it becomes aware of such matter, and shall use its best efforts to obtain such permission, consent or approval from such third party. If such permission, consent or approval cannot be obtained within a reasonable period of time, such Party shall provide an alternative solution acceptable to the other Party.

**10. Notice and Service**

10.1. All notices and other communications required or given under this Agreement shall be delivered by personal delivery, registered mail, postage prepaid mail, commercial courier service, or by e-mail or fax to the recipient at its address set forth in Article 10.2 hereof. When not sent in the form of e-mail, a copy of such notice shall also be sent by e-mail. Such notices shall be deemed to have been effectively given on the following dates:

10.1.1. If delivered by personal delivery, courier service registered mail or postage prepaid mail, on the date of receipt or refusal at the address specified for notices;

10.1.2. If sent by facsimile, on the date of successful transmission;

10.1.3. If sent by e-mail, on the date of successful sending (The sending party receives a system message indicating successful delivery and no system message to the effect that the e-mail is not delivered or returned, on the following business day if sent on a non-business day or during non-working hours).

10.2. The addresses of the Parties for notification purposes are as below:

JD:

Address: 21st Floor, Building A, No. 18 Kechuang 11th Street,  
Yizhuang Economic and Technological Development Zone,  
Daxing District, Beijing

Recipient: \*\*\*, legal department of JD Group

E-mail: \*\*\*

Zip Code: 101111

With a copy (does not constitute a notice) to:

Address: 18th Floor, Building A, No. 18 Kechuang 11th Street,  
Yizhuang Economic and Technological Development Zone,  
Daxing District, Beijing

Recipient: \*\*\*, Strategic Investment Department of JD Group

E-mail: \*\*\*

Zip Code: 101111

**AHS:**

Address: 12th Floor, Building 6, Chuangzhi Tiandi, No. 433 Songhu Road, Yangpu District, Shanghai

Recipient: \*\*\*

E-mail: \*\*\*

Zip Code: 200433

10.3. Either Party may at any time give notices to the other Party in accordance with Article 10 hereof to change its address for service of notices.

**11. Default Liability**

11.1. If either Party hereto violates any provisions hereof and causes any losses to the other Party, such Party shall be liable for breach (including compensation) in accordance with the provisions of the Share Purchase Agreement and the Eighth Amended and Restated Shareholders Agreement (hereinafter collectively referred to as the “**Equity Purchase Transaction Documents**”) dated [ ], 2021 between JD. Com Development Limited (an Affiliate of Party A), Party B and other related parties.

11.2. Each of Party A and Party B understands and agrees that it enters into this Agreement on behalf of itself and the Affiliates under its control, and shall be obligated to urge and ensure that such Affiliates under its control abide by and perform this Agreement.

11.3. Notwithstanding the foregoing, the Parties agree that the cooperation hereunder shall be based on the principle of ensuring JD’s usual user experience. JD reserves the right to update, adjust and optimize the items of cooperation hereunder and relevant requirements based on adjustment of JD’s internal policies, upgrade of JD’s products and to ensure the user experience of the JD Platform. For the avoidance of doubt, any update, adjustment or optimization of items hereunder due to changes in JD’s internal policies, upgrade of JD’s products or for ensuring the user experience of JD Platform without materially affecting the provisions hereof shall not be deemed a breach of this Agreement.

12. **Governing Law and Dispute Resolution**

- 12.1. The conclusion, validity, interpretation, performance, modification and termination of and resolution of disputes arising from this Agreement shall be governed by the laws of Hong Kong. The conflict of law principle thereunder shall not apply.
- 12.2. Any dispute arising from the interpretation and performance of this Agreement shall first be settled by the Parties through friendly negotiation. If any dispute is not settled within 30 days after either Party sends a written notice to the other Parties requesting a settlement through negotiation, either Party may submit the dispute to the Hong Kong International Arbitration Centre (“**HKIAC**”) for arbitration in accordance with HKIAC Arbitration Rules in effect at the time of submitting the notice of arbitration.
- 12.3. The place of arbitration shall be Hong Kong. The arbitration panel shall consist of three (3) arbitrators. Each of JD and AHS shall have the right to appoint one (1) arbitrator, and the third arbitrator shall be selected by HKIAC. The arbitral award shall be final and binding upon both Parties.
- 12.4. Either Party to the dispute shall be entitled to apply for preliminary injunctive relief or other equitable reliefs to any court of competent jurisdiction during the establishment of the arbitration tribunal.
- 12.5. In the event of any dispute over the interpretation and performance of this Agreement or arbitration of any dispute, both Parties hereto shall continue to exercise their other rights and perform their other obligations under this Agreement except for the matters in dispute.

13. **Miscellaneous**

- 13.1. The Parties agree that as soon as practicable after the Effective Date, they shall use their best efforts to consult in good faith with respect to the content stipulated in Article 3 hereof, reach an agreement on the implementation and operational details of such provisions, and sign the relevant supplementary agreement or ancillary agreement (if applicable).
- 13.2. Any amendment or supplement to this Agreement shall be made in writing. Any modifications and supplements to this Agreement duly signed by both Parties shall form an integral part of this Agreement, and have the same legal effect as this Agreement.
- 13.3. Without the prior written consent of the other Party, neither Party may transfer any of its rights and obligations under this Agreement to any third party, provided that it may designate as needed an appropriate Affiliate to perform relevant items of cooperation.



- 13.4. During the term hereof, neither Party may make any negative comments about the other Party on any public occasion, including but not limited to comments on company image, brand, product design, development, application, operation strategy, and any and all other information related to the company and its products.
- 13.5. This Agreement, upon coming into force, shall constitute the entire agreement and consensus between the Parties hereto regarding the content hereunder, and shall supersede the Business Cooperation Agreement signed by the Parties on June 3, 2019 as of the Effective Date. For the avoidance of doubt, this Agreement will not replace the Agreement for Specific Implementation of Business Cooperation, which shall continue to be valid according to its original terms and provisions. In case of any inconsistency between the Agreement for Specific Implementation of Business Cooperation and this Agreement, the Specific Implementation of Business Cooperation shall prevail. The Parties agree that any reference to the Business Cooperation Agreement of June 3, 2019 in any Agreement for Specific Implementation of Business Cooperation will be replaced by this Agreement.
- 13.6. Any matters related to but are not expressly specified in this Agreement will be resolved in accordance with the relevant provisions of the Equity Purchase Transaction Documents, or settled by both Parties through friendly negotiation if not explicitly stipulated in the Equity Purchase Transaction Documents.
- 13.7. Nothing herein shall constitute any partnership or agency relation between the Parties for any reason. Neither Party shall have the right to bind the other Party, enter into a contract in the name of the other Party, or hold the other Party accountable in any way or for any purpose.
- 13.8. If any provision hereof is held to be invalid, illegal or unenforceable, the validity, legality and enforceability of other parts and provisions of this Agreement shall not be affected. The Parties shall negotiate amicably to deal with such provisions in such a principle as to realize the original business intention.
- 13.9. This Agreement is made in four (4) originals, with each Party holding two (2) originals, each of which shall have the same legal effect. The signed PDF copy of this Agreement exchanged via e-mail between and confirmed by the Parties shall be deemed an original and may, by itself, serve as the evidence of the formation and effectiveness of this Agreement.

(The remainder of this page is intentionally left blank)

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

**JD.com, Inc.**

By: /s/ LIU Qiangdong \_\_\_\_\_

Name: LIU Qiangdong

Title: Director

Signature Page of the Amended and Restated Business Cooperation Agreement

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

**AiHuiShou International Co., Ltd.**

By: /s/ CHEN Xuefeng

Name: CHEN Xuefeng

Title: Director

Signature Page of the Amended and Restated Business Cooperation Agreement

## SERIES E PREFERRED SHARE PURCHASE AGREEMENT

THIS SERIES E PREFERRED SHARE PURCHASE AGREEMENT (this “**Agreement**”) is made and entered into as of June 3, 2019 by and among

1. **AiHuiShou International Co. Ltd.**, a company limited by shares incorporated under Cayman Islands Law on November 22, 2011 (the “**Company**”),
2. **AiHuiShou International Company Limited**, a company limited by shares incorporated under the Hong Kong Law (the “**HK Subsidiary**”),
3. **Shanghai Aihui Trading Co., Ltd.** (上海艾慧商贸有限公司), a wholly foreign-owned enterprise organized under the PRC Law (the “**WFOE**”),
4. **Shanghai Yueou Information Technology Co., Ltd.** (上海悦欧信息技术有限公司), a limited liability company organized under the PRC Law (the “**WFOE Subsidiary**”),
5. **Shanghai Yueyi Network Information Technology Co., Ltd.** (上海悦易网络信息技术有限公司), a limited liability company organized under the PRC Law (the “**Domestic Enterprise**”),
6. **Shanghai Yueyi Network Information Technology Co., Ltd.** (上海悦亿网络信息技术有限公司), a limited liability company organized under the PRC Law (the “**Shanghai Subsidiary**”),
7. **Yueyi Commercial Factoring (Shenzhen) Co., Ltd.** (乐易商业保理(深圳)有限公司), a limited liability company organized under the PRC Law (the “**Shenzhen Subsidiary**”),
8. **Changzhou Yueyi Network Information Technology Co., Ltd.** (常州悦亿网络信息技术有限公司), a limited liability company organized under the PRC Law (the “**Changzhou Subsidiary**”, together with the Shanghai Subsidiary and the Shenzhen Subsidiary, collectively, the “**Domestic Subsidiaries**”),
9. **AHS DEVICE HONG KONG LIMITED**, a company limited by shares incorporated under the Hong Kong Law (the “**HK Co**”),
10. **SUN Wenjun** (孙文俊), a citizen of the PRC whose PRC identification card number is \*\*\*,
11. **CHEN Xuefeng** (陈雪峰) a citizen of the PRC whose PRC identification card number is \*\*\* (together with Sun, Wenjun (孙文俊), the “**Founders**” and each, a “**Founder**”),
12. **S&WJ Group Limited**, a company limited by shares incorporated under the Law of the British Virgin Islands,

13. **C&XF Group Limited**, a company limited by shares incorporated under the Law of the British Virgin Islands (together with S&WJ Group Limited, the “**Founder Holding Companies**” and each, a “**Founder Holding Company**”),
14. **Tiantu China Consumer Fund II, L.P.**, with its registered office located at Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman, KY1-9007, Cayman Islands (“**Tiantu**”),
15. **Morningside China TMT Fund II, L.P.**, with its registered office located at Clifton House, 75 Fort Street, PO Box 1350, KY1-1108, Grand Cayman, Cayman Islands (“**Morningside**”),
16. **Internet Fund IV Pte. Ltd.**, a company duly incorporated and validly existing under the Laws of Singapore (“**Tiger**”),
17. **Fresh Capital Fund I, L.P.**, with its registered office located at Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands (“**Fresh**”),
18. **Generation Mu HK Investment Limited**, with its registered office located at Suite 2409 Everbright Ctr 108, Gloucester Rd, Wanchai, Hong Kong (“**GenBridge**”, together with Tiantu, Morningside, Tiger, Fresh collectively, the “**Investors**” and each an “**Investor**”).

(Collectively, the “**Parties**”, and each a “**Party**”)

#### RECITALS

WHEREAS, the Company desires to issue and sell to Investors and Investors desire to purchase from the Company up to an aggregate amount of 2,521,844 Series E Preferred Shares pursuant to the terms and subject to the conditions set forth in this Agreement.

#### AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

##### 1. DEFINITIONS

In this Agreement, unless the context otherwise requires, the following words and expressions have the meanings as follows:

“**Action**” means an action, suit, proceeding, claim, arbitration or investigation.

“**Affiliate**” of a given Person means, (i) in the case of a Person other than a natural person, any other Person that directly, or indirectly through one or more intermediaries, Controls, is Controlled by or is under common Control with, such given Person, or (ii) in the case of a natural person, any other Person that directly or indirectly is Controlled by such given Person or is a Relative of such given Person.

“**Ancillary Agreements**” means, collectively, the Shareholders Agreement, the Restated Articles and any other agreements to which a Group Company, a Founder or a Founder Holding Company is a party and the execution of which is contemplated hereunder.

“**Anti-Corruption Law**” means any applicable Law, including, but not limited to, the Foreign Corrupt Practices Act of the United States (15 U.S.C. §§ 78dd-1, et seq.), as amended, or any similar Law of any Governmental Authority, regarding any contribution, gift, bribe, rebate, payoff, influence payment, kickback, or other payment to any Government Official, regardless of form, whether in money, property, or services.

“**Approval**” means any approval, authorization, release, order, or consent required to be obtained from, or any registration, qualification, designation, declaration, filing, notice, statement or other communication required to be filed with or delivered to, any Governmental Authority or any other Person.

“**Associate**” of a given Person means (i) a corporation or organization of which such given Person is an officer or partner or is, directly or indirectly, the beneficial owner of ten percent (10%) or more of any class of Equity Securities, (ii) any trust or other estate in which such given Person has a substantial beneficial interest or as to which such given Person serves as trustee or in a similar capacity, or (iii) any Relative of such given Person.

“**Balance Sheet Date**” means March 31, 2019.

“**Board of Directors**” or “**Board**” means the board of directors of the Company.

“**Business Day**” means a day (other than a Saturday or a Sunday) that the banks in the Cayman Islands, Hong Kong, the PRC are generally open for business.

“**Changzhou Subsidiary**” shall have the meaning as set forth in the Preamble.

“**Closing**” means the consummation of the transactions contemplated in Section 3.1.

“**Company**” shall have the meaning as set forth in the Preamble.

“**Company Material Adverse Effect**” means fact, event, change, circumstance, or effect that causes, or is reasonably likely to cause, a material adverse effect on the operations, results of operations, condition (financial or otherwise), assets, liabilities or business of the Group Companies taken as a whole (as presently conducted and proposed to be conducted) or on the ability of any Warrantor to perform its or his obligations under this Agreement or any Transaction Documents to which it or he is a party or on the enforceability of this Agreement or any Transaction Documents against any Warrantor, either individually or when taken together with other effects.

“**Company Operations**” means the existing and future operations, activities and facilities of the Company and its Subsidiaries (including the design, construction, operations, maintenance, management and monitoring thereof as applicable) in the Cayman Islands, Hong Kong and the PRC.

“**Company Warranties**” means the representations and warranties set out in Section 4 given by the Warrantors (with each of such Company Warranties being referred to as a “**Company Warranty**”).

“**Competes**” with any Group Company means a Person, directly or indirectly, owns, manages, engages in, operates, Controls, works for, consults with, renders services for, does business with, maintains any interest in (proprietary, financial or otherwise) or participates in the ownership, management, operation or Control of, any Restricted Business, whether in corporate, proprietorship or partnership form or otherwise; provided, however, that such restrictions shall not apply to the acquisition by such Person, directly or indirectly, of less than one percent (1%) of the outstanding shares of any publicly traded company engaged in a Restricted Business.

“**Constitutional Documents**” means the constitutional documents of the respective Group Company which may include, as applicable, memoranda and articles of association, by-laws, joint venture contracts and the like.

“**Contracts**” means legally binding contracts, agreements, engagements, purchase orders, commitments, understandings, indentures, notes, bonds, loans, instruments, leases, mortgages, franchises, licenses or any other contractual arrangements or obligations, which are currently subsisting and not terminated or completed (with each of such Contracts being referred to as a “**Contract**”).

“**Control**” of a given Person means the power or authority, whether exercised or not, to direct the business, management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, contractual arrangement or otherwise, which power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such Person or power to control the composition of the board of directors or similar governing body of such Person; and the terms “**Controlled**” and “**Controlling**” shall have the meaning correlative to the foregoing.

“**Disclosure Schedule**” means the Disclosure Schedule attached to this Agreement as Schedule C.

“**Domestic Enterprise**” shall have the meaning as set forth in the Preamble.

“**Domestic Subsidiaries**” shall have the meaning as set forth in the Preamble.

“**Employment-Related Agreement**” means the employment agreement, the non-compete, confidentiality and invention assignment agreement entered into by an employee of a Group Company (including the Founders, each Key Officer, and each current employee, officer and consultant) with respect to his or her employment with such Group Company.

“**Equity Securities**” means, with respect to a given Person, any share, share capital, registered capital, ownership interest, partnership interest, equity interest, joint venture or other ownership interest of such Person, or any option, warrant, or right to subscribe for, acquire or purchase any of the foregoing, or any other security or instrument convertible into or exercisable or exchangeable for any of the foregoing, or any equity appreciation, phantom equity, equity plan or similar right with respect to such Person, or any Contract of any kind for the purchase or acquisition from such Person of any of the foregoing, either directly or indirectly.

“**ESOP**” means such share option plans, share incentive scheme or other schemes and agreements of similar nature duly adopted by the Company pursuant to which Option Shares are issued or granted to the directors, the officers, the employees of any of the Group Companies.

“**Financial Statements**” means the unaudited consolidated financial statements of the Group Companies of first quarter in year 2019 dated as of the Balance Sheet Date.

“**Founders**” shall have the meaning as set forth in the Preamble.

“**Founder Holding Companies**” shall have the meaning as set forth in the Preamble.

“**Fundamental Company Warranties**” means Company Warranties contained in Sections 4.1 (Organization, Standing and Qualification) to and including Section 4.6 (Liabilities), Section 4.11 (Compliance with Law), Section 4.16 (Financial Statements), Section 4.18 (Tax Matters), and Section 4.25 (UN Security Council Resolutions) to and including Section 4.27 (Environmental Matters).

“**GAAP**” means the generally accepted accounting principles of the PRC.

“**Government Official**” means any officer, employee or other Person acting in an official capacity for any Governmental Authority, to any political party or official thereof or any candidate for any political office.

“**Governmental Authority**” means any nation, government, province, state, or any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission or instrumentality of any government or any political subdivision thereof, court, tribunal, arbitrator, the governing body of any securities exchange, and self-regulatory organization, in each case having competent jurisdiction.

“**Group Companies**” means, collectively, the Company, the HK Subsidiary, the WFOE, the WFOE Subsidiary, the Domestic Enterprise, the Domestic Subsidiaries, the HK Co, UP Trade Technologies, Inc., Shanghai Yueqing Information Technology Co., Ltd. (上海悦清信息技术有限公司, a limited liability company organized under the PRC Law), Shanghai Yuechuan Network Information Technology Co., Ltd. (上海悦川网络信息技术有限公司, a limited liability company organized under the PRC Law), Shenzhen Lvchuang and any Subsidiaries and branches of the foregoing (with each of such Group Companies being referred to as a “**Group Company**”).

“**HK Co**” shall have the meaning as set forth in the Preamble.

“**HKIAC**” means Hong Kong International Arbitration Centre.

“**HK Subsidiary**” shall have the meaning as set forth in the Preamble.

“**Hong Kong**” means the Hong Kong Special Administrative Region of the People’s Republic of China.

“**IFRS**” means the International Financial Reporting Standards promulgated by the International Accounting Standards Boards (“**IASB**”) (which include standards and interpretations approved by the IASB and International Accounting Standards issued under previous constitutions) together with its pronouncements thereon from time to time, and applied on a consistent basis.



**“Indemnitee”** (each an **“Indemnitee”**) means, with respect to each Investor, such Investor, together with their respective officers, directors, partners, employees, successors and assigns.

**“Interested Party”** means the Founders, the Founder Holding Companies, any shareholder, officer, director or Key Officer of a Group Company, or any Affiliate or Associate of any such Person.

**“JD Series E Preferred Share Purchase Agreement”** shall have the meaning as set forth in the Shareholders Agreement.

**“Jinsong”** shall have the meaning as set forth in [Section 6.16](#).

**“Key Officers”** means the Founders and such other management and main technical staff as set forth in [Schedule B](#) hereto.

**“Knowledge”** means the actual or constructive knowledge of a Person after due and diligent inquiries of officers, directors and other employees of such Person reasonably believed to have knowledge of the matter in question.

**“Law”** means any law, rule, constitution, code, ordinance, statute, treaty, decree, regulation, common or customary law, order, official policy, circular, provision, administrative order, interpretation, injunction, judgment, ruling, assessment, writ or other legislative measure of any Governmental Authority.

**“Licenses”** means all licenses, permits, certificates of authority, authorizations, approvals, registrations, franchises and similar consents granted or issued by any Governmental Authority and the business licenses of the applicable Group Companies.

**“Lien”** means any mortgage, pledge, claim, security interest, encumbrance, title defect, lien, charge, restriction, covenant, or other limitation.

**“Losses”** of a Person means any and all losses, damages, liabilities and expenses (joint or several), including, without limitation, attorneys’ fees and disbursements and all other expenses incurred in investigating, preparing, compromising or defending against any Action, commenced or threatened, or any claim whatsoever and all amounts paid in settlement of any such claim or Action, to which such Person may become subject under any applicable Law.

“**Material Contracts**” means Contracts (oral or written) which any Group Company is a party to or it is bound by, have an aggregate value, cost or amount, or impose liability or contingent liability on any Group Company in excess of RMB10,000,000, and which (i) extend for more than twelve (12) months beyond the date of this Agreement, (ii) are not terminable upon thirty (30) days’ notice without incurring any penalty or obligation or the termination of which would be reasonably likely to have a Company Material Adverse Effect, (iii) are not readily to be fulfilled or performed by a Group Company on time or without undue or unusual expenditure of money or efforts or a Group Company does not have the technical and other capabilities or the human and material resources to enable it to fulfill, perform and discharge all its outstanding obligations in the ordinary course of business without realizing a loss on closing of performance, (iv) are material to the conduct and operations of a Group Company’s business and properties, (v) any Interested Party is a party to, (vi) relate to the sale, issuance, grant, exercise, award, purchase, repurchase or redemption of any Equity Securities, (vii) are with a material customer or material supplier of a Group Company or with a Governmental Authority, (viii) involve indebtedness, an extension of credit, a guaranty or assumption of any obligation, or the grant of a Lien, (ix) involve the acquisition or sale of a business, a merger, consolidation, amalgamation, a partnership, joint venture, or similar arrangement, (x) transfer or license any Proprietary Asset to or from a Group Company (other than licenses granted in the ordinary course of business or from commercially readily available “off-the-shelf” computer software), or obligate a Group Company to share or develop any Proprietary Asset with any third party, (xi) contain change in Control, exclusivity, non-competition or similar clauses that impair, restrict or impose conditions on a Group Company’s right to offer or sell products or services in specified areas, during specified periods or otherwise, (xii) are otherwise substantially dependent on by a Group Company, or (xiii) not in the ordinary course of business of a Group Company (with each of such Material Contracts being referred to as a “**Material Contract**”). For the avoidance of any doubt, notwithstanding any contrary in this Agreement, any contract listed in [Section 4.9](#) of the Disclosure Schedule shall be deemed to be a Material Contract.

“**Option Holder**” means a holder of options granted by the Company pursuant to the ESOP.

“**Option Shares**” means the Ordinary Shares issuable or issued under the ESOP to the employees, officers, directors of any of the Group Companies.

“**Ordinary Shares**” means the Company’s ordinary shares, par value US\$0.001 per share, as set forth in the Restated Articles.

“**Parties**” and “**Party**” shall have the meaning as set forth in the Preamble.

“**Person**” means any individual, corporation, partnership, limited partnership, proprietorship, association, limited liability company, firm, trust, estate or other enterprise, entity or legal person.

“**PRC**” means the People’s Republic of China, for the purpose of this Agreement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan.

“**PRC Group Companies**” means all the Group Companies established in the PRC (with each of such PRC Group Companies being referred to as a “**PRC Group Company**”).

“**Principal Business**” means the business of the operation of the platform of the trade of second-hand electronic products.

“**Privacy Laws**” means all Laws in any jurisdiction governing the receipt, collection, use, storage, processing, sharing, security, disclosure or transfer of personal information, and cybersecurity, including all Laws governing data breach notification.

“**Preferred Shares**” means the Series A Preferred Shares, the Series B Preferred Shares, the Series C Preferred Shares, the Series D Preferred Shares and the Series E Preferred Shares collectively (with each of such Preferred Shares being referred to as a “**Preferred Share**”).

**“Proprietary Assets”** means (i) all inventions and patents, together with all applications, reissues, continuations, revisions, and extensions thereof, (ii) all registered and material unregistered trademarks, service marks, trade dress, logos, trade names and corporate names and domain names, together with all translations, adaptations, derivations and combinations thereof and including all goodwill and all applications, registrations and renewals in connection therewith, (iii) all copyrightable works (including, without limitation, all works of authorship, works made for hire and mask works), all copyrights (together with all applications, registrations and renewals in connection therewith) and all material unregistered copyrights, (iv) all trade secrets and confidential business information (including ideas, know-how, formulas, compositions, manufacturing and production processes and techniques, methods, technology, technical data, designs, drawings, flowcharts, diagrams, specifications, customer and supplier lists, pricing and cost information and business and marketing plans and proposals), (v) all Software, (vi) all other proprietary rights, (vii) all licenses, sublicenses, agreements, consents or permissions related to the foregoing, and (viii) all media on which any of the foregoing is stored or all documentation related to any of the foregoing.

**“Purchase Price”** means the applicable purchase price to be paid in cash by the Investors for the Purchased Shares.

**“Purchased Shares”** means the Series E Preferred Shares to be purchased and sold pursuant to [Section 2](#).

**“Relatives”** of a natural person means such Person’s spouse, parents, grandparents, children, grandchildren, siblings, uncles, aunts, nephews, nieces or great-grandparents or the spouse of such Person’s children, grandchildren, siblings, uncles, aunts, nephews or nieces (with each of such Relatives being referred to as a **“Relative”**).

**“Renminbi”** and **“RMB”** mean the lawful currency for the time being of the PRC.

**“Restated Articles”** means the amended and restated Memorandum and Articles in the form and substance attached hereto as [Exhibit A](#).

**“Restricted Business”** means any business that is related to the Principal Business or otherwise Competes with any PRC Group Company.

**“Restructuring Documents”** means a series of agreements among the WFOE on the one hand, and the Domestic Enterprise and/or all of its equity interest holders: (a) the exclusive technical service agreement dated August 31, 2012 among WFOE and the Domestic Enterprise; (b) the business cooperation agreement dated August 31, 2012 among WFOE, the Domestic Enterprise and the Founders; (c) the second amended and restated option agreement entered into by and among WFOE, the Domestic Enterprise and the Founders on April 11, 2018; (d) the second amended and restated equity pledge agreement entered into by and among WFOE and the Founders on April 11, 2018; (e) the proxy agreement dated August 31, 2012 among WFOE, the Domestic Enterprise and the Founders; (f) the power of attorney dated August 31, 2012 issued by each Founder to the WFOE; and (g) the fourth amendment to the exclusive technical service agreement to be entered into by and among WFOE, the Domestic Enterprise and the Founders on June 26, 2018.

“**Rules**” shall have the meaning as set forth in [Section 10.14\(c\)](#).

“**SAFE**” means the State Administration of Foreign Exchange of the PRC and its local branches.

“**SAFE Rules and Regulations**” means the *Circular on Relevant Issues Concerning Foreign Exchange Administration for Domestic Residents to Engage in Overseas Investment and Financing and Round Trip Investment via Special Purpose Companies* (国家外汇管理局关于境内居民通过特殊目的公司境外投融资及返程投资外汇管理有关问题的通知, the “**Circular 37**”) issued by SAFE on July 4, 2014 and any other guidelines, implementing rules, reporting and registration requirements issued by SAFE in relation thereto.

“**Securities Act**” means the U.S. Securities Act of 1933, as amended and interpreted from time to time.

“**Series A Preferred Shares**” means the Company’s series A preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Series B Preferred Shares**” means Series B-1 Preferred Shares, Series B-2 Preferred Shares and Series B-3 Preferred Shares collectively.

“**Series B-1 Preferred Shares**” means the Company’s series B-1 preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Series B-2 Preferred Shares**” means the Company’s series B-2 preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Series B-3 Preferred Shares**” means the Company’s series B-3 preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Series C Preferred Shares**” means Series C-1 Preferred Shares, Series C-2 Preferred Shares and Series C-3 Preferred Shares collectively.

“**Series C-1 Preferred Shares**” means the Company’s series C-1 preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Series C-2 Preferred Shares**” means the Company’s series C-2 preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Series C-3 Preferred Shares**” means the Company’s series C-3 preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Series D Preferred Shares**” means Series D-1 Preferred Shares and Series D-2 Preferred Shares collectively.

“**Series D-1 Preferred Shares**” means the Company’s series D-1 preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Series D-2 Preferred Shares**” means the Company’s series D-2 preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Series E Preferred Shares**” means the Company’s series E preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Shanghai Subsidiary**” shall have the meaning as set forth in the Preamble.

“**Shareholders Agreement**” means the sixth amended and restated shareholders agreement to be entered into on or prior to the Closing by and among the parties named therein, which agreement shall be in the form and substance attached hereto as Exhibit B.

“**Shenzhen Lvchuang**” means Shenzhen Lvchuang Network Technology Co., Ltd. (深圳市绿创网络科技有限公司), a limited liability company organized under the PRC Law.

“**Shenzhen Subsidiary**” shall have the meaning as set forth in the Preamble.

“**Software**” means computer programs, including any and all software implementation of algorithms, models and methodologies (whether in source code or object code), databases and compilations (including any and all data and collections of data), and all related documentation.

“**Subsidiary**” means, with respect to any given Person, any Person of which the given Person, directly or indirectly, Controls, including but not limited through the ownership of more than fifty percent (50%) of the issued and outstanding authorized capital, share capital, voting interests or registered capital, for the avoidance of doubt, the branch of any Group Company shall not be regarded as a Subsidiary of such Group Company.

“**Target Business**” shall have the meaning as set forth in JD Series E Preferred Share Purchase Agreement.

“**Tax Return**” means any return, report or statement showing Tax, used to pay Tax, or required to be filed with respect to any Tax (including any elections, declarations, schedules or attachments thereto, and any amendment thereof), including any information return, claim for refund, amended return or declaration of estimated or provisional Tax.

“**Tax**” means (i) in the PRC: (a) any national, provincial, municipal, or local taxes, charges, fees, levies, or other assessments, including, without limitation, all net income (including enterprise income tax and individual income withholding tax), turnover (including value-added tax, business tax, and consumption tax), resource (including urban and township land use tax), special purpose (including land value-added tax, urban maintenance and construction tax, and additional education fees), property (including urban real estate tax and land use fees), documentation (including stamp duty and deed tax), filing, recording, social insurance (including pension, medical, unemployment, housing, and other social insurance withholding), tariffs (including import duty and import value-added tax), and estimated and provisional taxes, charges, fees, levies, or other assessments of any kind whatsoever, (b) all interest, penalties (administrative, civil or criminal), or additional amounts imposed by any Governmental Authority in connection with any item described in clause (a) above, and (c) any form of transferee liability imposed by any Governmental Authority in connection with any item described in clauses (a) and (b) above, and (ii) in any jurisdiction other than the PRC: all similar liabilities as described in clause (i) above.

“**Transaction Documents**” means this Agreement, the Ancillary Agreements, the Restructuring Documents, and each of the other agreements and documents otherwise required in connection with implementing the transactions contemplated by any of the foregoing.

“**US\$**” or “**US Dollars**” means the lawful currency of the United States of America.

“**Warrantors**” means, collectively, the Group Companies, the Founder Holding Companies and the Founders (with each of such Warrantors being referred to as a “**Warrantor**”).

“**WFOE**” shall have the meaning as set forth in the Preamble.

“**WFOE Subsidiary**” shall have the meaning as set forth in the Preamble.

“**Xichen**” shall have the meaning as set forth in [Section 6.16](#).

## 2. TRANSACTIONS

Subject to the terms and conditions of this Agreement and the Transaction Documents, as applicable, as of the Closing, the Company will have authorized the issuance, pursuant to the terms and conditions of this Agreement and JD Series E Preferred Share Purchase Agreement, of up to 30,021,942 Series E Preferred Shares. Subject to the terms and conditions hereof, the Company hereby agrees to issue and sell to each Investor, and each Investor hereby agrees to subscribe for and purchase, on the date of the Closing, that type and number of Purchased Shares set forth opposite such Investor’s name on [Schedule A](#), with such Investor to pay the Purchase Price set forth opposite the its name on [Schedule A](#) attached hereto. As of the Closing, each Investor shall pay the Purchase Price set forth opposite such Investor’s name in [Schedule A](#) to the Company.

## 3. CLOSING; CLOSING DELIVERIES

3.1 Closing. Upon the fulfillment and/or waiver of the conditions set forth in [Sections 7](#) and [8](#) below:

(a) the Company shall request each Investor to subscribe for the Purchased Shares pursuant to [Section 2](#) and deliver wire transfer instructions to such Investor as soon as practicable, but in no event later than one (1) Business Day after such fulfillment and/or waiver;

(b) each Investor shall notify the Company that it shall subscribe for the Purchased Shares pursuant to [Section 2](#); and

(c) the purchase and sale of the Purchased Shares shall take place remotely via the exchange of documents and signatures, on a date specified by the Parties, which date shall be no later than three (3) Business Days after the fulfillment and/or waiver of the conditions set forth in [Sections 7](#) and [8](#) below, or at such other time and place as the Company and each Investor may mutually agree upon.

3.2 Deliveries by the Company. At the Closing, in addition to any items the delivery of which is made an express condition to each Investor’s obligations at the Closing pursuant to [Section 7](#), the Company shall deliver to each Investor:

(a) a copy of the updated register of members of the Company, showing such Investor as the holder of such number of Series E Preferred Shares being purchased by such Investor at the Closing, certified by the registered agent or a director of the Company to be a true and complete copy of the original; and

(b) a copy of the share certificate, representing the issuance to such Investor of the Series E Preferred Shares being purchased by such Investor at the Closing, certified by the registered agent or a director of the Company to be a true and complete copy of the original, with the original (duly signed and sealed for and on behalf of the Company) to be delivered to such Investor against its fully payment of Purchase Price within fifteen (15) Business Days after the payment of Purchase Price by such Investor.

3.3 Deliveries by each Investor. At the Closing, in addition to any items the delivery of which is made an express condition to the Company's obligations at the Closing pursuant to this Agreement, each Investor shall pay its respective portion of the Purchase Price as indicated opposite such Investor's name on Schedule A by wire transfer of immediately available funds in US Dollars to an account designated in the wire transfer instruction delivered by the Company pursuant to Section 3.1(a).

3.4 Deliveries by Investors. At the Closing, each Investor shall deliver to the Company copies of the Transaction Documents duly and validly executed by such Investor which is a party thereto.

3.5 Actions if Closing Conditions not Fulfilled. If any condition set forth in Section 7 has not been fulfilled or waived by July 31, 2019, each Investor is entitled to, at its own option, without prejudice to its rights hereunder and under applicable Law:

- (a) defer the Closing to a later date while such date shall be as mutually agreed between such Investor and the Company;
- (b) proceed with the Company to the Closing so far as practicable (without limiting its rights under this Agreement); or
- (c) pursuant to Section 10.17(b) herein, treat this Agreement as terminated with respect to itself for the Warrantors' breach of a condition.

#### 4. REPRESENTATIONS AND WARRANTIES OF THE WARRANTORS

Each of the Warrantors, jointly and severally, hereby represents, warrants and undertakes to each Investor, except as set forth in the Disclosure Schedule (disclosures contained in which shall be deemed to be the exceptions to the Company Warranties to the Investors only if such disclosures are fully, specifically and accurately stated therein), as of the date hereof that each of the Company Warranties set out in this Section 4 is true, complete and accurate, and not misleading in all respects, and acknowledges that Investors are relying on the Company Warranties made by such Warrantors in this Section 4 in entering into this Agreement. Each of the Company Warranties made by any Warrantor in Section 4 shall be construed as a separate and independent Company Warranty. The Company Warranties made by each Warrantor in this Section 4 shall be deemed to be repeated as of the Closing as if they were made on and as of the Closing and all references therein to the date of this Agreement were references to the Closing, except in either case for those Company Warranties that address matters only as of a particular date, which Company Warranties will have been true, correct and complete as of such particular date. The Warrantors are permitted to supplement the Disclosure Schedule by way of the supplemental disclosure to be given as of the Closing, the form and substance of which shall be subject to the agreement by the Parties and must be agreed between the Parties no less than five (5) days prior to the Closing and, failing such agreement (which shall not be unreasonably withheld or delayed), no material change or supplementation shall be made to the Disclosure Schedule.

4.1 Organization, Standing and Qualification. Each Group Company is duly organized, validly existing and in good standing (or equivalent status in the relevant jurisdiction) under, and by virtue of, the Law of the place of its incorporation or establishment and has all requisite power and authority to own its properties and assets and to carry on its business as now conducted and as proposed to be conducted (except for Target Business), and to perform each of its obligations hereunder and under each of the Transaction Documents to which it is a party. Each Group Company is qualified to do business and is in good standing (or equivalent status in the relevant jurisdiction) in each jurisdiction where failure to be so qualified would constitute a Company Material Adverse Effect.

4.2 Capitalization.

(a) Company Shares. Schedule D sets forth the capitalization of the Company as of the execution date of this Agreement and immediately following the later of the Closing as defined in this Agreement and the "Closing" as defined in the JD Series E Preferred Share Purchase Agreement assuming the maximum number of Series E Preferred Shares permitted to be issued under Section 2 of this Agreement are subscribed for..

(b) Company Options. Except for the Option Shares and the conversion privileges of the Preferred Shares or as otherwise set forth in the Disclosure Schedule, there are no options, warrants, conversion privileges or other rights, or agreements with respect to the issuance thereof, presently outstanding to purchase any of the Equity Securities of the Company. Except as noted in this Section 4.2(b) and the rights provided in the Shareholders Agreement and Restated Articles, none of the Company's outstanding share capital, or shares issuable upon exercise or exchange of any outstanding options or other shares issuable by the Company, are subject to any preemptive rights, rights of first refusal or other rights to purchase such shares (whether in favor of the Company or any other Person).

(c) HK Subsidiary. The authorized share capital of the HK Subsidiary is HK\$10,000, divided into 10,000 shares of HK\$1.00 each, 1 of which is outstanding and held by the Company.

(d) PRC Group Companies. The HK Subsidiary shall legally and beneficially own one hundred percent (100%) of the Equity Securities in the WFOE and all of such Equity Securities in the WFOE are duly vested in the HK Subsidiary as the owner in accordance with applicable PRC Law. Except as contemplated under the Restructuring Documents, there are no outstanding rights or commitments made by any Warrantor to sell any Equity Securities in any PRC Group Company. Except as set forth in the Restructuring Documents and the Disclosure Schedule, there are no options, warrants, conversion privileges or other rights, or agreements with respect to the issuance thereof, presently outstanding to purchase any of the Equity Securities of any PRC Group Company. Except as set forth in the Restructuring Documents and their respective Constitutional Documents, no outstanding Equity Securities of any PRC Group Company are subject to any preemptive rights, rights of first refusal or other rights to purchase such Equity Securities (whether in favor of such PRC Group Company or any other Person).



(e) Outstanding Security Holders. A complete and current list of all outstanding shareholders and any other holders of the Equity Securities of each Group Company (other than the Company) as of the date hereof and immediately prior to the Closing is set forth in the Disclosure Schedule, indicating the type and number of shares, options or other Equity Securities held by each such shareholder, option holder or other holder of the Equity Securities. All outstanding share capitals or registered capitals of each Group Company have been duly and validly issued (or subscribed for), fully paid and non-assessable. Except as set forth in the Restructuring Documents and the Disclosure Schedule, all share capitals or registered capitals of each Group Company are free and clear of any Lien (except for any restrictions on transfer under applicable Law). No outstanding share, option, warrant, registered capital or other Equity Security of any Group Company was issued or subscribed to in violation of the preemptive rights of any Person, terms of any Contract or any applicable Law, including without being limited to applicable securities Law and any exemption therefrom, by which each such Group Company at the time of issuance or subscription was bound. Except as set forth in the Restructuring Documents, the Disclosure Schedule and as contemplated under the Transaction Documents,

(i) there is no resolution pending to increase the share capital or registered capital of any Group Company;

(ii) except as provided in the ESOP, there is no outstanding Contract under which any Person purchases or otherwise acquires, or has the right to purchase or otherwise acquire, any interest in the share capital or registered capital of any Group Company;

(iii) there is no dividend which has accrued or been declared but is unpaid by any Group Company;

(iv) except for the ESOP, there is no outstanding or authorized equity appreciation, phantom equity, equity plan or similar right with respect to any Group Company; and

(v) none of the Warrantors is a party or is subject to any Contract that affects or relates to the voting of any Group Company's Equity Securities.

#### 4.3 Group Structure.

(a) Group Structure. Except for the Group Companies, the Company does not presently own or Control, directly or indirectly, any interest in any other corporation, partnership, trust, joint venture, association, or other entity. Except for the branches and offices duly maintained by the Group Companies or as disclosed in the Disclosure Schedule, none of the Group Companies holds or Controls, directly or indirectly, any interest in any other corporation, partnership, trust, joint venture, association, or other entity. The capital and organizational structure of each PRC Group Company are valid and in full compliance with relevant PRC Law.

(b) Founders and Founder Holding Companies. Except for the Group Companies, the Founders and the Founder Holding Companies do not presently own or Control, directly or indirectly, any interest in any other corporation, partnership, trust, joint venture, association, or other entity.

4.4 Due Authorization. All corporate actions on the part of each applicable Group Company and, as applicable, their respective officers, directors and shareholders necessary for (i) the authorization, execution and delivery of, and the performance of all of its obligations under this Agreement or any Transaction Documents, and (ii) the authorization, issuance, reservation for issuance and delivery of all of the Purchased Shares have been taken or will be taken prior to the Closing. Each Founder and his Founder Holding Company has the requisite power, capacity and authority to enter into, execute and deliver this Agreement and each of the Transaction Documents to which he or it is a party, and to perform all the obligations to be performed by such Founder and his Founder Holding Company hereunder and thereunder. Each of the Transaction Documents, when executed and delivered, will constitute valid and binding obligations of each Warrantor to the extent such Warrantor is a party to such Contract, enforceable against such Warrantor in accordance with its terms, subject, as to enforcement of remedies, to applicable bankruptcy, insolvency, moratorium, reorganization and similar Law affecting creditors' rights generally and to general equitable principles.

4.5 Valid Issuance of Purchased Shares. The Purchased Shares, when issued, sold and delivered in accordance with the terms of this Agreement, will be duly and validly issued, fully paid and nonassessable. All shares issuable upon conversion of the Purchased Shares will be duly and validly issued, fully paid and nonassessable. Subject to the representations and warranties made by the Investors in Sections 5.2 and 5.3, the offer and sale of the Purchased Shares to the Investors pursuant to this Agreement shall be exempt from the registration and/or qualification requirements of all applicable securities Law.

4.6 Liabilities. Except as disclosed in the Financial Statements and the Disclosure Schedule, none of the Group Companies has any indebtedness for borrowed money that it has directly or indirectly created, incurred, assumed, or guaranteed, or with respect to which such Group Company has otherwise become directly or indirectly liable. Except as disclosed in the Financial Statements and the Disclosure Schedule, none of the Warrantors is a guarantor or indemnitor of any indebtedness of any other Person..

4.7 Title to Properties and Assets. Each Group Company has good and marketable titles to, or valid rights to use, all of its material properties and assets (whether tangible or intangible) that it purports to own (including as reflected in its balance sheets of the Financial Statements) or that it currently uses (except for such assets as have been spent, sold or transferred in the ordinary course of business since the Balance Sheet Date), free and clear of any and all Liens of any party other than the lessors of such property and assets in the case that it is leased by any Group Company. Such properties and assets collectively represent in all material respects all properties and assets necessary for the conduct of the business of the Group Companies as presently conducted and as proposed to be conducted (except for Target Business), and have been properly maintained and are in good working condition in all material respects. Each Group Company has been and is in compliance with all the leases with respect to the property and assets it leases in all material respects.

#### 4.8 Status of Proprietary Assets.

(a) Ownership of Proprietary Assets. Each of the Group Companies owns all right, title and interest in and to, free and clear of all Liens, or has all necessary and valid rights to use, all of the material Proprietary Assets, and no item of Proprietary Assets is subject to any outstanding injunction, judgment, order, decree, ruling or charge. Each Proprietary Assets owned by the Group Companies is valid, enforceable, and subsisting, in full force and effect, and has not been cancelled, expired or abandoned. To the Knowledge of the Group Companies, none of the Warrantors is aware of any notice, claim or assertion that any item of Proprietary Assets owned by the Group Companies is invalid and is aware of any actual, threatened or pending claim, action, opposition, re-examination, interference or cancellation proceeding with respect thereto. The Disclosure Schedule sets forth a complete and accurate list of each item of material Proprietary Assets owned by the Group Companies, including without limitation the Proprietary Assets which is a patent, patent application, registered trademark or service mark (or applications and renewals thereof), material unregistered trademark or service mark (including domain name registrations), trade name, domain name, registered copyright (or applications and renewals thereof), material unregistered copyright and Software.

(b) Use of Proprietary Assets. To the Knowledge of the Warrantors, the Group Companies have not interfered with, infringed upon, misappropriated or violated any rights of third parties to the Proprietary Assets due to its use of Proprietary Assets, and the Group Companies have not received any charge, complaint, claim, demand or notice alleging any such interference, infringement, misappropriation or violation, nor is any Group Company aware of any reasonable basis therefor. To the Knowledge of the Warrantors, no third party has interfered with, infringed upon, misappropriated or violated any rights of the Group Companies to any of the material Proprietary Assets owned by the Group Companies. Except as set forth in the Disclosure Schedule, there are no outstanding options, licenses or agreements of any kind granted by any Group Company relating to the Proprietary Assets owned by any Group Company, and such Group Company is not bound by or a party to any options, licenses or agreements of any kind with respect to the Proprietary Assets owned by any other Person, except for standard end-user agreements with respect to commercially available Proprietary Assets such as "off the shelf" computer software all of which are valid and fully paid. Each Group Company has used best efforts to protect its title and ownership in the Proprietary Assets owned by such Group Company and the confidentiality of its trade secrets. To the Warrantors' best Knowledge, there has been no material disclosure of any trade secrets of any Group Company by any Person other than pursuant to the terms of a non-disclosure agreement, and, to the Warrantors' best Knowledge, no party to any non-disclosure agreement relating to the Company's trade secrets is in breach or default thereof.

(c) Work Products Owned by Group Companies. All of personnel of any Group Company, including employees, agents, consultants, and contractors, who have contributed to or participated in the conception and development of the material Proprietary Assets on behalf of such Group Company with respect to the business of such Group Company, either (i) have been a party to a "work-for-hire" arrangement or similar agreement with such Group Company, in accordance with applicable Law, that has accorded such Group Company full, effective, exclusive, and original ownership of all tangible and intangible property and related rights thereby arising, or (ii) have executed appropriate instruments of assignment in favor of such Group Company that have conveyed to such Group Company full, effective, and exclusive ownership of all tangible and intangible property and related rights thereby arising.

(d) Employees' Invention. To the Knowledge of the Warrantors, none of the Group Companies is aware that any of Key Officers or key employees with position of vice president or higher is obligated under any agreement or contract (including licenses, covenants or commitments of any nature) or instrument, or subject to any judgment, decree or order of any court or governmental agency or instrumentality, that would interfere with the use of his or her best efforts to promote the interests of such Group Company or that would conflict with the business as currently conducted or as proposed to be conducted by such Group Company. Neither the execution nor delivery of this Agreement or the Transaction Documents, nor the carrying on of the business as currently conducted or as proposed to be conducted by any Group Company (except for Target Business), will, to the Warrantors' best Knowledge, conflict with or result in a breach of the terms, conditions or provisions of, or constitute a violation or default under, any such Contract, judgment, decree or order under which any of such officers or employees are currently obligated. None of the Group Companies believes it is or will be necessary to utilize any inventions of any of its officers or employees (or people it currently intends to hire) made prior to or outside the scope of their employment by such Group Company.

4.9 Material Contracts and Obligations. All Material Contracts are listed in the Disclosure Schedule and have been made available for inspection by or, if they are oral Contracts, have been summarized in writing for the Investors and the counsels thereof. Each Material Contract is a valid, binding and enforceable agreement of the parties thereto, the performance of which does not violate any applicable Law, and is in full force and effect, and the terms thereof have been complied with by the relevant Group Companies and, to the best Knowledge of each Warrantor, by all the other parties thereto. There are no circumstances likely to give rise to any breach of such terms, no grounds for rescission, avoidance or repudiation of any of the Material Contracts and no notices of violation, default, termination or intention to terminate (whether or not such notice is in writing) have been received in respect of any Material Contract.

#### 4.10 Litigation.

(a) General. Except as disclosed in the Disclosure Schedule, there is no Action pending or, to the best Knowledge of each Warrantor, threatened, against any Warrantor or the business of the Warrantors, and each Warrantor is not aware of any event or circumstance that may form a basis for any such Action. The foregoing includes, without limitation, Actions pending or threatened against the Warrantors or the business of the Warrantors (or any basis therefor known to the Warrantors) involving the prior employment of any of the Group Companies' employees, their use in connection with the business of the Warrantors of any information or techniques allegedly proprietary to any of their former employers, or their obligations under any agreements with former employers. None of the Warrantors is a party or subject to the provisions of any order, writ, injunction, judgment or decree of any court or Governmental Authority. There is no Action initiated by the Warrantors that is currently pending or that any Warrantor intends to initiate.

(b) Action Relating to this Agreement. There is no Action pending or, to the best Knowledge of the Warrantors, threatened, that questions the validity of this Agreement, or any of the Transaction Documents, or the right of the Company to enter into such agreements, or to consummate the transactions contemplated hereby or thereby or that could, individually or in the aggregate, result in a Company Material Adverse Effect or a change in the current equity ownership of any Group Company.

(c) Anti-Corruption Law Matters. To the best Knowledge of the Warrantors, there are no Actions pending or threatened against any Warrantor or any director, officer, agent, employee, or any other Person acting for or on behalf of such Warrantor, alleging a violation of any applicable Law in respect of the Anti-Corruption Law, (i) to obtain favorable treatment in securing business, (ii) to pay for favorable treatment for business secured, or (iii) to obtain special concessions or for special concessions already obtained, for or in respect of such Warrantor.

(d) Money Laundering and Financing of Terrorism. None of the Warrantors has been charged, convicted, fined or otherwise sanctioned in any litigation, administrative, regulatory or criminal investigation or proceeding or freezing of assets by any Governmental Authority involving any Warrantor or their respective director, officer, agent, employees or any other Person acting for or on behalf of such Warrantor with regard to money laundering or financing of terrorism.

#### 4.11 Compliance with Law.

(a) General Compliance. None of the Warrantors is in violation or has been in material violation of any applicable Law. All Approvals from any Governmental Authority and any third party which are required to be obtained or made by each Warrantor under applicable Law in connection with the due and proper establishment of each Group Company and the conduct of the business or the consummation of the transactions contemplated hereunder, the absence of which would be reasonably likely to have a Company Material Adverse Effect, have been obtained or completed in accordance with the relevant Law, are not in default, and are in full force and effect. None of the Group Companies is in receipt of any letter or notice from any Governmental Authority notifying revocation of any permits or Licenses issued to it for non-compliance or the need for compliance or remedial actions in respect of the activities carried out directly or indirectly by it. In respect of Approvals, Licenses or permits requisite for the conduct of any part of the business of the Group Companies which are subject to periodic renewal, none of the Warrantors has any reason to believe that such requisite renewals will not be timely granted by the relevant Governmental Authorities. The execution, delivery and performance of and compliance with each of the Transaction Documents will not result in any such violation, breach or default, or be in conflict with or constitute, with or without the passage of time or the giving of notice or both, either a default under the Restated Articles or similar charter documents of any Group Company, any such contract, agreement or instrument to which any Warrantor is a party or to which the assets of any Group Company is subject, an event which results in the creation of any Lien upon any asset of any Group Company, or any violation of any applicable Law.

#### (b) PRC Law Compliance.

(i) General. Except as disclosed in the Disclosure Schedule, each of the PRC Group Companies is and has in all material aspects been operating its business in compliance with all relevant PRC Law and with all requisite Licenses, permits and Approvals granted by the competent PRC Governmental Authorities. All Approvals from any PRC Governmental Authority and any third party which are required to be obtained or made by each Warrantor under applicable PRC Law in connection with the due and proper establishment of each PRC Group Company and the conduct of the business or the consummation of the transactions contemplated hereunder, including but not limited to the registrations with the PRC Ministry of Commerce, the State Administration of Market Regulation of PRC, SAFE, tax bureau, customs authorities, and product registration authorities, have been obtained or completed in accordance with the relevant PRC Law, not in default, and are in full force and effect and there exist no grounds on which any such Approval may be cancelled or revoked or any PRC Group Company or its legal representative may be subject to liability or penalties for misrepresentations or failures to disclose information to the issuing PRC Governmental Authorities.

(ii) SAFE. Except as disclosed in the Disclosure Schedule, the Founders and any other Person who is required to comply with the SAFE Rules and Regulations (other than shareholders of the Company holding any Preferred Share and their directly or indirectly beneficial owners) has obtained registration with SAFE with respect to their holdings of Equity Securities in the Company in accordance with the SAFE Rules and Regulations and none of them has received any oral or written inquiries, notifications, orders or any other forms of official correspondence from SAFE with respect to any actual or alleged non-compliance with the SAFE Rules and Regulations.

(c) Anti-Corruption Law Compliance. None of the Warrantors or, any director, officer, agent, employee, or any other Person acting for or on behalf of the foregoing, has violated the Anti-Corruption Law, nor has any of the above Persons offered, paid, promised to pay, or authorized the payment of any money, or offered, given, promised to give, or authorized the giving of anything of value, to any Government Official or to any Person under circumstances where there is a high probability that all or a portion of such money or thing of value would be offered, given or promised, directly or indirectly, to any Government Official, for the purpose of:

(i) (A) influencing any act or decision of such Government Official in his official capacity, (B) inducing such Government Official to do or omit to do any act in relation to his lawful duty, (C) securing any improper advantage, or (D) inducing such Government Official to influence or affect any act or decision of any Governmental Authority, or

(ii) assisting any Group Company in obtaining or retaining business for or with, or directing business to any Group Company.

(d) Privacy Law Compliance. The Group Companies have complied in all material respects with all privacy policies, all applicable Privacy Laws and all contractual commitments that the Group Companies have entered into with respect to personal information. None of the Group Companies has received any written notice of any claims, investigations (including, but not limited to, investigations by regulatory authorities or any data protection authorities), or alleged violations of Privacy Laws with respect to personal information possessed by or otherwise subject to the control of the Group Companies, and, to the Knowledge of the Warrantors, there are no facts or circumstances which could form the basis for any such claim.

4.12 Compliance with Other Instruments and Agreements. The Constitutional Documents of each Group Company are valid and have been duly approved or issued (as applicable) by competent Governmental Authorities in the jurisdiction where such Group Company is incorporated. None of the Group Companies is in nor shall the business as currently conducted or proposed to be conducted result in violation, breach or default of any term or provision of the Constitutional Documents, or of any term or provision of any Contract to which such Group Company is a party or by which it may be bound, or of any provision of any Law applicable to or binding upon such Group Company. The execution, delivery and performance of and compliance with this Agreement and any Transaction Document and the consummation of the transactions contemplated hereby and thereby will not result in any such violation, breach or default, or be in conflict with or constitute, with or without the passage of time or the giving of notice or both, either a default under any Group Company's Constitutional Documents or any Contract to which any Warrantor is a party or by which it may be bound, or, to the best Knowledge of each Warrantor, a violation of any Law or an event which results in the creation of any Lien upon any asset of any Warrantor.

4.13 Disclosure. No Warranty made by any of the Warrantors in this Agreement and no information or materials provided by any of the Warrantors to the Investors in connection with the negotiation or execution of this Agreement or any Transaction Document contains any untrue statement of a material fact, or omits to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances in which they are made, not misleading.

4.14 Registration Rights. Except as provided in the Shareholders Agreement, no Group Company has granted or agreed to grant any Person any registration rights (including piggyback registration rights) with respect to, nor is any Group Company obliged to list, any Group Company's Equity Securities on any securities exchange.

4.15 Insurance. Except as provided in the Disclosure Schedule, each Group Company has obtained and maintains the insurance coverage of the same types and at the same coverage levels as other similarly situated companies in the same industry in which such Group Company operates its business or possesses its properties and assets, in accordance with its best commercial practices. To the best Knowledge of the Warrantors, nothing has been done or omitted to be done by or on behalf of any Group Company which would make any policy of insurance void or voidable or enable the insurers to avoid the same and there is no claim outstanding under any such policy and, to the best Knowledge of the Warrantors, there are no facts or circumstances likely to give rise to such claim or result in an increased rate of premium. All information furnished in obtaining or renewing the insurance policies of each Group Company was correct, full and accurate when given and any change in that information required to be given was correctly given. No Group Company is in default under any of these policies. No Group Company has suffered any uninsured losses or waived any rights of material or substantial value or allowed any insurance to lapse. No claim under any policy of insurance taken out in connection with the business or assets of any Group Company is outstanding and, to the best Knowledge of the Warrantors, there are no facts or circumstances likely to give rise to such a claim.

4.16 Financial Statements. The Financial Statements (i) have been prepared in accordance with the books and records of each Group Company, (ii) are true, correct and complete and present fairly the financial condition of such Group Company at the date or dates therein indicated and the results of operations for the period or periods therein specified, and (iii) have been prepared in accordance with the GAAP and the IFRS applied on a consistent basis, except as to the unaudited consolidated Financial Statements, for the omission of notes thereto and normal year-end audit adjustments. Specifically, but not by way of limitation, the most recent balance sheets included within the Financial Statements disclose all of each Group Company's debts, liabilities and obligations of any nature, whether due or to become due, as of their respective dates (including, without limitation, absolute liabilities, accrued liabilities, and contingent liabilities) to the extent such debts, liabilities and obligations are required to be disclosed on a balance sheet in accordance with the GAAP and the IFRS, other than current liabilities that were incurred after the Balance Sheet Date in the ordinary course of business

consistent with its past practices that are not material in the aggregate. Each Group Company maintains a standard system of accounting established and administered in accordance with the GAAP and the IFRS.

4.17 Activities Since Balance Sheet Date. Since the Balance Sheet Date, except as contemplated in the Transaction Documents, with respect to each Group Company, there has not been:

(a) any change in the assets, liabilities, financial condition or operating results of such Group Company from that reflected in the Financial Statements, except changes in the ordinary course of business of such Group Company that have not been material adverse to such Group Company;

(b) any change in the contingent obligations of such Group Company by way of guarantee, endorsement, indemnity, warranty or otherwise, except changes in the ordinary course of business of such Group Company that have not been material adverse to such Group Company;

(c) any damage, destruction or loss, whether or not covered by insurance, that constitutes or results in, the aggregate, a Company Material Adverse Effect;

(d) any satisfaction or discharge of any Lien or payment of any obligation by such Group Company, except such satisfaction, discharge or payment made in the ordinary course of business of such Group Company that do not constitute or result in, the aggregate, a Company Material Adverse Effect;

(e) any change or amendment to a Material Contract by which such Group Company or any of its assets or properties is bound or subject, except for changes or amendments which are expressly provided for or disclosed in this Agreement;

(f) any change in any compensation arrangement or agreement with any present or prospective the Key Officers and other key employees with positions of vice presidents or higher or director;

(g) any sale, assignment or transfer of any Proprietary Assets or other intangible assets of such Group Company, except such sale, assignment or transfer made in the ordinary course of business of such Group Company that do not constitute or result in, the aggregate, a Company Material Adverse Effect;

(h) any resignation or termination of employment with any Key Officers;

(i) any mortgage, pledge, transfer of a security interest in, or Lien created by any Warrantor with respect to any of such Group Company's properties or assets, except for Liens for taxes not yet due or payable;

(j) any Financial Debt (as defined in the Shareholders Agreement) incurred, assumed or guaranteed by such Group Company;

(k) any declaration, setting aside or payment or other distribution in respect of any of such Group Company's Equity Securities, or any direct or indirect redemption, purchase or other acquisition of any of such Equity Securities by such Group Company;

(l) any failure to conduct business in the ordinary course of business;

(m) any transactions with any of its officers, directors or employees, or any Relative of such Person, or any Person Controlled by such Person;



(n) any other event or condition of any character which could reasonably be expected to constitute or result in a Company Material Adverse Effect; or

(o) any agreement or commitment by such Group Company, any Founder Holding Company or the Founders to do any of the things described in this [Section 4.17](#).

#### 4.18 Tax Matters.

(a) General. The provisions for Tax in the respective Financial Statement are sufficient for the payment of all accrued and unpaid applicable Tax of each Group Company, whether or not assessed or disputed as of the date of each such balance sheet. Each Group Company has duly and timely filed all Tax Returns required to have been filed by it and all such Tax Returns are true, correct, and complete in all material respects. Each Group Company has withheld and paid all Tax which are required to be withheld or due and payable (whether or not shown on any Tax Return), including the Tax in connection with any amounts due or owing to any employee, independent contractor, creditor, stockholder or other third party, and no Tax Liens are currently in effect against any of the assets of any Group Company. None of the Group Companies is subject to any waivers of applicable statutes of limitations with respect to Tax for any year. Since the Balance Sheet Date, none of the Group Companies has incurred any Tax, assessments or governmental charges other than in the ordinary course of business and each Group Company has made adequate provisions on its books of account for all Tax, assessments and governmental charges with respect to its business, properties and operations for such period. Any preferential Tax treatment enjoyed by any Group Company on or prior to the Closing has been in compliance with all applicable Law and will not be subject to any retroactive deduction or cancellation except as a result of retroactive effects of changes in applicable Law. None of the Group Companies is treated as a resident for Tax purposes of, or is otherwise subject to income Tax in, a jurisdiction other than the jurisdiction in which it has been established.

(b) Tax Authority. There have been no examinations or audits of any Tax Returns by any applicable Governmental Authority, and no issues relating to Tax of any Group Company were raised by the relevant Governmental Authorities in any completed audit or examination. No written claim has ever been made by any Governmental Authority in a jurisdiction where the Group Companies does not file Tax Returns that any Group Company is or may be subject to taxation by that jurisdiction. None of the Group Companies has received notice of any proposed or determined Tax deficiency or assessment from any Governmental Authority.

4.19 Interested Party Transactions. Except as disclosed in the Disclosure Schedule, no Interested Party (a) currently has or has had direct or indirect interests in (i) any Contract to which any Group Company is a party or by which it or its properties may be bound or affected, or (ii) any Person with which any Group Company Competes, is affiliated, or has a business relationship, or (b) is indebted to any Group Company nor is any Group Company indebted (or committed to make loans or extend or guarantee credit) to any Interested Party (other than for accrued salaries, reimbursable expenses or other standard employee benefits).

#### 4.20 Employment Matters.

(a) General. Each Group Company (i) is in compliance in material aspects with all applicable Law respecting employment, employment practices and terms and conditions of employment, including without limitation the applicable PRC Law pertaining to welfare funds, social benefits, medical benefits, insurance, retirement benefits and pensions; (ii) has withheld and reported all amounts required by any applicable Law or any Contract to be withheld and reported with respect to wages, salaries and other payments to employees; (iii) is not liable for any arrear of wages, Tax or penalty for failure to comply with any of the foregoing; and (iv) other than as required by applicable Law, is not liable for any payment to any trust or fund governed by or maintained by or on behalf of any Governmental Authority with respect to unemployment compensation benefits, social security or other benefits or obligations for employees. There are no pending or, to the Knowledge of each Warrantor, threatened or reasonably anticipated Actions against any Group Company under any worker's compensation policy or long-term disability policy. No Group Company has direct or indirect liability with respect to any misclassification of any Person as an independent contractor rather than as an employee.

(b) Employment Relation. Each of officers and other full-time employees of the Group Companies has duly executed an Employment-Related Agreement, which is in full force and effect and binding upon and enforceable against each such person, and to the best Knowledge of the Warrantors, none of the such person or any Group Companies is in violation thereof. None of the Warrantors is aware that any Key Officer intends to terminate his or her employment with any Group Company, or any Group Company has a present intention to terminate the employment of any Key Officer. Except for the ESOP or as required by applicable Laws, there is no share incentive, share option, profit sharing, bonus or other incentive arrangement for or affecting any current or former employee or worker of any Group Company. Except as required by applicable Law, no Group Company has or maintains any employee benefit plan, employee pension plan, medical insurance, or life insurance to which any Group Company contributed or is obligated to contribute thereunder for current or former employees of any Group Company.

#### 4.21 No Other Business.

(a) Company. The Company was formed solely to acquire and hold, directly or indirectly, the Equity Securities of other Group Companies and since its formation has not engaged in any other business and has not incurred any liability in the course of its business of acquiring and holding, directly or in its Equity Securities in the HK Subsidiary.

(b) HK Subsidiary. The HK Subsidiary was formed solely to acquire and hold Equity Securities in the WFOE and since its formation has not engaged in any other business and has not incurred any liability in the course of its business of acquiring and holding its Equity Securities in the WFOE.

(c) PRC Group Companies. The PRC Group Companies are engaged solely in the Principal Business and have no other business activities.

4.22 Minute Books. The minute books of each Group Company which have been made available to the Investors contain a complete summary of all meetings and actions taken by directors, shareholders or owners of such Group Company since its formation, and reflect all transactions referred to in such minutes accurately in all material respects.

4.23 Obligations of Management. Each of the Founders and the Key Officers is currently devoting one hundred percent (100%) of his or her working time to the conduct of the business of the Group Companies. None of the Key Officers, directly or indirectly, owns, manages, is engaged in, operates, Controls, works for, consults with, renders services for, does business with, maintains any interest in (proprietary, financial or otherwise) or participates in the ownership, management, operation, or Control of, any Restricted Business, whether in corporate, proprietorship or partnership form or otherwise, except for the acquisition by a Key Officer, directly or indirectly, of less than one percent (1%) of the outstanding shares of any publicly traded company engaged in a Restricted Business.

4.24 Insolvency. The aggregate assets of each Group Company, at a fair valuation, exceeds or will exceed the aggregate debt of each such entity, as the debt becomes absolute and mature, and each Group Company does not incur or intend to incur, and will not have incurred or intended to incur debt beyond its ability to pay such debt as such debt becomes absolute and matures. There has not been commenced against any Group Company an involuntary case under any applicable national, provincial, city, local or foreign bankruptcy, insolvency, receivership or similar Law now or hereafter in effect, or any Action for the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of such Group Companies or for any substantial part of its property or for the winding up or liquidation of its affairs.

4.25 UN Security Council Resolutions. Neither a Warrantor, nor any Person acting on its or his behalf, has entered into any transaction or engaged in any activity prohibited by any resolution issued by the United Nations Security Council under Chapter VII of the UN Charter.

4.26 Criminal Offenses. Neither a Warrantor, nor any Person acting on its or his behalf whose acts could incur any Warrantor's vicarious liability, has carried out any actions or made any omissions which could result in any Warrantor incurring criminal sanctions.

4.27 Environmental Matters. There are no material social or environmental risks or issues in respect of the Company Operations. None of the Warrantors has received or is aware of (i) any existing or threatened complaint, order, directive, claim, citation or notice from any Governmental Authority, or (ii) any written communication from any Person, in either case, concerning the failure of the Company Operations to comply with any matter covered by any applicable Law.

4.28 No Immunity. Neither a Warrantor nor any of its or his properties enjoys any right of immunity from set-off, suit or execution with respect to its or his obligations under this Agreement and the Transaction Documents.

4.29 Licenses. Unless otherwise disclosed in the Disclosure Schedule, each Group Company owns or validly holds all Licenses that are necessary to conduct its business and own and operate its assets and properties as presently conducted and operated and as proposed to be conducted and operated (except for Target Business), the absence of which would have a Company Material Adverse Effect. All Licenses held by each Group Company are valid, binding and in full force and effect. No Group Company is or has at any time been, or has received any notice that it is or has at any time been, in default (or with the giving of notice or lapse of time or both, would be in default) under any such License. All filings and registrations with relevant Governmental Authorities required in respect of each of the Group Companies and its operations and businesses have been duly and timely completed in accordance with all applicable Law in all material respects. To the Knowledge of the Warrantors, the consummation of the transactions contemplated under the Transaction Documents will not result in a termination or revocation of any of the material Licenses of the Group Companies. Each Group Company is in compliance with all material respects of applicable requirements of the competent Governmental Authorities to which it and its business are subject.

4.30 Consents; No Conflict. Except as disclosed in the Disclosure Schedule or otherwise disclosed to the Investors by the Warrantors in writing, no consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any Governmental Authority or other third party on the part of any Warrantor is required in connection with the execution, delivery and performance of the Transaction Documents and the consummation of the transactions contemplated hereby and thereby, other than those already secured or effected or will be secured or effected prior to the Closing. There is no applicable Law or legal requirement, agreement, judgment, injunction order or decree binding upon any Group Company which has or could reasonably be expected to have the effect of conflicting with or prohibiting or impairing in any material respect any of its current business practices, its acquisition of property or the conduct of its business as it is currently conducted.

4.31 Constitutional Documents. The Constitutional Documents of each Group Company are in the form provided to the Investors. Each Group Company has been in compliance with its Constitutional Documents in material respects, to the Knowledge of the Warrantors, none of the Group Companies has violated or breached any of their respective Constitutional Documents in material respects. The register of members and directors of each Group Company (if applicable) is correct. There has been no notice of any proceedings to rectify any such register, and there are no circumstances which might lead to any application for its rectification. All Constitutional Documents required to be filed by each of the Group Companies with the applicable Governmental Authority in respect of the relevant jurisdiction in which such Group Company is being incorporated have been properly made up and filed.

## 5. REPRESENTATIONS AND WARRANTIES OF INVESTORS

Each Investor, severally but not jointly, represents and warrants to the Company as follows:

5.1 Due Authorization. Such Investor has all requisite power, authority and capacity to enter into this Agreement and the Ancillary Agreements to which it is a party, and to perform its obligations hereunder and thereunder. This Agreement and the Ancillary Agreements to which it is a party have been duly authorized, executed and delivered by such Investor. This Agreement and the Ancillary Agreements to which it is a party, when executed and delivered by such Investor, will constitute valid and legally binding obligations of such Investor, enforceable against such Investor in accordance with its terms and subject, as to enforcement of remedies, to applicable bankruptcy, insolvency, moratorium, reorganization and similar Law affecting creditors' rights generally and to general equitable principles.

5.2 Purchase for Own Account. The applicable Purchased Shares will be acquired for such Investor's own account, not as a nominee or agent and not with a view to or in connection with the distribution of any part thereof.

5.3 Restricted Securities. Such Investor understands that the Purchased Shares being purchased by it and the shares issuable upon conversion of the Purchased Shares are restricted securities within the meaning of Rule 144 under the Securities Act; that the Purchased Shares and the shares issuable upon conversion of the Purchased Shares are not registered or listed publicly and must be held indefinitely unless they are subsequently registered or listed publicly or an exemption from such registration or listing is available.

## 6. COVENANTS

6.1 Use of Proceeds from the Sale of Purchased Shares. The proceeds from the issuance and sale of the Purchased Shares shall only be applied or used for the operation and development of the Principal Business and Target Business, and shall in no event be applied or used to repay or settle any other indebtedness owing by any Group Company to any of its shareholders, directors, officers or any other Persons related in whatever respect with any of the foregoing parties which are not indicated in the Financial Statements and the Disclosure Schedule without the prior written consent of the Investors holding more than fifty percent (50%) of the Purchased Shares.

6.2 Business of the Company and the HK Subsidiary. Except as otherwise approved by the Board in accordance with the Restated Articles, the business of the Company shall be restricted to the direct or indirect holding, management and disposition of Equity Securities in other Group Companies and other companies or entities, and the business of the HK Subsidiary shall be restricted to the holding, management and disposition of Equity Securities in the WFOE, HK Co and other companies or entities.

6.3 Business of the PRC Group Companies. Except as otherwise approved by the Board in accordance with the Restated Articles, the business of each of the PRC Group Companies shall be restricted to the Principal Business and the Target Business.

6.4 Employment-Related Agreement. The Company shall cause each of all existing and future employees of the Group Companies to enter into an Employment-Related Agreement in the form in compliance with the applicable Law. Each PRC Group Company shall at all times keep the minimum number of employees required by applicable Law in order to maintain all Licenses and permits necessary to conduct its any business in the manner as currently and then conducted.

6.5 Founders Shares Lock-up. Any Ordinary Shares directly or indirectly held by the Founders (or by the Founder Holding Companies) shall not be transferable except as provided in the Shareholders Agreement.

### 6.6 Compliance.

(a) Compliance with Law. The Warrantors shall cause the Group Companies to, conduct their respective business as now conducted and as proposed to be conducted materially in compliance with all applicable Law on a continuing basis, including but not limited to the Law regarding foreign investments, corporate registration and filing, import and export, customs administration, foreign exchange, advertisement, telecommunication and e-commerce, intellectual property rights, taxation, labor and social welfare, welfare funds, social benefits, medical benefits, insurance, retirement benefits, and pensions or the like.

(b) SAFE Registration. Each Founder shall, and each Warrantor shall use its best efforts to cause the Founders and any other person participating the ESOP who is a PRC resident and beneficially holds any Equity Securities in the Company to, at the expense of the Founders or such person, fully comply with all requirements of the PRC Governmental Authorities with respect to his or her holding of Equity Securities in the Company on a continuing basis (including, but not limited to, all reporting obligations imposed by and all Approvals, permits, filings, registrations and updates of registration required by the SAFE Rules and Regulations and the PRC Governmental Authorities in connection therewith).

6.7 Business Permits or Licenses. Each of the Group Companies shall, and each of the Warrantors shall cause such Group Company to, at all times maintain the appropriate governmental permits or Licenses required to conduct the Principal Business, the Target Business and any other business conducted by the Group Companies at any given time, and shall not permit any Group Company to conduct any business for which it does not have the appropriate governmental permits or licenses. In particular, as soon as practicable following the Closing, the Warrantors shall use their commercially reasonable efforts to cause (i) all the PRC Group Companies and their branches operating the business recycling of waste or second hand materials to, add description of “recycling of waste or second hand materials (废旧物资回收)” or similar language into business scope stated in the business license of such companies; (ii) all the PRC Group Companies and their branches operating the business of renewable resources recycling to obtain the necessary Approvals according to applicable Laws; (iii) all the PRC Group Companies and their branches operating the Principal Business to complete the filings with each local public security department where they operate the recycling business once such local public security department accepts the filings from the respective PRC Group Companies and their branches; and (iv) the Domestic Enterprise to obtain the Value-Added Telecommunication Business Operation License with the business scope covering the online data processing and transaction processing business.

6.8 Tax Matters. The Company will comply and will cause any and all Group Companies to comply on an annual basis with respect to its taxable year with all record-keeping, reporting, and other requirements necessary for the Company and any Group Companies to comply with any applicable Tax Law or to allow any direct or indirect shareholder or owner to avail itself of any applicable provision of Tax Law. The Company will also provide each Investor with necessary documentation or information requested by such Investor to allow such Investor or its direct or indirect shareholder to comply with applicable Tax Law.

6.9 Obligations of Management: Non-Compete and Non-Solicitation.

(a) Non-compete. Each Founder shall, and each Warrantor shall cause each Founder to, devote his full time and attention to the business of the Group Companies and will use his best efforts to develop the business and interests of the Group Companies. The Founders hereby covenant and undertake that, during the period when he is holding any office in and/or has any direct or indirect interest in any Group Company (whichever is longer) and for a further period of twenty-four (24) months thereafter, he shall not, directly or indirectly through any Affiliate or Associate, own, manage, be engaged in, operate, Control, work for, consult with, render services for, do business with, maintain any interest in (proprietary, financial or otherwise) or participate in the ownership, management, operation, or Control of, any business, whether in corporate, proprietorship or partnership form or otherwise, that is related to the Principal Business or Target Business or otherwise Competes with any Group Company.

(b) Non-solicitation. Each Founder further covenants and undertakes that, he shall not cause, solicit, induce or encourage any employees of the Group Companies to leave such employment or hire, employ or otherwise engage any such individual, or cause, induce or encourage any material actual or prospective client, customer, supplier, licensee or licensor of the Group Companies or any other Person who has a material business relationship with the Group Companies, to terminate or modify to the detriment of the Group Companies any such relationship.

6.10 Keeping Records and Books of Account. Each Group Company will keep adequate records and books of account, in which complete entries will be made on a consistent basis in accordance with the GAAP and the IFRS or other accounting principles as approved pursuant to the Shareholders Agreement, reflecting all financial transactions of the Group Companies, to the extent required by the GAAP and the IFRS or such other accounting principles, and in which, for each fiscal year, all proper reserves for depreciation, depletion, obsolescence, amortization, taxes, bad debts and other purposes in connection with its business shall be made in accordance with the GAAP and the IFRS or such other accounting principles.

6.11 Transfer of Domain Name. The Warrantors shall procure JIANG Wenhua to transfer the domain name ([paijitang.com](http://paijitang.com)) to the Group Companies as soon as practical after the Closing (in any event within two (2) months after the Closing).

6.12 Cybersecurity Compliance. The Group Companies shall formulate a cybersecurity legal compliance plan within three (3) months after the Closing or other period as mutually agreed by the Company and the Investors holding more than fifty percent (50%) of the Purchased Shares, and the Group Companies shall resolve the issues identified in such compliance plan, within six (6) months after the Closing or other period as mutually agreed by the Company and the Investors holding more than fifty percent (50%) of the Purchased Shares, in a reasonably practical manner.

6.13 Paid-up Capital of the WFOE. The Group Companies shall procure the shareholder of the WFOE to pay up the registered capital of the WFOE or to amend the articles of the WFOE to extend the period of the capital contribution as soon as practical after the Closing (in any event within three (3) months after the Closing).

6.14 Removal from the List of Enterprises Operating Abnormally. The Group Companies shall procure the Beijing branch of the Domestic Enterprise to be removed from the list of enterprises operating abnormally as soon as practical after the Closing (in any event within three (3) months after the Closing).

6.15 Execution of Control Documents. Within two (2) months after the Closing, the WFOE shall enter into a series of control documents with Shenzhen Lvchuang and the then effective shareholders of Shenzhen Lvchuang, including Exclusive Business Cooperation Agreement (《独家业务合作协议》), Exclusive Option Agreement (《独家购买权协议》), Equity Pledge Agreement (《股权质押协议》), Power of Attorney (《授权委托书》).

6.16 Payment of Loan. Within two (2) months after the Closing, the Warrantors shall procure the relevant Group Company and each of Beijing Xichen Technology Co., Ltd. (北京希辰科技有限公司, “Xichen”) and Jinsong (Shanghai) Network Information Technology Co., Ltd. (晋松(上海)网络信息技术有限公司, “Jinsong”) to enter into an agreement under which Xichen and Jinsong shall undertake to pay back all the loans owed to the relevant Group Company within two (2) years after the Closing.

6.17 Additional Covenants. Except as required by this Agreement, no resolution of the directors, owners, members, partners or shareholders of the Group Companies shall be passed, nor shall any Contract be entered into, in each case, prior to the Closing without the prior written consent of each Investor, except that each Group Company may carry on its respective business in the same manner as heretofore and may pass resolutions and enter into Contracts so long as they are effected in the ordinary course of business. If at any time before the Closing, any Warrantor comes to know of any material fact or event which:

- (a) is inconsistent with any of the Company Warranties given by any Warrantor,
- (b) suggests that any fact warranted may not be as warranted or may be misleading, or
- (c) might affect the willingness of a prudent investor to purchase the Purchased Shares or the amount of consideration which any Investor would be prepared to pay for the Purchased Shares,

such Warrantor shall give immediate written notice thereof to each Investor in which event any Investor may terminate this Agreement with respect to itself by written notice to the other Parties without any penalty whatsoever and without prejudice to any rights that such Investor may have under this Agreement or applicable Law.

#### 7. CONDITIONS TO INVESTORS' OBLIGATIONS AT THE CLOSING

The obligations of the Investors to consummate the transactions under Section 2 of this Agreement are subject to the fulfillment, to the satisfaction of each Investor on or prior to the Closing, or waiver by each Investor, of the following conditions:

7.1 Representations and Warranties True and Correct. The Company Warranties made by the Warrantors in Section 4 shall be, in all material respects, true and correct and complete when made, and shall be, in all material respects, true and correct and complete as of the Closing with the same force and effect as if they have been made on and as of the Closing.

7.2 Performance of Obligations. Each Warrantor shall have, in all material respects, performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before the Closing.

7.3 Proceedings and Documents. All corporate and other proceedings in connection with the transactions contemplated hereby and all documents and instruments incidental to such transactions shall be satisfactory in substance and form to the Investors.

7.4 Consents and Waivers. Each Warrantor shall have obtained any and all corporate authorizations and consents of third parties (other than any Approval which shall be obtained after the Closing pursuant to the Transaction Documents) necessary for the consummation of the transactions contemplated hereby, including but not limited to waivers of any consent rights, anti-dilution rights, rights of first refusal, preemptive rights and all similar rights in connection with the issuance of the Purchased Shares at the Closing, each of which shall be in full force and effect as of the Closing, and shall have delivered copies of the foregoing to the Investors.



7.5 Adoption of Restated Articles. The Restated Articles shall have been duly adopted by the Company by all necessary corporate actions of the Board and its shareholders and delivered to the Investors.

7.6 Execution of Transaction Documents. At the Closing, the Company shall have delivered to applicable Investor all the Transaction Documents, duly executed by the Company and all other parties thereto (except for the Investors) including the Shareholders Agreement in the form attached hereto as Exhibit B.

7.7 No Company Material Adverse Effect. There shall have been no Company Material Adverse Effect since the date of this Agreement.

7.8 Labor Contracts of Key Officers. The Group Companies shall have entered into a labor contract, non-compete agreement and confidentiality agreement with each Key Officer with a validity period of not less than three (3) years from the Closing, in form and substance to the satisfaction of Investors.

7.9 Compliance Certificate. The Warrantors that are parties to this Agreement shall have jointly delivered to each Investor a certificate dated as of the Closing, certifying that the conditions to the Closing set forth in Sections 7 have been satisfied.

#### 8. CONDITIONS TO COMPANY' OBLIGATIONS AT THE CLOSING

The obligations of the Company to consummate the transactions under Section 2 of this Agreement are subject to the fulfillment, to the satisfaction of the Company on or prior to the Closing, or waiver by the Company, of the following conditions:

8.1 Representations and Warranties True and Correct. The representations and warranties made by such Investor in Section 5 shall be, in all material respects, true and correct and complete when made, and shall be, in all material respects, true and correct and complete as of the Closing with the same force and effect as if they have been made on and as of the Closing.

8.2 Performance of Obligations. Such Investor shall have, in all material respects, performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before the Closing.

8.3 Consents and Waivers. Such Investor shall have obtained any and all corporate authorizations and consents of third parties (other than any Approval which shall be obtained after the Closing pursuant to the Transaction Documents) necessary for the consummation of the transactions contemplated hereby, each of which shall be in full force and effect as of the Closing.

8.4 Execution of Transaction Documents. At the Closing, such Investor shall have delivered to applicable Warrantors all the Transaction Documents, duly executed by such Person and all other parties thereto.

## 9. INDEMNITY

The Parties hereby agree to the provisions set forth in Schedule E, which is incorporated hereby into this Agreement.

## 10. MISCELLANEOUS

10.1 Governing Law. This Agreement shall be governed by and construed exclusively in accordance with the Law of Hong Kong without regard to its principles of conflicts of laws.

10.2 Survival. The Company Warranties shall survive the Closing for a period of twenty-four (24) months, except that the Fundamental Company Warranties shall survive until the expiration of the applicable statute of limitation under applicable Laws.

10.3 Successors and Assigns. Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors and administrators of the Parties hereto whose rights or obligations hereunder are affected by such amendments. This Agreement and the rights and obligations therein may not be assigned by any Investor without the written consent of the Company except to such Investor's Affiliates. This Agreement and the rights and obligations therein may not be assigned by any Warrantor without the written consent of the Investors holding more than fifty percent (50%) of the Purchased Shares.

10.4 Entire Agreement. This Agreement and the Transaction Documents, including the schedules and exhibits hereto and thereto, which are hereby expressly incorporated herein by this reference, constitute the entire understanding and agreement between the Parties with regard to the subjects hereof and thereof; provided, however, that nothing in this Agreement or Transaction Documents shall be deemed to terminate or supersede the provisions of any confidentiality and nondisclosure agreements executed by the Parties hereto prior to the date hereof, which agreements shall continue in full force and effect until terminated in accordance with their respective terms.

10.5 Notices. Except as may be otherwise provided herein, all notices, requests, waivers and other communications made pursuant to this Agreement shall be in writing and shall be conclusively deemed to have been duly given (a) when hand delivered to the other Party, upon delivery; (b) when sent by facsimile at the number set forth in Schedule E hereto, upon receipt of confirmation of error-free transmission; (c) seven (7) Business Days after deposit in the mail as air mail or certified mail, receipt requested, postage prepaid and addressed to the other Party as set forth in Schedule E; (d) three (3) Business Days after deposit with an overnight delivery service, postage prepaid, addressed to the Parties as set forth in Schedule E with next-business day delivery guaranteed, provided that the sending Party receives a confirmation of delivery from the delivery service provider; or (e) when sent by email at the email address set forth in Schedule E hereto, upon sending by email (without errors in transmission), if sent on a Business Day and during normal business hours of the recipient, otherwise on the next Business Day. Each Person making a communication hereunder by facsimile shall promptly confirm by telephone to the Person to whom such communication was addressed each communication made by it by facsimile pursuant hereto but the absence of such confirmation shall not affect the validity of any such communication. A Party may change or supplement the addresses given above, or designate additional addresses, for purposes of this Section 10.5 by giving, the other Party written notice of the new address in the manner set forth above.

10.6 Amendments. Any term of this Agreement may be amended only with the written consents of the Parties hereto.

10.7 Delays or Omissions; Waivers. No delay or omission to exercise any right, power or remedy accruing to any Party hereto, upon any breach or default of any Party hereto under this Agreement, shall impair any such right, power or remedy of such Party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of any similar breach of default thereafter occurring; nor shall any waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit or Approval of any kind or character on the part of any Party of any condition or breach of default under this Agreement must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law or otherwise afforded to any Party shall be cumulative and not alternative.

10.8 Finder's Fees. Each Party represents and warrants to the others that it has retained no finder or broker in connection with the transactions contemplated by this Agreement and hereby agrees to indemnify and to hold harmless the other Parties from and against any liability for any commission or compensation in the nature of a finder's fee of any broker or other Person or firm (and the costs and expenses of defending against such liability or asserted liability) for which the indemnifying Party or any of its employees or representatives are responsible.

10.9 Interpretation; Titles and Subtitles. This Agreement shall be construed according to its fair language. The rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not be employed in interpreting this Agreement. The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement. Unless otherwise expressly provided herein, all references to Sections and Exhibits herein are to Sections and Exhibits of this Agreement. Unless a provision hereof expressly provides otherwise: (i) the term "or" is not exclusive; (ii) the terms "herein", "hereof", and other similar words refer to this Agreement as a whole and not to any particular section, subsection, paragraph, clause, or other subdivision; and (iii) the masculine, feminine, and neuter genders will each be deemed to include the others.

10.10 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

10.11 Severability. If any provision of this Agreement is found to be invalid or unenforceable, then such provision shall be construed, to the extent feasible, so as to render the provision enforceable and to provide for the consummation of the transactions contemplated hereby on substantially the same terms as originally set forth herein, and if no feasible interpretation would save such provision, it shall be severed from the remainder of this Agreement, which shall remain in full force and effect unless the severed provision is essential to the rights or benefits intended by the Parties. In such event, the Parties shall use best efforts to negotiate, in good faith, a substitute, valid and enforceable provision or agreement which most nearly affects the Parties' intent in entering into this Agreement.

10.12 Confidentiality and Non-Disclosure. None of the Warrantors may represent any Investor's views on any matter, or use any Investor's name in any written material provided to third parties, without such Investor's prior written consent. The Parties hereto agree to be bound by the confidentiality and non-disclosure provisions of Section 6 of the Shareholders Agreement. Each Warrantor shall expressly inform any Person to whom it discloses any information under this Section 10.12 of the restrictions set out herein with regards disclosure of such information and shall procure their compliance with the terms of this Section 10.12 as if they each were party to this Agreement as such Warrantor and such Warrantor shall be responsible for any breach by any such Person of the provisions of this Section 10.12.

10.13 Further Assurances. Each Party shall from time to time and at all times hereafter make, do, execute, or cause or procure to be made, done and executed such further acts, deeds, conveyances, consents and assurances without further consideration, which may reasonably be required to effect the transactions contemplated by this Agreement.

10.14 Dispute Resolution.

(a) Any dispute, controversy or claim arising out of or relating to this Agreement, or the interpretation, breach, termination or validity hereof, shall first be subject to resolution through consultation of the parties to such dispute, controversy or claim. Such consultation shall begin within seven (7) days after one Party hereto has delivered to the other Parties involved a written request for such consultation. If within thirty (30) days following the commencement of such consultation the dispute cannot be resolved, the dispute shall be submitted to arbitration upon the request of any Party with notice to the other Parties.

(b) The arbitration shall be conducted in Hong Kong under the auspices of the HKIAC. There shall be three arbitrators. The complainant and the respondent to such dispute shall each select one arbitrator within thirty (30) days after giving or receiving the demand for arbitration. Such arbitrators shall be freely selected, and the Parties shall not be limited in their selection to any prescribed list. The Chairman of the HKIAC shall select the third arbitrator, who shall be qualified to practice Law in Hong Kong. If either party to the arbitration does not appoint an arbitrator who has consented to participate within thirty (30) days after selection of the first arbitrator, the relevant appointment shall be made by the Chairman of the HKIAC.

(c) The arbitration proceedings shall be conducted in English and Chinese. The arbitration tribunal shall apply the arbitration rules of the HKIAC (the "Rules") in effect at the time of the arbitration. However, if such Rules are in conflict with the provisions of this Section 10.14, including the provisions concerning the appointment of arbitrators, the provisions of this Section 10.14 shall prevail.

(d) The arbitrators shall decide any dispute submitted by the parties to the arbitration strictly in accordance with the substantive Law of Hong Kong and shall not apply any other substantive law.

(e) Each Party hereto shall cooperate with any Party to the dispute in making full disclosure of and providing complete access to all information and documents requested by such Party in connection with such arbitration proceedings, subject to any confidentiality obligations binding on the Party receiving the request.

(f) The award of the arbitration tribunal shall be final and binding upon the disputing parties, and any party to the dispute may apply to a court of competent jurisdiction for enforcement of such award.

(g) Any party to the dispute shall be entitled to seek preliminary injunctive relief, if possible, from any court of competent jurisdiction pending the constitution of the arbitral tribunal.

(h) The costs and expenses of the arbitration, including the fees of the arbitrators, shall in the first instance be borne equally by the Parties that are the parties to the dispute, and each Party shall in the first instance pay its own fees, disbursements and other charges of its counsel, and the liability for such costs and expenses of the arbitration and the parties' fees, disbursement and counsel charges shall be borne by the party or parties as determined by the arbitrators in the award. In the case of a dispute between the Warrantors on the one hand and the Investors on the other hand, as between the Investors, the costs and expenses of the arbitration shall be allocated on a pro rata basis in accordance with the number of Series E Preferred Shares to be subscribed by the Investors in accordance with this Agreement.

10.15 Immunity. To the extent any Warrantor may be entitled in any jurisdiction to claim for itself or its assets immunity in respect of its obligations under this Agreement or any Transaction Document from any suit, execution, attachment (whether provisional or final, in aid of execution, before judgment or otherwise) or other legal process or to the extent that in any jurisdiction that immunity (whether or not claimed) may be attributed to it or its assets, such Warrantor irrevocably agrees not to claim and irrevocably waives such immunity to the fullest extent permitted now or in the future by the Law of such jurisdiction.

10.16 Expenses. Each Party shall pay all of its own costs and expenses incurred in connection with the negotiation, execution, delivery and performance of this Agreement and other Transaction Documents and the transactions contemplated hereby and thereby.

10.17 Termination.

(a) This Agreement may be terminated by the Company, with respect to any Investor, by written notice to such Investor if the Closing with respect of such Investor has not occurred due to any reasons solely attributable to such Investor by July 31, 2019.

(b) This Agreement may be terminated by any Investor with respect to itself by written notice to the other Parties pursuant to Section 3.5.

(c) Any termination under this Section 10.17 shall be without prejudice to any claims for damages or other remedies that the Parties may have under this Agreement or applicable Law.

(d) Without prejudice to paragraph (c) above, in the case of termination, each relevant Party's further rights and obligations hereunder shall terminate immediately save that the provisions of Section 9, Section 10.1, Section 10.2, Section 10.5, Section 10.12, Section 10.14, Section 10.16 and this Section 10.17 shall survive such termination.

10.18 Several Obligations of Investors. The obligations of the Investors under this Agreement and the Transaction Documents to which any of them is a party are several.

- REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK -

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**COMPANY:**

**AMUISHOU INTERNATIONAL CO. LTD.**

By: /s/ CHEN Xuefeng

Name: CHEN Xuefeng (陈雪峰)

Title: Director

**HK SUBSIDIARY:**

**AIHUSHOU INTERNATIONAL COMPANY LIMITED**

By: /s/ CHEN Xuefeng

Name: CHEN Xuefeng (陈雪峰)

Title: Director

**DOMESTIC ENTERPRISE:**

**Shanghai Yueyi Network Information Technology Co., Ltd. (上海悦易网络信息技术有限公司) (Company Seal)**

/s/ Shanghai Yueyi Network Information Technology Co., Ltd.

Seal of Shanghai Yueyi Network Information Technology Co., Ltd.

By: /s/ CHEN Xuefeng

Name: CHEN Xuefeng (陈雪峰)

Title: Legal Representative

Signature Page to Series E Preferred Share Purchase Agreement

HK CO:

AHS DEVICE HONG KONG LIMITED

By: /s/ CHEN Xuefeng

Name: CHEN Xuefeng (陈雪峰)

Title: Director

Signature Page to Series E Preferred Share Purchase Agreement

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**DOMESTIC SUBSIDIARIES:**

**Shanghai Yueyi Network Information Technology Co., Ltd. (上海悦亿网络信息技术有限公司) (Company Seal)**

/s/ Shanghai Yueyi Network Information Technology Co., Ltd.

Seal of Shanghai Yueyi Network Information Technology Co., Ltd.

By: /s/ CHEN Yike

Name: CHEN Yike (陈逸轲)

Title: Legal Representative

**Changzhou Yueyi Network Information Technology Co., Ltd. (常州悦亿网络信息技术有限公司) (Company Seal)**

/s/ Changzhou Yueyi Network Information Technology Co., Ltd.

Seal of Changzhou Yueyi Network Information Technology Co., Ltd.

By: /s/ CHEN Yike

Name: CHEN Yike (陈逸轲)

Title: Legal Representative

Signature Page to Series E Preferred Share Purchase Agreement



**Yueyi Commercial Factoring (Shenzhen) Co., Ltd. (乐易商业保理 (深圳) 有限公司) (Company Seal)**

/s/ Yueyi Commercial Factoring (Shenzhen) Co., Ltd.

Seal of Yueyi Commercial Factoring (Shenzhen) Co., Ltd.

By: /s/ CHEN Yike

Name: CHEN Yike (陈逸轲)

Title: Legal Representative

Signature Page to Series E Preferred Share Purchase Agreement

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**WFOE:**

**Shanghai Aihui Trading Co., Ltd. (上海艾慧商贸有限公司) (Company Seal)**

/s/ Shanghai Aihui Trading Co., Ltd.

Seal of Shanghai Aihui Trading Co., Ltd.

By: /s/ CHEN Xuefeng

Name: CHEN Xuefeng (陈雪峰)

Title: Legal Representative

**WFOE SUBSIDIARY:**

**Shanghai Yueou Information Technolgoy Co., Ltd. (上海悦欧信息技术有限公司) (Company Seal)**

/s/ Shanghai Yueou Information Technolgoy Co., Ltd.

Seal of Shanghai Yueou Information Technolgoy Co., Ltd.

By: /s/ CHEN Xuefeng

Name: CHEN Xuefeng (陈雪峰)

Title: Legal Representative

Signature Page to Series E Preferred Share Purchase Agreement

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**FOUNDERS:**

/s/ SUN Wenjun

SUN Wenjun (孙文俊)

/s/ CHEN Xuefeng

CHEN Xuefeng (陈雪峰)

**FOUNDER HOLDING COMPANIES:**

**S&WJ GROUP LIMITED**

By: /s/ SUN Wenjun

Name: SUN Wenjun (孙文俊)

Title: Director

**C&XF GROUP LIMITED**

By: /s/ CHEN Xuefeng

Name: CHEN Xuefeng (陈雪峰)

Title: Director

Signature Page to Series E Preferred Share Purchase Agreement

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**MORNINGSIDE CHINA TMT FUND II, L.P.**  
A Cayman Islands exempted limited partnership,

By: MORNINGSIDE CHINA TMT GP II, L.P.  
A Cayman Islands exempted limited  
partnership, its general partner

By: TMT GENERAL PARTNER LTD.  
A Cayman Islands limited company,  
its general partner

By: /s/ Frances Anne Elizabeth Richard  
Name: Frances Anne Elizabeth Richard  
Title: Authorized Signatory/Director

Signature Page to Series E Preferred Share Purchase Agreement

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first below written.

**INVESTORS:**

**Tiantu China Consumer Fund II, L.P.**

By: /s/ JIANG Xia

Name: JIANG Xia (姜霞)

Title: Director

Signature Page to Series E Preferred Share Purchase Agreement

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**INVESTORS:**

**Internet Fund IV Pte. Ltd.**

By: /s/ Venkatagiri Mudeliar

Name: Venkatagiri Mudeliar

Title: Director

Signature Page to Series E Preferred Share Purchase Agreement

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**INVESTORS:**

**Generation Mu HK Investment Limited**

By: /s/ CHANG Bin

Name: CHANG Bin

Title: Director/ Authorized Signatory

Signature Page to Series E Preferred Share Purchase Agreement

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**INVESTORS:**

**Fresh Capital Fund I, L.P.**

By: /s/ HU Yuchen

Name: HU Yuchen (胡宇晨)

Title: Director/ Authorized Signatory

Signature Page to Series E Preferred Share Purchase Agreement



**SCHEDULE A**

<b>Name of Investors</b>	<b>Number and Type of Purchased Shares</b>	<b>Total Purchase Price (US\$)</b>
Morningside China TMT Fund II, L.P.	840,614 Series E Preferred Shares	15,000,000
Tiantu China Consumer Fund II, L.P.	280,205 Series E Preferred Shares	5,000,000
Internet Fund IV Pte. Ltd.	560,410 Series E Preferred Shares	10,000,000
Fresh Capital Fund I L.P.	280,205 Series E Preferred Shares	5,000,000
Generation Mu HK Investment Limited	560,410 Series E Preferred Shares	10,000,000
Total	2,521,844 Series E Preferred Shares	45,000,000

Schedule A

**SCHEDULE B**

**LIST OF KEY OFFICERS**

<b>Name of Key Officer</b>	<b>Passport/PRC ID Number</b>	<b>Title</b>
CHEN Xuefeng (陈雪峰)	***	CEO
SUN Wenjun (孙文俊)	***	President
QIU Jiawen (仇佳文)	***	Senior Software Engineer
ZHENG Fujiang (郑甫江)	***	President
WANG Dengting (王登庭)	***	Vice President
FENG Xiaohui (冯小晖)	***	Vice President
DU Xiaochen (杜晓忱)	***	Vice President
GUO Jingwei (郭经纬)	***	Vice President
LUO Taiqiang (罗泰强)	***	Vice President

Schedule B

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**SCHEDULE C**

**DISCLOSURE SCHEDULE**

Schedule C

**SCHEDULE D****CAPITALIZATION TABLE****AS OF THE EXECUTION DATE OF THIS AGREEMENT**

<b>Shareholders</b>	<b># of Shares</b>	<b>%</b>
<i>Ordinary Shares</i>		
S&WJ Group Limited	4,832,367	4.3115%
C&XF Group Limited	13,283,317	11.8514%
Morningside China TMT Fund II, L.P.	369,034	0.3292%
International Finance Corporation	297,902	0.2658%
<i>ESOP</i>		
ESOP	21,920,964	19.5580%
<i>Series A Preferred Shares</i>		
Morningside China TMT Fund II, L.P.	9,497,040	8.4733%
<i>Series B-1 Preferred Shares</i>		
Morningside China TMT Fund II, L.P.	1,758,711	1.5691%
<i>Series B-2 Preferred Shares</i>		
Morningside China TMT Fund II, L.P.	2,879,784	2.5693%
<i>Series B-3 Preferred Shares</i>		
International Finance Corporation	2,948,341	2.6305%
<i>Series C-1 Preferred Shares</i>		
Morningside China TMT Top Up Fund, L.P.	1,825,679	1.6289%
International Finance Corporation	921,671	0.8223%
<i>Series C-2 Preferred Shares</i>		
Tiantu China Consumer Fund I, L.P.	7,450,811	6.6476%
JD.com Development Limited	7,450,811	6.6476%
EAGLE INTELLIGENCE LIMITED	2,197,879	1.9610%
<i>Series C-3 Preferred Shares</i>		
Euro Eco Limited (欧之碧有限公司)	5,653,534	5.0441%
JD.com Development Limited	5,564,491	4.9647%
Qianhai Ark (Cayman) Investment Co. Limited	1,262,446	1.1264%
YYT CAPITAL Inc.	563,845	0.5031%
Tiantu China Consumer Fund II, L.P.	429,089	0.3828%
深圳市达晨创联股权投资基金合伙企业(有限合伙) (warrant)	2,819,225	2.5153%
宁波梅山保税港区元晓投资管理合伙企业(有限合伙) (warrant)	2,255,380	2.0123%

Schedule D

北京天图兴北投资中心(有限合伙)(warrant)	3,383,070	3.0184%
上海晨熹创业投资中心(有限合伙)(warrant)	1,884,511	1.6814%
上海景林景惠股权投资中心(有限合伙)(warrant)	563,845	0.5031%
<i>Series D-1 Preferred Shares</i>		
JD.com Development Limited	2,115,755	1.8877%
<i>Series D-2 Preferred Shares</i>		
Internet Fund IV Pte. Ltd.	7,952,405	7.0952%
Total	<u>112,081,907</u>	<u>100.00%</u>

**Note:** CHEN Xuefeng (陈雪峰), Shanghai Jinglin Jinghui Equity Investment Center (Limited Partnership) (上海景林景惠股权投资中心(有限合伙)) (“Greenwoods”) and the Domestic Enterprise have entered into an Equity Transfer Framework Agreement (《股权转让框架协议》) on July 21, 2017. As confirmed in the written resolution of the shareholders of the Company on July 5, 2018, CHEN Xuefeng (陈雪峰) intends to procure C&XF Group Limited to, transfer 992,513 Ordinary Shares held by it to Greenwoods in replacement of the equity transfer as provided in Equity Transfer Framework Agreement (《股权转让框架协议》).

Schedule D

CAPITALIZATION TABLE

AFTER THE CLOSING ASSUMING ALL THE AUTHORIZED SERIES E PREFERRED SHARES HAVING BEEN SUBSCRIBED

Shareholders	# of Shares	%
<b>Ordinary Shares</b>		
S&WJ Group Limited	4,832,367	3.4006%
C&XF Group Limited	13,283,317	9.3476%
Morningside China TMT Fund II, L.P.	369,034	0.2597%
International Finance Corporation	297,902	0.2096%
<b>ESOP</b>		
ESOP	21,920,964	15.4260%
<b>Series A Preferred Shares</b>		
Morningside China TMT Fund II, L.P.	9,497,040	6.6832%
<b>Series B-1 Preferred Shares</b>		
Morningside China TMT Fund II, L.P.	1,758,711	1.2376%
<b>Series B-2 Preferred Shares</b>		
Morningside China TMT Fund II, L.P.	2,879,784	2.0265%
<b>Series B-3 Preferred Shares</b>		
International Finance Corporation	2,948,341	2.0748%
<b>Series C-1 Preferred Shares</b>		
Morningside China TMT Top Up Fund, L.P.	1,825,679	1.2847%
International Finance Corporation	921,671	0.6486%
<b>Series C-2 Preferred Shares</b>		
Tiantu China Consumer Fund I, L.P.	7,450,811	5.2432%
JD.com Development Limited	7,450,811	5.2432%
EAGLE INTELLIGENCE LIMITED	2,197,879	1.5467%
<b>Series C-3 Preferred Shares</b>		
Euro Eco Limited (欧之碧有限公司)	5,653,534	3.9785%
JD.com Development Limited	5,564,491	3.9158%
Qianhai Ark (Cayman) Investment Co. Limited	1,262,446	0.8884%
YYT CAPITAL Inc.	563,845	0.3968%
Tiantu China Consumer Fund II, L.P.	429,089	0.3020%
深圳市达晨创联股权投资基金合伙企业(有限合伙) (warrant)	2,819,225	1.9839%
宁波梅山保税港区元晓投资管理合伙企业(有限合伙) (warrant)	2,255,380	1.5871%
北京天图兴北投资中心(有限合伙) (warrant)	3,383,070	2.3807%

SCHEDULE D

上海晨熹创业投资中心(有限合伙)(warrant)	1,884,511	1.3262%
上海景林景惠股权投资中心(有限合伙)(warrant)	563,845	0.3968%
<i>Series D-1 Preferred Shares</i>		
JD.com Development Limited	2,115,755	1.4889%
<i>Series D-2 Preferred Shares</i>		
Internet Fund IV Pte. Ltd.	7,952,405	5.5962%
<i>Series E Preferred Shares</i>		
Morningside China TMT Fund II, L.P.	840,614	0.5915%
Tiantu China Consumer Fund II, L.P.	280,205	0.1972%
Internet Fund IV Pte. Ltd.	560,410	0.3944%
Fresh Capital Fund I, L.P.	280,205	0.1972%
Generation Mu HK Investment Limited	560,410	0.3944%
JD.com Development Limited	27,500,098	19.3521%
Total	142,103,849	100.0000%

**Note:** CHEN Xuefeng (陈雪峰), Shanghai Jinglin Jinghui Equity Investment Center (Limited Partnership) (上海景林景惠股权投资中心(有限合伙)) (“Greenwoods”) and the Domestic Enterprise have entered into an Equity Transfer Framework Agreement (《股权转让框架协议》) on July 21, 2017. As confirmed in the written resolution of the shareholders of the Company on July 5, 2018, CHEN Xuefeng (陈雪峰) intends to procure C&XF Group Limited to, transfer 992,513 Ordinary Shares held by it to Greenwoods in replacement of the equity transfer as provided in Equity Transfer Framework Agreement (《股权转让框架协议》).

#### SCHEDULE D

**SCHEDULE E**

**NOTICES**

**IF TO THE WARRANTORS:**

Attention: CHEN Xuefeng (陈雪峰)

Address: 12/F, Tower 6, KIC Corporate Avenue, 433 Songhu Road, Yangpu District, Shanghai 200433, PRC

Tel: \*\*\*

Email: \*\*\*

**IF TO MORNINGSIDE:**

Address: Suite 905-6 on the 9th Floor of ICBC Tower, Three Garden Road, Hong Kong

Telephone: \*\*\*

Fax: \*\*\*

Attention: Stephanie, TANG

Email: \*\*\*

**IF TO TIANTU:**

Address: 23F-2/3, Unit 1, Building B, Zihui Plaza, No. 4068 Qiaoxiang Rd., Nanshan District, Shenzhen

Telephone: \*\*\*

Attention: Li, Kanglin (李康林)

Email: \*\*\*

**IF TO TIGER:**

Address: 8 Temasek Boulevard, #32-02, Suntec Tower 3, Singapore 038988

Attn: Giri Mudeliar, Director

Email: \*\*\*

With a copy to:

Email: \*\*\*

**IF TO FRESH:**

Address: Unit 1719, Building 1, Enterprise Tiandi, No. 222, Hubin Road

Telephone: \*\*\*

Attn: HU Yuchen

Email: \*\*\*

SCHEDULE E



IF TO GENBRIDGE:

Address: Unit 2506, Tower 2, China Central Place Office Building, No. 79 Jianguo Road, Chaoyang District, Beijing, China

Telephone: \*\*\*

Fax: \*\*\*

Attn: Robert Chang

Email: \*\*\*

SCHEDULE E

## Schedule F

### Indemnification

#### 1. Indemnification by the Warrantors.

(a) General Indemnity. To the fullest extent permitted by Law, each of the Warrantors covenants and agrees jointly and severally to indemnify and hold harmless each Indemnitee, from and against any and all Losses, as incurred, insofar as such Losses arise out of or are based upon: (i) any inaccuracy in or breach of any Company Warranty, covenant or agreement made by the Warrantors in the Transaction Documents; (ii) the failure of any Warrantor to perform or observe fully any covenant, agreement or other provision to be performed or observed by it pursuant to the Transaction Documents. If and to the extent that such indemnification is unenforceable for any reason, each Warrantor will make the maximum contribution to the payment and satisfaction of such indemnified liabilities permissible under applicable Law.

(b) Tax Indemnity. Each of the Warrantors shall jointly and severally indemnify and hold harmless each Indemnitee from and against any Loss attributable to (i) non-payment of any Tax of any Group Company for all taxable periods ending on or before the Closing and the portion through the end of the Closing for any taxable period that includes (but does not end on) the Closing, (ii) all liability for non-payment of any Tax of any other Person imposed by any Governmental Authority on any Group Company as a transferee, successor, or withholding agent in connection with an event or transaction occurring before the Closing, and (iii) all liability for Tax attributable to any misrepresentation or breach of Warranty made in Section 4.18 of this Agreement. The indemnification obligation of the Warrantors under this Section 1(b) shall not be affected, qualified or restricted in any way by any matter disclosed in the Disclosure Schedule.

(c) SAFE Indemnity. Each of the Warrantors shall jointly and severally indemnify and hold harmless each Indemnitee from and against any Loss attributable to any liability for any non-compliance regarding the SAFE registration according to the Circular 37 or any of the SAFE Rules and Regulations by any of the Founders or any other employee of the Group Companies who is required to comply with such SAFE Rules and Regulations with respect to their holdings of Equity Securities in the Company and round-trip investment in the PRC through the WFOE. The indemnification obligation of the Warrantors under this Section 1(c) shall not be affected, qualified or restricted in any way by any matter disclosed in the Disclosure Schedule.

(d) Special Indemnity. Each of the Warrantors shall jointly and severally indemnify and hold harmless each Indemnitee from and against any Loss attributable to underpayment of social insurance premiums and housing funds for all employees by the PRC Group Companies. The indemnification obligation of the Warrantors under this Section 1(d) shall not be affected, qualified or restricted in any way by any matter disclosed in the Disclosure Schedule.

(e) Procedure. Each Indemnitee will notify the Warrantors in writing of any Action against such Indemnitee in respect of which the Warrantors are or may be obligated to provide indemnification hereunder promptly after the receipt of notice or knowledge of the commencement thereof. The failure of any Indemnitee to notify other Parties shall not relieve the Warrantors from any liability or obligation which it may have to such Indemnitee under this Section 1(e) of this Schedule F or otherwise unless the failure to so notify results in the forfeiture by the Warrantors of substantial rights and defenses and will not in any event relieve the Warrantors from any obligations other than the indemnification provided for herein. The Warrantors will have the right to participate in, and, to the extent the Warrantors so desire, to assume the defense thereof, with counsel reasonably satisfactory to the Indemnitee. However, the Indemnitee will have the right to retain separate counsel and to participate in the defense thereof, with the fees and expenses of such counsel to be paid by the Warrantors, if representation of such Indemnitee by the counsel retained by the Warrantors would be, in the Indemnitee's view, inappropriate due to actual or potential differing interests between such Indemnitee and any other party represented by such counsel in such proceeding. The Warrantors will be responsible for the expenses of such defense even if the Warrantors do not elect to assume such defense. No Warrantor may, except with the consent of the Indemnitee, consent to the entry of any judgment or enter into any settlement which does not include as a term thereof the unconditional release of the Indemnitee of all liability in respect of such claim or litigation.

(f) Limitations on Warrantors' Liability.

(i) An Indemnitee shall not be entitled to recover from the Warrantors more than once in respect of the same damages suffered by such Indemnitee. In particular, without limitation, the foregoing shall apply where one and the same set of facts qualifies under more than one provision entitling the Indemnitee to a claim or remedy under this Agreement.

(ii) No Warrantor shall be liable for any Losses arising under this Section 1 of this Schedule F unless the aggregate amount of all such Losses exceeds RMB10,000,000, in which case the Warrantors shall be liable for the full amount of all indemnifiable Losses as provided in this Section 1 of this Schedule F.

(iii) The personal assets of the Founders (other than the Equity Securities of the Group Companies directly or indirectly held by the Founders (including the proceeds received by the Founders from the sale of any Equity Securities of the Group Companies)) shall not be used to indemnify any indemnifiable Loss.

(iv) With respect to each Investor, the maximum aggregate amount of Losses that corresponding Indemnitees will be entitled to recover pursuant to this Section 1 of this Schedule F shall be limited to Purchase Price actually paid by such Investor.

(v) Notwithstanding the foregoing or anything else to the contrary contained herein, the limitations on indemnification set forth in this Agreement (including, without limitation, the limitations set forth in this Schedule F) shall not apply to any claim based on fraud of the Warrantors.

Schedule F

2. Other Rights and Remedies Not Affected.

Nothing in this Schedule F or elsewhere in this Agreement shall affect any Parties' rights to specific performance or other equitable or non-monetary remedies with respect to the covenants and agreements in the Transaction Documents or that are to be performed at or after the Closing.

Schedule F

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**EXHIBIT A**

**FORM OF RESTATED ARTICLES**

Exhibit A

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**EXHIBIT B**

**FORM OF SHAREHOLDERS AGREEMENT**

Exhibit B

## SERIES E PREFERRED SHARE PURCHASE AGREEMENT

THIS SERIES E PREFERRED SHARE PURCHASE AGREEMENT (this “**Agreement**”) is made and entered into as of June 3, 2019 by and among

1. **AiHuiShou International Co. Ltd.**, a company limited by shares incorporated under Cayman Islands Law on November 22, 2011 (the “**Company**”),
2. **AiHuiShou International Company Limited**, a company limited by shares incorporated under the Hong Kong Law (the “**HK Subsidiary**”),
3. **Shanghai Aihui Trading Co., Ltd. (上海艾慧商贸有限公司)**, a wholly foreign-owned enterprise organized under the PRC Law (the “**WFOE**”),
4. **Shanghai Yueou Information Technology Co., Ltd. (上海悦欧信息技术有限公司)**, a limited liability company organized under the PRC Law (the “**WFOE Subsidiary**”),
5. **Shanghai Yueyi Network Information Technology Co., Ltd. (上海悦易网络信息技术有限公司)**, a limited liability company organized under the PRC Law (the “**Domestic Enterprise**”),
6. **Shanghai Yueyi Network Information Technology Co., Ltd. (上海悦亿网络信息技术有限公司)**, a limited liability company organized under the PRC Law (the “**Shanghai Subsidiary**”),
7. **Yueyi Commercial Factoring (Shenzhen) Co., Ltd. (乐易商业保理 (深圳) 有限公司)**, a limited liability company organized under the PRC Law (the “**Shenzhen Subsidiary**”),
8. **Changzhou Yueyi Network Information Technology Co., Ltd. (常州悦亿网络信息技术有限公司)**, a limited liability company organized under the PRC Law (the “**Changzhou Subsidiary**”, together with the Shanghai Subsidiary and the Shenzhen Subsidiary, collectively, the “**Domestic Subsidiaries**”),
9. **AHS DEVICE HONG KONG LIMITED**, a company limited by shares incorporated under the Hong Kong Law (the “**HK Co**”),
10. **SUN Wenjun (孙文俊)**, a citizen of the PRC whose PRC identification card number is \*\*\*,
11. **CHEN Xuefeng (陈雪峰)**, a citizen of the PRC whose PRC identification card number is \*\*\* (together with Sun, Wenjun (孙文俊), the “**Founders**” and each, a “**Founder**”),
12. **S&WJ Group Limited**, a company limited by shares incorporated under the Law of the British Virgin Islands,

13. **C&XF Group Limited**, a company limited by shares incorporated under the Law of the British Virgin Islands (together with S&WJ Group Limited, the “**Founder Holding Companies**” and each, a “**Founder Holding Company**”),
  14. **JD.com, Inc.**, an exempted company registered under the Laws of the Cayman Islands (“**JD Parent**”), and
  15. **JD.com Development Limited**, a company duly incorporated and validly existing under the Laws of British Virgin Islands (“**JD Buyco**”, together with JD Parent, collectively, the “**JD Parties**”, and each a “**JD Party**”).
- (Collectively, the “**Parties**”, and each a “**Party**”)

#### RECITALS

WHEREAS, the Company desires to issue and sell to the JD Buyco and the JD Buyco desires to purchase from the Company up to an aggregate amount of 27,500,098 Series E Preferred Shares pursuant to the terms and subject to the conditions set forth in this Agreement.

WHEREAS, JD Parties desire to transfer, or cause one or more of their Affiliates to transfer, to the applicable Group Companies, Target Business and certain assets, employees, Contracts with respect to Target Business, pursuant to the terms and conditions set forth in this Agreement and other Transaction Documents.

#### AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

##### 1. DEFINITIONS

In this Agreement, unless the context otherwise requires, the following words and expressions have the meanings as follows:

“**Action**” means an action, suit, proceeding, claim, arbitration or investigation.

“**Affiliate**” of a given Person means, (i) in the case of a Person other than a natural person, any other Person that directly, or indirectly through one or more intermediaries, Controls, is Controlled by or is under common Control with, such given Person, or (ii) in the case of a natural person, any other Person that directly or indirectly is Controlled by such given Person or is a Relative of such given Person. Notwithstanding the foregoing, the Affiliates of a JD Party means JD Parent and the Affiliates Controlled by JD Parent (for the avoidance of doubt, excluding the Group Companies). For the avoidance of doubt, none of the JD Parties and their Affiliates shall be deemed as an Affiliate of any Group Company.

“**Ancillary Agreements**” means, collectively, the Shareholders Agreement, Director Indemnification Agreement, the Restated Articles and any other agreements to which a Group Company, a Founder or a Founder Holding Company is a party and the execution of which is contemplated hereunder.



**“Anti-Corruption Law”** means any applicable Law, including, but not limited to, the Foreign Corrupt Practices Act of the United States (15 U.S.C. §§ 78dd-1, et seq.), as amended, or any similar Law of any Governmental Authority, regarding any contribution, gift, bribe, rebate, payoff, influence payment, kickback, or other payment to any Government Official, regardless of form, whether in money, property, or services.

**“Approval”** means any approval, authorization, release, order, or consent required to be obtained from, or any registration, qualification, designation, declaration, filing, notice, statement or other communication required to be filed with or delivered to, any Governmental Authority or any other Person.

**“Implementation Agreements”** means the transfer or license agreements executed or to be executed by one or more of the JD Parties and their Affiliate and one or more of the Group Companies on or prior to the Closing for the transfer or license of the relevant Transferred Assets.

**“Associate”** of a given Person means (i) a corporation or organization of which such given Person is an officer or partner or is, directly or indirectly, the beneficial owner of ten percent (10%) or more of any class of Equity Securities, (ii) any trust or other estate in which such given Person has a substantial beneficial interest or as to which such given Person serves as trustee or in a similar capacity, or (iii) any Relative of such given Person.

**“Assumed Contracts”** means the Contracts listed in Schedule 1 of the Transition Service Agreement.

**“Assumed Names”** shall have the meaning as set forth in [Section 6.2\(a\)](#).

**“Balance Sheet Date”** means March 31, 2019.

**“BCA”** means the business cooperation agreement between JD Parent and the Company, substantially in the form set forth in [Exhibit C](#).

**“BCA Supplementary Agreement”** means the supplementary agreement to business cooperation agreement between JD Parent and the Company dated the same date as of the BCA.

**“Board of Directors”** or **“Board”** means the board of directors of the Company.

**“Business Day”** means a day (other than a Saturday or a Sunday) that the banks in the Cayman Islands, Hong Kong, the PRC are generally open for business.

**“Business Employee”** means each employee of the JD Parties and their Affiliates whose primary responsibility is to provide services related to the Target Business, as listed in the Business Employee List.

**“Business Employee List”** shall mean the list as set forth in [Schedule E-6](#).

**“Changzhou Subsidiary”** shall have the meaning as set forth in the Preamble.

**“Closing”** means the consummation of the transactions contemplated in [Section 3.1](#).

**“Company”** shall have the meaning as set forth in the Preamble.

“**Company Indemnitees**” (each a “**Company Indemnitee**”) means the Group Companies, together with their, officers, directors (except for directors designated by any JD Party and such JD Party’s Affiliates), employees, successors and assigns.

“**Company Material Adverse Effect**” means fact, event, change, circumstance, or effect that causes, or is reasonably likely to cause, a material adverse effect on the operations, results of operations, condition (financial or otherwise), assets, liabilities or business of the Group Companies taken as a whole (as presently conducted and proposed to be conducted) or on the ability of any Warrantor to perform its or his obligations under this Agreement or any Transaction Documents to which it or he is a party or on the enforceability of this Agreement or any Transaction Documents against any Warrantor, either individually or when taken together with other effects.

“**Company Operations**” means the existing and future operations, activities and facilities of the Company and its Subsidiaries (including the design, construction, operations, maintenance, management and monitoring thereof as applicable) in the Cayman Islands, Hong Kong and the PRC.

“**Company Warranties**” means the representations and warranties set out in Section 4 given by the Warrantors (with each of such Company Warranties being referred to as a “**Company Warranty**”).

“**Competes**” with any Group Company means a Person, directly or indirectly, owns, manages, engages in, operates, Controls, works for, consults with, renders services for, does business with, maintains any interest in (proprietary, financial or otherwise) or participates in the ownership, management, operation or Control of, any Restricted Business, whether in corporate, proprietorship or partnership form or otherwise; provided, however, that such restrictions shall not apply to the acquisition by such Person, directly or indirectly, of less than one percent (1%) of the outstanding shares of any publicly traded company engaged in a Restricted Business.

“**Constitutional Documents**” means the constitutional documents of the respective Group Company which may include, as applicable, memoranda and articles of association, by-laws, joint venture contracts and the like.

“**Contracts**” means legally binding contracts, agreements, engagements, purchase orders, commitments, understandings, indentures, notes, bonds, loans, instruments, leases, mortgages, franchises, licenses or any other contractual arrangements or obligations, which are currently subsisting and not terminated or completed (with each of such Contracts being referred to as a “**Contract**”).

“**Control**” of a given Person means the power or authority, whether exercised or not, to direct the business, management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, contractual arrangement or otherwise, which power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such Person or power to control the composition of the board of directors or similar governing body of such Person; and the terms “**Controlled**” and “**Controlling**” shall have the meaning correlative to the foregoing.

“**Company Disclosure Schedule**” means the Company Disclosure Schedule attached to this Agreement as Schedule C-1.

“**Director Indemnification Agreement**” means Director Indemnification Agreement between the Company, JD Buyco and the director(s) appointed by JD Buyco to be entered into as of the Closing in substantially the form set forth in Exhibit H of the Shareholders Agreement.

“**Domestic Enterprise**” shall have the meaning as set forth in the Preamble.

“**Domestic Subsidiaries**” shall have the meaning as set forth in the Preamble.

“**Employment-Related Agreement**” means the employment agreement, the non-compete, confidentiality and invention assignment agreement entered into by an employee of a Group Company (including the Founders, each Key Officer, and each current employee, officer and consultant) with respect to his or her employment with such Group Company.

“**Equity Securities**” means, with respect to a given Person, any share, share capital, registered capital, ownership interest, partnership interest, equity interest, joint venture or other ownership interest of such Person, or any option, warrant, or right to subscribe for, acquire or purchase any of the foregoing, or any other security or instrument convertible into or exercisable or exchangeable for any of the foregoing, or any equity appreciation, phantom equity, equity plan or similar right with respect to such Person, or any Contract of any kind for the purchase or acquisition from such Person of any of the foregoing, either directly or indirectly.

“**ESOP**” means such share option plans, share incentive scheme or other schemes and agreements of similar nature duly adopted by the Company pursuant to which Option Shares are issued or granted to the directors, the officers, the employees of any of the Group Companies.

“**Excluded Assets**” means (i) all Action and all indemnification, warranty, contribution, credits, refunds, reimbursement and other rights of recovery (regardless of whether such rights are currently exercisable) related to such Action made by or against JD Parties and their Affiliates that arise out of or relate to any of the Transferred Assets, Target Business and Business Employees, to the extent such Action and indemnification, warranty, contribution, credits, refunds, reimbursement or other rights of recovery related to such Action are based upon acts, omissions, events or occurrences occurring prior to the Closing; (ii) all rights, obligations and liabilities of the JD Parties and their Affiliates that arise out of or relate to any of the Transferred Assets, Target Business and Business Employees (including without limitation any obligation or liability attributed to any noncompliance of applicable Laws by JD Parties or their applicable Affiliates regarding operation of Target Business, and any breach by any JD Party or its applicable Affiliate of the Assumed Contracts), to the extent such rights, obligations and liabilities are based upon acts, omissions, events or occurrences occurring prior to the Closing.

“**Financial Statements**” means the unaudited consolidated financial statements of the Group Companies of first quarter in year 2019 dated as of the Balance Sheet Date.

“**Founders**” shall have the meaning as set forth in the Preamble.

“**Founder Holding Companies**” shall have the meaning as set forth in the Preamble.

“**Fundamental Company Warranties**” means Company Warranties contained in Sections 4.1 (Organization, Standing and Qualification) to and including Section 4.6 (Liabilities), Section 4.11 (Compliance with Law), Section 4.16 (Financial Statements), Section 4.18 (Tax Matters), and Section 4.25 (UN Security Council Resolutions) to and including Section 4.27 (Environmental Matters).

“**Fundamental JD Warranties**” means JD Warranties contained in Section 5.2(a) (Organization, Standing and Qualification) and Section 5.2(b) (Due Authorization).

“**GAAP**” means the generally accepted accounting principles of the PRC.

“**Government Official**” means any officer, employee or other Person acting in an official capacity for any Governmental Authority, to any political party or official thereof or any candidate for any political office.

“**Governmental Authority**” means any nation, government, province, state, or any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission or instrumentality of any government or any political subdivision thereof, court, tribunal, arbitrator, the governing body of any securities exchange, and self-regulatory organization, in each case having competent jurisdiction.

“**Group Companies**” means, collectively, the Company, the HK Subsidiary, the WFOE, the WFOE Subsidiary, the Domestic Enterprise, the Domestic Subsidiaries, the HK Co, UP Trade Technologies, Inc., Shanghai Yueqing Information Technology Co., Ltd. (上海悦清信息技术有限公司, a limited liability company organized under the PRC Law), Shanghai Yuechuan Network Information Technology Co., Ltd. (上海悦川网络信息技术有限公司, a limited liability company organized under the PRC Law), Shenzhen Lvchuan and any Subsidiaries and branches of the foregoing (with each of such Group Companies being referred to as a “**Group Company**”).

“**HK Co**” shall have the meaning as set forth in the Preamble.

“**HKIAC**” means Hong Kong International Arbitration Centre.

“**HK Subsidiary**” shall have the meaning as set forth in the Preamble.

“**Hong Kong**” means the Hong Kong Special Administrative Region of the People’s Republic of China.

“**IFRS**” means the International Financial Reporting Standards promulgated by the International Accounting Standards Boards (“**IASB**”) (which include standards and interpretations approved by the IASB and International Accounting Standards issued under previous constitutions) together with its pronouncements thereon from time to time, and applied on a consistent basis.

“**Interested Party**” means the Founders, the Founder Holding Companies, any shareholder, officer, director or Key Officer of a Group Company, or any Affiliate or Associate of any such Person.

“**Investor Transaction Expenses**” means all legal and other expenses incurred by JD Parties in connection with the negotiation, execution, delivery and performance of the necessary financing documents for the transaction contemplated herein.

“**JD Buyco**” shall have the meaning as set forth in the Preamble.

“**JD Disclosure Schedule**” means the JD Disclosure Schedule attached to this Agreement as Schedule C-2.

“**JD Indemnitees**” (each a “**JD Indemnitee**”) means JD Parties, together with their respective Affiliates, officers, directors, partners, employees, successors and assigns.

“**JD Material Adverse Effect**” means fact, event, change, circumstance, or effect that causes, or is reasonably likely to cause, a material adverse effect on the operations, results of operations, condition (financial or otherwise), assets, liabilities or business of the Target Business taken as a whole (as presently conducted and proposed to be conducted) or on the ability of any JD Party or any of its applicable Affiliates to perform its obligations under this Agreement or any Transaction Documents to which it is a party or on the enforceability of this Agreement or any Transaction Documents against any JD Party or any of its applicable Affiliates, either individually or when taken together with other effects.

“**JD Parent**” shall have the meaning as set forth in the Preamble.

“**JD Party**” or “**JD Parties**” shall have the meaning as set forth in the Preamble.

“**JD Warranties**” means the representations and warranties set out in Section 5 given by the JD Parties (with each of such JD Warranties being referred to as a “**JD Warranty**”).

“**Jinsong**” shall have the meaning as set forth in Section 6.1(p).

“**Key Officers**” means the Founders and such other management and main technical staff as set forth in Schedule B hereto.

“**Knowledge**” means the actual or constructive knowledge of a Person after due and diligent inquiries of officers, directors and other employees of such Person reasonably believed to have knowledge of the matter in question.

“**Law**” means any law, rule, constitution, code, ordinance, statute, treaty, decree, regulation, common or customary law, order, official policy, circular, provision, administrative order, interpretation, injunction, judgment, ruling, assessment, writ or other legislative measure of any Governmental Authority.

“**Licenses**” means all licenses, permits, certificates of authority, authorizations, approvals, registrations, franchises and similar consents granted or issued by any Governmental Authority and the business licenses of the applicable Group Companies.

“**Lien**” means any mortgage, pledge, claim, security interest, encumbrance, title defect, lien, charge, restriction, covenant, or other limitation.

“**Losses**” of a Person means any and all losses, damages, liabilities and expenses (joint or several), including, without limitation, attorneys’ fees and disbursements and all other expenses incurred in investigating, preparing, compromising or defending against any Action, commenced or threatened, or any claim whatsoever and all amounts paid in settlement of any such claim or Action, to which such Person may become subject under any applicable Law.

“**Material Contracts**” means Contracts (oral or written) which any Group Company is a party to or it is bound by, have an aggregate value, cost or amount, or impose liability or contingent liability on any Group Company in excess of RMB10,000,000, and which (i) extend for more than twelve (12) months beyond the date of this Agreement, (ii) are not terminable upon thirty (30) days’ notice without incurring any penalty or obligation or the termination of which would be reasonably likely to have a Company Material Adverse Effect, (iii) are not readily to be fulfilled or performed by a Group Company on time or without undue or unusual expenditure of money or efforts or a Group Company does not have the technical and other capabilities or the human and material resources to enable it to fulfill, perform and discharge all its outstanding obligations in the ordinary course of business without realizing a loss on closing of performance, (iv) are material to the conduct and operations of a Group Company’s business and properties, (v) any Interested Party is a party to, (vi) relate to the sale, issuance, grant, exercise, award, purchase, repurchase or redemption of any Equity Securities, (vii) are with a material customer or material supplier of a Group Company or with a Governmental Authority, (viii) involve indebtedness, an extension of credit, a guaranty or assumption of any obligation, or the grant of a Lien, (ix) involve the acquisition or sale of a business, a merger, consolidation, amalgamation, a partnership, joint venture, or similar arrangement, (x) transfer or license any Proprietary Asset to or from a Group Company (other than licenses granted in the ordinary course of business or from commercially readily available “off-the-shelf” computer software), or obligate a Group Company to share or develop any Proprietary Asset with any third party, (xi) contain change in Control, exclusivity, non-competition or similar clauses that impair, restrict or impose conditions on a Group Company’s right to offer or sell products or services in specified areas, during specified periods or otherwise, (xii) are otherwise substantially dependent on by a Group Company, or (xiii) not in the ordinary course of business of a Group Company (with each of such Material Contracts being referred to as a “**Material Contract**”). For the avoidance of any doubt, notwithstanding any contrary in this Agreement, any contract listed in [Section 4.9](#) of the Company Disclosure Schedule shall be deemed to be a Material Contract.

“**Non-assignable Assets**” shall have the meaning as set forth in [Section 6.2\(b\)](#).

“**Option Holder**” means a holder of options granted by the Company pursuant to the ESOP.

“**Option Shares**” means the Ordinary Shares issuable or issued under the ESOP to the employees, officers, directors of any of the Group Companies.

“**Ordinary Shares**” means the Company’s ordinary shares, par value US\$0.001 per share, as set forth in the Restated Articles.

“**Other Series E Preferred Share Purchase Agreement**” shall have the meaning as set forth in the Shareholders Agreement.

“**Paipai Material Contracts**” means the Contracts listed in [Schedule E-2](#).

“**Parties**” and “**Party**” shall have the meaning as set forth in the Preamble.

“**Permitted Lien**” means any (i) non-exclusive licenses to the customers of the Target Business in the ordinary course of business consistent with past practice, (ii) Lien described in the JD Disclosure Schedule, (iii) Lien created by the Group Companies or their respective successors and assigns, and (iv) any right of third parties pursuant to the terms of any Assumed Contracts.

“**Person**” means any individual, corporation, partnership, limited partnership, proprietorship, association, limited liability company, firm, trust, estate or other enterprise, entity or legal person.

“**PRC**” means the People’s Republic of China, for the purpose of this Agreement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan.

“**PRC Group Companies**” means all the Group Companies established in the PRC (with each of such PRC Group Companies being referred to as a “**PRC Group Company**”).

“**Principal Business**” means the business of the operation of the platform of the trade of second-hand electronic products.

“**Privacy Laws**” means all Laws in any jurisdiction governing the receipt, collection, use, storage, processing, sharing, security, disclosure or transfer of personal information, and cybersecurity, including all Laws governing data breach notification.

“**Preferred Shares**” means the Series A Preferred Shares, the Series B Preferred Shares, the Series C Preferred Shares, the Series D Preferred Shares and the Series E Preferred Shares collectively (with each of such Preferred Shares being referred to as a “**Preferred Share**”).

“**Proprietary Assets**” means (i) all inventions and patents, together with all applications, reissues, continuations, revisions, and extensions thereof, (ii) all registered and material unregistered trademarks, service marks, trade dress, logos, trade names and corporate names and domain names, together with all translations, adaptations, derivations and combinations thereof and including all goodwill and all applications, registrations and renewals in connection therewith, (iii) all copyrightable works (including, without limitation, all works of authorship, works made for hire and mask works), all copyrights (together with all applications, registrations and renewals in connection therewith) and all material unregistered copyrights, (iv) all trade secrets and confidential business information (including ideas, know-how, formulas, compositions, manufacturing and production processes and techniques, methods, technology, technical data, designs, drawings, flowcharts, diagrams, specifications, customer and supplier lists, pricing and cost information and business and marketing plans and proposals), (v) all Software, (vi) all other proprietary rights, (vii) all licenses, sublicenses, agreements, consents or permissions related to the foregoing, and (viii) all media on which any of the foregoing is stored or all documentation related to any of the foregoing.

“**Purchase Price**” means the applicable purchase price to be paid in cash by the JD Buyco for the Purchased Shares.

“**Purchased Shares**” means the Series E Preferred Shares to be purchased and sold pursuant to [Section 2.1](#).

“**Relatives**” of a natural person means such Person’s spouse, parents, grandparents, children, grandchildren, siblings, uncles, aunts, nephews, nieces or great-grandparents or the spouse of such Person’s children, grandchildren, siblings, uncles, aunts, nephews or nieces (with each of such Relatives being referred to as a “**Relative**”).

“**Renminbi**” and “**RMB**” mean the lawful currency for the time being of the PRC.

“**Restated Articles**” means the amended and restated Memorandum and Articles in the form and substance attached hereto as Exhibit A.

“**Restricted Business**” means any business that is related to the Principal Business or otherwise Competes with any PRC Group Company.

“**Restructuring Documents**” means a series of agreements among the WFOE on the one hand, and the Domestic Enterprise and/or all of its equity interest holders: (a) the exclusive technical service agreement dated August 31, 2012 among WFOE and the Domestic Enterprise; (b) the business cooperation agreement dated August 31, 2012 among WFOE, the Domestic Enterprise and the Founders; (c) the second amended and restated option agreement entered into by and among WFOE, the Domestic Enterprise and the Founders on April 11, 2018; (d) the second amended and restated equity pledge agreement entered into by and among WFOE and the Founders on April 11, 2018; (e) the proxy agreement dated August 31, 2012 among WFOE, the Domestic Enterprise and the Founders; (f) the power of attorney dated August 31, 2012 issued by each Founder to the WFOE; and (g) the fourth amendment to the exclusive technical service agreement to be entered into by and among WFOE, the Domestic Enterprise and the Founders on June 26, 2018.

“**Rules**” shall have the meaning as set forth in Section 10.14(c).

“**SAFE**” means the State Administration of Foreign Exchange of the PRC and its local branches.

“**SAFE Rules and Regulations**” means the Circular on Relevant Issues Concerning Foreign Exchange Administration for Domestic Residents to Engage in Overseas Investment and Financing and Round Trip Investment via Special Purpose Companies (国家外汇管理局关于境内居民通过特殊目的公司境外投融资及返程投资外汇管理有关问题的通知, the “**Circular 37**”) issued by SAFE on July 4, 2014 and any other guidelines, implementing rules, reporting and registration requirements issued by SAFE in relation thereto.

“**Securities Act**” means the U.S. Securities Act of 1933, as amended and interpreted from time to time.

“**Series A Preferred Shares**” means the Company’s series A preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Series B Preferred Shares**” means Series B-1 Preferred Shares, Series B-2 Preferred Shares and Series B-3 Preferred Shares collectively.

“**Series B-1 Preferred Shares**” means the Company’s series B-1 preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.



“**Series B-2 Preferred Shares**” means the Company’s series B-2 preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Series B-3 Preferred Shares**” means the Company’s series B-3 preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Series C Preferred Shares**” means Series C-1 Preferred Shares, Series C-2 Preferred Shares and Series C-3 Preferred Shares collectively.

“**Series C-1 Preferred Shares**” means the Company’s series C-1 preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Series C-2 Preferred Shares**” means the Company’s series C-2 preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Series C-3 Preferred Shares**” means the Company’s series C-3 preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Series D Preferred Shares**” means Series D-1 Preferred Shares and Series D-2 Preferred Shares collectively.

“**Series D-1 Preferred Shares**” means the Company’s series D-1 preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Series D-2 Preferred Shares**” means the Company’s series D-2 preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Series E Preferred Shares**” means the Company’s series E preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Shanghai Subsidiary**” shall have the meaning as set forth in the Preamble.

“**Shareholders Agreement**” means the sixth amended and restated shareholders agreement to be entered into on or prior to the Closing by and among the parties named therein, which agreement shall be in the form and substance attached hereto as Exhibit B.

“**Shenzhen Lvchuang**” means Shenzhen Lvchuang Network Technology Co., Ltd. (深圳市绿创网络科技有限公司), a limited liability company organized under the PRC Law.

“**Shenzhen Subsidiary**” shall have the meaning as set forth in the Preamble.

“**Social Media Accounts**” means the social media accounts set forth in Schedule E-3.

“**Software**” means computer programs, including any and all software implementation of algorithms, models and methodologies (whether in source code or object code), databases and compilations (including any and all data and collections of data), and all related documentation.

“**Subsidiary**” means, with respect to any given Person, any Person of which the given Person, directly or indirectly, Controls, including but not limited through the ownership of more than fifty percent (50%) of the issued and outstanding authorized capital, share capital, voting interests or registered capital, for the avoidance of doubt, the branch of any Group Company shall not be regarded as a Subsidiary of such Group Company.

“**Target Business**” shall have the meaning as set forth in [Schedule E-1](#).

“**Tax Return**” means any return, report or statement showing Tax, used to pay Tax, or required to be filed with respect to any Tax (including any elections, declarations, schedules or attachments thereto, and any amendment thereof), including any information return, claim for refund, amended return or declaration of estimated or provisional Tax.

“**Tax**” means (i) in the PRC: (a) any national, provincial, municipal, or local taxes, charges, fees, levies, or other assessments, including, without limitation, all net income (including enterprise income tax and individual income withholding tax), turnover (including value-added tax, business tax, and consumption tax), resource (including urban and township land use tax), special purpose (including land value-added tax, urban maintenance and construction tax, and additional education fees), property (including urban real estate tax and land use fees), documentation (including stamp duty and deed tax), filing, recording, social insurance (including pension, medical, unemployment, housing, and other social insurance withholding), tariffs (including import duty and import value-added tax), and estimated and provisional taxes, charges, fees, levies, or other assessments of any kind whatsoever; (b) all interest, penalties (administrative, civil or criminal), or additional amounts imposed by any Governmental Authority in connection with any item described in clause (a) above, and (c) any form of transferee liability imposed by any Governmental Authority in connection with any item described in clauses (a) and (b) above, and (ii) in any jurisdiction other than the PRC: all similar liabilities as described in clause (i) above.

“**Transaction Documents**” means this Agreement, the Ancillary Agreements, the Restructuring Documents, the BCA, the BCA Supplementary Agreement, the Transition Service Agreement, the Implementation Agreements and each of the other agreements and documents otherwise required in connection with implementing the transactions contemplated by any of the foregoing.

“**Transferred Assets**” means (i) all Assumed Contracts, and the rights and obligations of the JD Parties and their Affiliates arising on and subsequent to the Closing under the Assumed Contracts; (ii) all Transferred Fixed Assets; (iii) all Transferred IP; and (iv) all Social Media Accounts.

“**Transferred Employees**” shall have the meaning as set forth in [Section 6.2\(e\)](#).

“**Transferred Fixed Assets**” means the assets listed in [Schedule E-4](#).

“**Transferred IP**” means the Proprietary Assets listed in [Schedule E-5](#).

“**Transition Service Agreement**” means the transition service agreement of an even date herewith between JD Parent and the Company, substantially in the form set forth in [Exhibit D](#).

“**US\$**” or “**US Dollars**” means the lawful currency of the United States of America.

“Warrantors” means, collectively, the Group Companies, the Founder Holding Companies and the Founders (with each of such Warrantors being referred to as a “Warrantor”).

“WFOE” shall have the meaning as set forth in the Preamble.

“WFOE Subsidiary” shall have the meaning as set forth in the Preamble.

“Xichen” shall have the meaning as set forth in Section 6.1(p).

## 2. TRANSACTIONS

Subject to the terms and conditions of this Agreement and the Transaction Documents, as applicable,

2.1 Issuance of Purchased Shares. As of the Closing, the Company will have authorized the issuance, pursuant to the terms and conditions of this Agreement and the Other Series E Preferred Share Purchase Agreement, of up to 30,021,942 Series E Preferred Shares. Subject to the terms and conditions hereof, the Company hereby agrees to issue and sell to the JD Buyco, and the JD Buyco hereby agrees to subscribe for and purchase, on the date of the Closing, that type and number of Purchased Shares set forth opposite the JD Buyco’s name in Schedule A attached hereto.

2.2 Payment of Purchase Price. As of the Closing, the JD Buyco shall pay the Purchase Price set forth opposite the JD Buyco’s name in Schedule A to the Company.

2.3 Transfer of Transferred Assets. As of the Closing, (i) the Company shall cause one or more of the Group Companies to purchase, acquire and accept from the JD Parties or their Affiliates the Transferred Assets and Transferred Employees; and (ii) the JD Parties shall, or shall cause one or more of their Affiliates to sell or transfer, assign, convey or deliver to the applicable Group Companies the Transferred Assets and Transferred Employees. The Transferred Assets and Transferred Employees shall be delivered by JD Parties and their relevant Affiliates to the Group Companies in accordance with the Implementation Agreements. Notwithstanding the foregoing or any other provision of this Agreement to the contrary, the JD Parties shall or shall cause the relevant Affiliates to retain and will not transfer, and the Group Companies will not purchase or acquire, the Excluded Assets.

2.4 Execution of BCA. As of the Closing, (i) the JD Parties shall, or shall cause their Affiliates, to deliver to the Company the BCA and the BCA Supplementary Agreement duly and validly executed by the JD Parties or their Affiliates; and (ii) the Company shall deliver to the JD Parties the BCA and the BCA Supplementary Agreement duly and validly executed by the Company.

## 3. CLOSING; CLOSING DELIVERIES

3.1 Closing. Upon the fulfillment and/or waiver of the conditions set forth in Sections 7 and 8 below:

(a) the Company shall request the JD Buyco to subscribe for the Purchased Shares pursuant to Section 2.1 and deliver wire transfer instructions to the JD Buyco as soon as practicable, but in no event later than one (1) Business Day after such fulfillment and/or waiver;

(b) the JD Buyco shall notify the Company that it shall subscribe for the Purchased Shares pursuant to Section 2.1; and

(c) the purchase and sale of the Preferred Shares shall take place remotely via the exchange of documents and signatures, on a date specified by the Parties, which date shall be no later than three (3) Business Days after the fulfillment and/or waiver of the conditions set forth in Sections 7 and 8 below, or at such other time and place as the Company and the JD Buyco may mutually agree upon.

3.2 Deliveries by the Company. At the Closing, in addition to any items the delivery of which is made an express condition to the JD Buyco's obligations at the Closing pursuant to Section 7, the Company shall deliver to the JD Buyco:

(a) a copy of the updated register of members of the Company, showing the JD Buyco as the holder of such number of Series E Preferred Shares being purchased by the JD Buyco at the Closing, certified by the registered agent or a director of the Company to be a true and complete copy of the original; and

(b) a copy of the share certificate, representing the issuance to the JD Buyco of the Series E Preferred Shares being purchased by the JD Buyco at the Closing, certified by the registered agent or a director of the Company to be a true and complete copy of the original, with the original (duly signed and sealed for and on behalf of the Company) to be delivered to the JD Buyco within fifteen (15) Business Days after the payment of the Purchase Price.

3.3 Deliveries by the JD Buyco. At the Closing, in addition to any items the delivery of which is made an express condition to the Company's obligations at the Closing pursuant to this Agreement, the JD Buyco shall pay the Purchase Price as indicated opposite the JD Buyco's name on Schedule A by wire transfer of immediately available funds in US Dollars to an account designated in the wire transfer instruction delivered by the Company pursuant to Section 3.1(a).

3.4 Deliveries by JD Parties. At the Closing, the JD Parties shall deliver to the Company copies of the Transaction Documents duly and validly executed by JD Parties and /or any of their Affiliates which is a party thereto.

3.5 Actions if Closing Conditions not Fulfilled. If any condition set forth in Section 7 has not been fulfilled or waived by July 31, 2019, the JD Buyco is entitled to, at its own option, without prejudice to its rights hereunder and under applicable Law:

- (a) defer the Closing to a later date while such date shall be as mutually agreed between the JD Buyco and the Company;
- (b) proceed with the Company to the Closing so far as practicable (without limiting its rights under this Agreement); or
- (c) pursuant to Section 10.17(b) herein, treat this Agreement as terminated with respect to itself for the Warrantors' breach of a condition.

#### 4. REPRESENTATIONS AND WARRANTIES OF THE WARRANTORS

Each of the Warrantors, jointly and severally, hereby represents, warrants and undertakes to the JD Parties, except as set forth in the Company Disclosure Schedule (disclosures contained in which shall be deemed to be the exceptions to the Company Warranties to the JD Parties only if such disclosures are fully, specifically and accurately stated therein), as of the date hereof that each of the Company Warranties set out in this Section 4 is true, complete and accurate, and not misleading in all respects, and acknowledges that JD Parties are relying on the Company Warranties made by such Warrantors in this Section 4 in entering into this Agreement. Each of the Company Warranties made by any Warrantor in Section 4 shall be construed as a separate and independent Company Warranty. The Company Warranties made by each Warrantor in this Section 4 shall be deemed to be repeated as of the Closing as if they were made on and as of the Closing and all references therein to the date of this Agreement were references to the Closing, except in either case for those Company Warranties that address matters only as of a particular date, which Company Warranties will have been true, correct and complete as of such particular date. The Warrantors are permitted to supplement the Company Disclosure Schedule by way of the supplemental disclosure to be given as of the Closing, the form and substance of which shall be subject to the agreement by the Parties and must be agreed between the Parties no less than five (5) days prior to the Closing and, failing such agreement (which shall not be unreasonably withheld or delayed), no material change or supplementation shall be made to the Company Disclosure Schedule.

4.1 Organization, Standing and Qualification. Each Group Company is duly organized, validly existing and in good standing (or equivalent status in the relevant jurisdiction) under, and by virtue of, the Law of the place of its incorporation or establishment and has all requisite power and authority to own its properties and assets and to carry on its business as now conducted and as proposed to be conducted (except for Target Business), and to perform each of its obligations hereunder and under each of the Transaction Documents to which it is a party. Each Group Company is qualified to do business and is in good standing (or equivalent status in the relevant jurisdiction) in each jurisdiction where failure to be so qualified would constitute a Company Material Adverse Effect.

##### 4.2 Capitalization.

(a) Company Shares. Schedule D sets forth the capitalization of the Company as of the execution date of this Agreement and immediately following the later of the Closing as defined in this Agreement and the "Closing" as defined in the Other Series E Preferred Share Purchase Agreement assuming the maximum number of Series E Preferred Shares permitted to be issued under Section 2.1 of this Agreement are subscribed for.

(b) Company Options. Except for the Option Shares and the conversion privileges of the Preferred Shares or as otherwise set forth in the Company Disclosure Schedule, there are no options, warrants, conversion privileges or other rights, or agreements with respect to the issuance thereof, presently outstanding to purchase any of the Equity Securities of the Company. Except as noted in this Section 4.2(b) and the rights provided in the Shareholders Agreement and Restated Articles, none of the Company's outstanding share capital, or shares issuable upon exercise or exchange of any outstanding options or other shares issuable by the Company, are subject to any preemptive rights, rights of first refusal or other rights to purchase such shares (whether in favor of the Company or any other Person).

(c) HK Subsidiary. The authorized share capital of the HK Subsidiary is HK\$10,000, divided into 10,000 shares of HK\$1.00 each, 1 of which is outstanding and held by the Company.

(d) PRC Group Companies. The HK Subsidiary shall legally and beneficially own one hundred percent (100%) of the Equity Securities in the WFOE and all of such Equity Securities in the WFOE are duly vested in the HK Subsidiary as the owner in accordance with applicable PRC Law. Except as contemplated under the Restructuring Documents, there are no outstanding rights or commitments made by any Warrantor to sell any Equity Securities in any PRC Group Company. Except as set forth in the Restructuring Documents and the Company Disclosure Schedule, there are no options, warrants, conversion privileges or other rights, or agreements with respect to the issuance thereof, presently outstanding to purchase any of the Equity Securities of any PRC Group Company. Except as set forth in the Restructuring Documents and their respective Constitutional Documents, no outstanding Equity Securities of any PRC Group Company are subject to any preemptive rights, rights of first refusal or other rights to purchase such Equity Securities (whether in favor of such PRC Group Company or any other Person).

(e) Outstanding Security Holders. A complete and current list of all outstanding shareholders and any other holders of the Equity Securities of each Group Company (other than the Company) as of the date hereof and immediately prior to the Closing is set forth in the Company Disclosure Schedule, indicating the type and number of shares, options or other Equity Securities held by each such shareholder, option holder or other holder of the Equity Securities. All outstanding share capitals or registered capitals of each Group Company have been duly and validly issued (or subscribed for), fully paid and non-assessable. Except as set forth in the Restructuring Documents and the Company Disclosure Schedule, all share capitals or registered capitals of each Group Company are free and clear of any Lien (except for any restrictions on transfer under applicable Law). No outstanding share, option, warrant, registered capital or other Equity Security of any Group Company was issued or subscribed to in violation of the preemptive rights of any Person, terms of any Contract or any applicable Law, including without being limited to applicable securities Law and any exemption therefrom, by which each such Group Company at the time of issuance or subscription was bound. Except as set forth in the Restructuring Documents, the Company Disclosure Schedule and as contemplated under the Transaction Documents,

(i) there is no resolution pending to increase the share capital or registered capital of any Group Company;

(ii) except as provided in the ESOP, there is no outstanding Contract under which any Person purchases or otherwise acquires, or has the right to purchase or otherwise acquire, any interest in the share capital or registered capital of any Group Company;

(iii) there is no dividend which has accrued or been declared but is unpaid by any Group Company;

(iv) except for the ESOP, there is no outstanding or authorized equity appreciation, phantom equity, equity plan or similar right with respect to any Group Company; and

(v) none of the Warrantors is a party or is subject to any Contract that affects or relates to the voting of any Group Company's Equity Securities.

#### 4.3 Group Structure.

(a) Group Structure. Except for the Group Companies, the Company does not presently own or Control, directly or indirectly, any interest in any other corporation, partnership, trust, joint venture, association, or other entity. Except for the branches and offices duly maintained by the Group Companies or as disclosed in the Company Disclosure Schedule, none of the Group Companies holds or Controls, directly or indirectly, any interest in any other corporation, partnership, trust, joint venture, association, or other entity. The capital and organizational structure of each PRC Group Company are valid and in full compliance with relevant PRC Law.

(b) Founders and Founder Holding Companies. Except for the Group Companies, the Founders and the Founder Holding Companies do not presently own or Control, directly or indirectly, any interest in any other corporation, partnership, trust, joint venture, association, or other entity.

4.4 Due Authorization. All corporate actions on the part of each applicable Group Company and, as applicable, their respective officers, directors and shareholders necessary for (i) the authorization, execution and delivery of, and the performance of all of its obligations under this Agreement or any Transaction Documents, and (ii) the authorization, issuance, reservation for issuance and delivery of all of the Purchased Shares have been taken or will be taken prior to the Closing. Each Founder and his Founder Holding Company has the requisite power, capacity and authority to enter into, execute and deliver this Agreement and each of the Transaction Documents to which he or it is a party, and to perform all the obligations to be performed by such Founder and his Founder Holding Company hereunder and thereunder. Each of the Transaction Documents, when executed and delivered, will constitute valid and binding obligations of each Warrantor to the extent such Warrantor is a party to such Contract, enforceable against such Warrantor in accordance with its terms, subject, as to enforcement of remedies, to applicable bankruptcy, insolvency, moratorium, reorganization and similar Law affecting creditors' rights generally and to general equitable principles.

4.5 Valid Issuance of Purchased Shares. The Purchased Shares, when issued, sold and delivered in accordance with the terms of this Agreement, will be duly and validly issued, fully paid and nonassessable. All shares issuable upon conversion of the Purchased Shares will be duly and validly issued, fully paid and nonassessable. Subject to the representations and warranties made by the JD Buyco in Sections 5.1(b) and 5.1(c), the offer and sale of the Purchased Shares to the JD Buyco pursuant to this Agreement shall be exempt from the registration and/or qualification requirements of all applicable securities Law.

4.6 Liabilities. Except as disclosed in the Financial Statements and the Company Disclosure Schedule, none of the Group Companies has any indebtedness for borrowed money that it has directly or indirectly created, incurred, assumed, or guaranteed, or with respect to which such Group Company has otherwise become directly or indirectly liable. Except as disclosed in the Financial Statements and the Company Disclosure Schedule, none of the Warrantors is a guarantor or indemnitor of any indebtedness of any other Person.

4.7 Title to Properties and Assets. Each Group Company has good and marketable titles to, or valid rights to use, all of its material properties and assets (whether tangible or intangible) that it purports to own (including as reflected in its balance sheets of the Financial Statements) or that it currently uses (except for such assets as have been spent, sold or transferred in the ordinary course of business since the Balance Sheet Date), free and clear of any and all Liens of any party other than the lessors of such property and assets in the case that it is leased by any Group Company. Such properties and assets collectively represent in all material respects all properties and assets necessary for the conduct of the business of the Group Companies as presently conducted and as proposed to be conducted (except for Target Business), and have been properly maintained and are in good working condition in all material respects. Each Group Company has been and is in compliance with all the leases with respect to the property and assets it leases in all material respects.

#### 4.8 Status of Proprietary Assets.

(a) Ownership of Proprietary Assets. Each of the Group Companies owns all right, title and interest in and to, free and clear of all Liens, or has all necessary and valid rights to use, all of the material Proprietary Assets, and no item of Proprietary Assets is subject to any outstanding injunction, judgment, order, decree, ruling or charge. Each Proprietary Assets owned by the Group Companies is valid, enforceable, and subsisting, in full force and effect, and has not been cancelled, expired or abandoned. To the Knowledge of the Group Companies, none of the Warrantors is aware of any notice, claim or assertion that any item of Proprietary Assets owned by the Group Companies is invalid and is aware of any actual, threatened or pending claim, action, opposition, re-examination, interference or cancellation proceeding with respect thereto. The Company Disclosure Schedule sets forth a complete and accurate list of each item of material Proprietary Assets owned by the Group Companies, including without limitation the Proprietary Assets which is a patent, patent application, registered trademark or service mark (or applications and renewals thereof), material unregistered trademark or service mark (including domain name registrations), trade name, domain name, registered copyright (or applications and renewals thereof), material unregistered copyright and Software.

(b) Use of Proprietary Assets. To the Knowledge of the Warrantors, the Group Companies have not interfered with, infringed upon, misappropriated or violated any rights of third parties to the Proprietary Assets due to its use of Proprietary Assets, and the Group Companies have not received any charge, complaint, claim, demand or notice alleging any such interference, infringement, misappropriation or violation, nor is any Group Company aware of any reasonable basis therefor. To the Knowledge of the Warrantors, no third party has interfered with, infringed upon, misappropriated or violated any rights of the Group Companies to any of the material Proprietary Assets owned by the Group Companies. Except as set forth in the Company Disclosure Schedule, there are no outstanding options, licenses or agreements of any kind granted by any Group Company relating to the Proprietary Assets owned by any Group Company, and such Group Company is not bound by or a party to any options, licenses or agreements of any kind with respect to the Proprietary Assets owned by any other Person, except for standard end-user agreements with respect to commercially available Proprietary Assets such as “off the shelf” computer software all of which are valid and fully paid. Each Group Company has used best efforts to protect its title and ownership in the Proprietary Assets owned by such Group Company and the confidentiality of its trade secrets. To the Warrantors’ best Knowledge, there has been no material disclosure of any trade secrets of any Group Company by any Person other than pursuant to the terms of a non-disclosure agreement, and, to the Warrantors’ best Knowledge, no party to any non-disclosure agreement relating to the Company’s trade secrets is in breach or default thereof.

(c) Work Products Owned by Group Companies. All of personnel of any Group Company, including employees, agents, consultants, and contractors, who have contributed to or participated in the conception and development of the material Proprietary Assets on behalf of such Group Company with respect to the business of such Group Company, either (i) have been a party to a “work-for-hire” arrangement or similar agreement with such Group Company, in accordance with applicable Law, that has accorded such Group Company full, effective, exclusive, and original ownership of all tangible and intangible property and related rights thereby arising, or (ii) have executed appropriate instruments of assignment in favor of such Group Company that have conveyed to such Group Company full, effective, and exclusive ownership of all tangible and intangible property and related rights thereby arising.



(d) Employees' Invention. To the Knowledge of the Warrantors, none of the Group Companies is aware that any of Key Officers or key employees with position of vice president or higher is obligated under any agreement or contract (including licenses, covenants or commitments of any nature) or instrument, or subject to any judgment, decree or order of any court or governmental agency or instrumentality, that would interfere with the use of his or her best efforts to promote the interests of such Group Company or that would conflict with the business as currently conducted or as proposed to be conducted by such Group Company. Neither the execution nor delivery of this Agreement or the Transaction Documents, nor the carrying on of the business as currently conducted or as proposed to be conducted by any Group Company (except for Target Business), will, to the Warrantors' best Knowledge, conflict with or result in a breach of the terms, conditions or provisions of, or constitute a violation or default under, any such Contract, judgment, decree or order under which any of such officers or employees are currently obligated. None of the Group Companies believes it is or will be necessary to utilize any inventions of any of its officers or employees (or people it currently intends to hire) made prior to or outside the scope of their employment by such Group Company.

4.9 Material Contracts and Obligations. All Material Contracts are listed in the Company Disclosure Schedule and have been made available for inspection by or, if they are oral Contracts, have been summarized in writing for the JD Buyco and the counsels thereof. Each Material Contract is a valid, binding and enforceable agreement of the parties thereto, the performance of which does not violate any applicable Law, and is in full force and effect, and the terms thereof have been complied with by the relevant Group Companies and, to the best Knowledge of each Warrantor, by all the other parties thereto. There are no circumstances likely to give rise to any breach of such terms, no grounds for rescission, avoidance or repudiation of any of the Material Contracts and no notices of violation, default, termination or intention to terminate (whether or not such notice is in writing) have been received in respect of any Material Contract.

#### 4.10 Litigation.

(a) General. Except as disclosed in the Company Disclosure Schedule, there is no Action pending or, to the best Knowledge of each Warrantor, threatened, against any Warrantor or the business of the Warrantors, and each Warrantor is not aware of any event or circumstance that may form a basis for any such Action. The foregoing includes, without limitation, Actions pending or threatened against the Warrantors or the business of the Warrantors (or any basis therefor known to the Warrantors) involving the prior employment of any of the Group Companies' employees, their use in connection with the business of the Warrantors of any information or techniques allegedly proprietary to any of their former employers, or their obligations under any agreements with former employers. None of the Warrantors is a party or subject to the provisions of any order, writ, injunction, judgment or decree of any court or Governmental Authority. There is no Action initiated by the Warrantors that is currently pending or that any Warrantor intends to initiate.

(b) Action Relating to this Agreement. There is no Action pending or, to the best Knowledge of the Warrantors, threatened, that questions the validity of this Agreement, or any of the Transaction Documents, or the right of the Company to enter into such agreements, or to consummate the transactions contemplated hereby or thereby or that could, individually or in the aggregate, result in a Company Material Adverse Effect or a change in the current equity ownership of any Group Company.

(c) Anti-Corruption Law Matters. To the best Knowledge of the Warrantors, there are no Actions pending or threatened against any Warrantor or any director, officer, agent, employee, or any other Person acting for or on behalf of such Warrantor, alleging a violation of any applicable Law in respect of the Anti-Corruption Law, (i) to obtain favorable treatment in securing business, (ii) to pay for favorable treatment for business secured, or (iii) to obtain special concessions or for special concessions already obtained, for or in respect of such Warrantor.

(d) Money Laundering and Financing of Terrorism. None of the Warrantors has been charged, convicted, fined or otherwise sanctioned in any litigation, administrative, regulatory or criminal investigation or proceeding or freezing of assets by any Governmental Authority involving any Warrantor or their respective director, officer, agent, employees or any other Person acting for or on behalf of such Warrantor with regard to money laundering or financing of terrorism.

#### 4.11 Compliance with Law.

(a) General Compliance. None of the Warrantors is in violation or has been in material violation of any applicable Law. All Approvals from any Governmental Authority and any third party which are required to be obtained or made by each Warrantor under applicable Law in connection with the due and proper establishment of each Group Company and the conduct of the business or the consummation of the transactions contemplated hereunder, the absence of which would be reasonably likely to have a Company Material Adverse Effect, have been obtained or completed in accordance with the relevant Law, are not in default, and are in full force and effect. None of the Group Companies is in receipt of any letter or notice from any Governmental Authority notifying revocation of any permits or Licenses issued to it for non-compliance or the need for compliance or remedial actions in respect of the activities carried out directly or indirectly by it. In respect of Approvals, Licenses or permits requisite for the conduct of any part of the business of the Group Companies which are subject to periodic renewal, none of the Warrantors has any reason to believe that such requisite renewals will not be timely granted by the relevant Governmental Authorities. The execution, delivery and performance of and compliance with each of the Transaction Documents will not result in any such violation, breach or default, or be in conflict with or constitute, with or without the passage of time or the giving of notice or both, either a default under the Restated Articles or similar charter documents of any Group Company, any such contract, agreement or instrument to which any Warrantor is a party or to which the assets of any Group Company is subject, an event which results in the creation of any Lien upon any asset of any Group Company, or any violation of any applicable Law.

(b) PRC Law Compliance.

(i) General. Except as disclosed in the Company Disclosure Schedule, each of the PRC Group Companies is and has in all material aspects been operating its business in compliance with all relevant PRC Law and with all requisite Licenses, permits and Approvals granted by the competent PRC Governmental Authorities. All Approvals from any PRC Governmental Authority and any third party which are required to be obtained or made by each Warrantor under applicable PRC Law in connection with the due and proper establishment of each PRC Group Company and the conduct of the business or the consummation of the transactions contemplated hereunder, including but not limited to the registrations with the PRC Ministry of Commerce, the State Administration of Market Regulation of PRC, SAFE, tax bureau, customs authorities, and product registration authorities, have been obtained or completed in accordance with the relevant PRC Law, not in default, and are in full force and effect and there exist no grounds on which any such Approval may be cancelled or revoked or any PRC Group Company or its legal representative may be subject to liability or penalties for misrepresentations or failures to disclose information to the issuing PRC Governmental Authorities.

(ii) SAFE. Except as disclosed in the Company Disclosure Schedule, the Founders and any other Person who is required to comply with the SAFE Rules and Regulations (other than shareholders of the Company holding any Preferred Share and their directly or indirectly beneficial owners) has obtained registration with SAFE with respect to their holdings of Equity Securities in the Company in accordance with the SAFE Rules and Regulations and none of them has received any oral or written inquiries, notifications, orders or any other forms of official correspondence from SAFE with respect to any actual or alleged non-compliance with the SAFE Rules and Regulations.

(c) Anti-Corruption Law Compliance. None of the Warrantors or, any director, officer, agent, employee, or any other Person acting for or on behalf of the foregoing, has violated the Anti-Corruption Law, nor has any of the above Persons offered, paid, promised to pay, or authorized the payment of any money, or offered, given, promised to give, or authorized the giving of anything of value, to any Government Official or to any Person under circumstances where there is a high probability that all or a portion of such money or thing of value would be offered, given or promised, directly or indirectly, to any Government Official, for the purpose of:

(i) (A) influencing any act or decision of such Government Official in his official capacity, (B) inducing such Government Official to do or omit to do any act in relation to his lawful duty, (C) securing any improper advantage, or (D) inducing such Government Official to influence or affect any act or decision of any Governmental Authority, or

(ii) assisting any Group Company in obtaining or retaining business for or with, or directing business to any Group Company.

(d) Privacy Law Compliance. The Group Companies have complied in all material respects with all privacy policies, all applicable Privacy Laws and all contractual commitments that the Group Companies have entered into with respect to personal information. None of the Group Companies has received any written notice of any claims, investigations (including, but not limited to, investigations by regulatory authorities or any data protection authorities), or alleged violations of Privacy Laws with respect to personal information possessed by or otherwise subject to the control of the Group Companies, and, to the Knowledge of the Warrantors, there are no facts or circumstances which could form the basis for any such claim.

4.12 Compliance with Other Instruments and Agreements. The Constitutional Documents of each Group Company are valid and have been duly approved or issued (as applicable) by competent Governmental Authorities in the jurisdiction where such Group Company is incorporated. None of the Group Companies is in nor shall the business as currently conducted or proposed to be conducted result in violation, breach or default of any term or provision of the Constitutional Documents, or of any term or provision of any Contract to which such Group Company is a party or by which it may be bound, or of any provision of any Law applicable to or binding upon such Group Company. The execution, delivery and performance of and compliance with this Agreement and any Transaction Document and the consummation of the transactions contemplated hereby and thereby will not result in any such violation, breach or default, or be in conflict with or constitute, with or without the passage of time or the giving of notice or both, either a default under any Group Company's Constitutional Documents or any Contract to which any Warrantor is a party or by which it may be bound, or, to the best Knowledge of each Warrantor, a violation of any Law or an event which results in the creation of any Lien upon any asset of any Warrantor.

4.13 Disclosure. No Warranty made by any of the Warrantors in this Agreement and no information or materials provided by any of the Warrantors to the JD Parties in connection with the negotiation or execution of this Agreement or any Transaction Document contains any untrue statement of a material fact, or omits to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances in which they are made, not misleading.

4.14 Registration Rights. Except as provided in the Shareholders Agreement, no Group Company has granted or agreed to grant any Person any registration rights (including piggyback registration rights) with respect to, nor is any Group Company obliged to list, any Group Company's Equity Securities on any securities exchange.

4.15 Insurance. Except as provided in the Company Disclosure Schedule, each Group Company has obtained and maintains the insurance coverage of the same types and at the same coverage levels as other similarly situated companies in the same industry in which such Group Company operates its business or possesses its properties and assets, in accordance with its best commercial practices. To the best Knowledge of the Warrantors, nothing has been done or omitted to be done by or on behalf of any Group Company which would make any policy of insurance void or voidable or enable the insurers to avoid the same and there is no claim outstanding under any such policy and, to the best Knowledge of the Warrantors, there are no facts or circumstances likely to give rise to such claim or result in an increased rate of premium. All information furnished in obtaining or renewing the insurance policies of each Group Company was correct, full and accurate when given and any change in that information required to be given was correctly given. No Group Company is in default under any of these policies. No Group Company has suffered any uninsured losses or waived any rights of material or substantial value or allowed any insurance to lapse. No claim under any policy of insurance taken out in connection with the business or assets of any Group Company is outstanding and, to the best Knowledge of the Warrantors, there are no facts or circumstances likely to give rise to such a claim.

4.16 Financial Statements. The Company has delivered to JD Buyco the Financial Statements. Such Financial Statements (i) have been prepared in accordance with the books and records of each Group Company, (ii) are true, correct and complete and present fairly the financial condition of such Group Company at the date or dates therein indicated and the results of operations for the period or periods therein specified, and (iii) have been prepared in accordance with the GAAP and the IFRS applied on a consistent basis, except as to the unaudited consolidated Financial Statements, for the omission of notes thereto and normal year-end audit adjustments. Specifically, but not by way of limitation, the most recent balance sheets included within the Financial Statements disclose all of each Group Company's debts, liabilities and obligations of any nature, whether due or to become due, as of their respective dates (including, without limitation, absolute liabilities, accrued liabilities, and contingent liabilities) to the extent such debts, liabilities and obligations are required to be disclosed on a balance sheet in accordance with the GAAP and the IFRS, other than current liabilities that were incurred after the Balance Sheet Date in the ordinary course of business consistent with its past practices that are not material in the aggregate. Each Group Company maintains a standard system of accounting established and administered in accordance with the GAAP and the IFRS.

4.17 Activities Since Balance Sheet Date. Since the Balance Sheet Date, except as contemplated in the Transaction Documents, with respect to each Group Company, there has not been:

(a) any change in the assets, liabilities, financial condition or operating results of such Group Company from that reflected in the Financial Statements, except changes in the ordinary course of business of such Group Company that have not been material adverse to such Group Company;

(b) any change in the contingent obligations of such Group Company by way of guarantee, endorsement, indemnity, warranty or otherwise, except changes in the ordinary course of business of such Group Company that have not been material adverse to such Group Company;

(c) any damage, destruction or loss, whether or not covered by insurance, that constitutes or results in, the aggregate, a Company Material Adverse Effect;

(d) any satisfaction or discharge of any Lien or payment of any obligation by such Group Company, except such satisfaction, discharge or payment made in the ordinary course of business of such Group Company that do not constitute or result in, the aggregate, a Company Material Adverse Effect;

(e) any change or amendment to a Material Contract by which such Group Company or any of its assets or properties is bound or subject, except for changes or amendments which are expressly provided for or disclosed in this Agreement;

(f) any change in any compensation arrangement or agreement with any present or prospective the Key Officers and other key employees with positions of vice presidents or higher or director;

(g) any sale, assignment or transfer of any Proprietary Assets or other intangible assets of such Group Company, except such sale, assignment or transfer made in the ordinary course of business of such Group Company that do not constitute or result in, the aggregate, a Company Material Adverse Effect;

(h) any resignation or termination of employment with any Key Officers;

(i) any mortgage, pledge, transfer of a security interest in, or Lien created by any Warrantor with respect to any of such Group Company's properties or assets, except for Liens for taxes not yet due or payable;

(j) any Financial Debt (as defined in the Shareholders Agreement) incurred, assumed or guaranteed by such Group Company;

(k) any declaration, setting aside or payment or other distribution in respect of any of such Group Company's Equity Securities, or any direct or indirect redemption, purchase or other acquisition of any of such Equity Securities by such Group Company;

(l) any failure to conduct business in the ordinary course of business;

(m) any transactions with any of its officers, directors or employees, or any Relative of such Person, or any Person Controlled by such Person;

(n) any other event or condition of any character which could reasonably be expected to constitute or result in a Company Material Adverse Effect; or

(o) any agreement or commitment by such Group Company, any Founder Holding Company or the Founders to do any of the things described in this [Section 4.17](#).

#### 4.18 Tax Matters.

(a) General. The provisions for Tax in the respective Financial Statement are sufficient for the payment of all accrued and unpaid applicable Tax of each Group Company, whether or not assessed or disputed as of the date of each such balance sheet. Each Group Company has duly and timely filed all Tax Returns required to have been filed by it and all such Tax Returns are true, correct, and complete in all material respects. Each Group Company has withheld and paid all Tax which are required to be withheld or due and payable (whether or not shown on any Tax Return), including the Tax in connection with any amounts due or owing to any employee, independent contractor, creditor, stockholder or other third party, and no Tax Liens are currently in effect against any of the assets of any Group Company. None of the Group Companies is subject to any waivers of applicable statutes of limitations with respect to Tax for any year. Since the Balance Sheet Date, none of the Group Companies has incurred any Tax, assessments or governmental charges other than in the ordinary course of business and each Group Company has made adequate provisions on its books of account for all Tax, assessments and governmental charges with respect to its business, properties and operations for such period. Any preferential Tax treatment enjoyed by any Group Company on or prior to the Closing has been in compliance with all applicable Law and will not be subject to any retroactive deduction or cancellation except as a result of retroactive effects of changes in applicable Law. None of the Group Companies is treated as a resident for Tax purposes of, or is otherwise subject to income Tax in, a jurisdiction other than the jurisdiction in which it has been established.

(b) Tax Authority. There have been no examinations or audits of any Tax Returns by any applicable Governmental Authority, and no issues relating to Tax of any Group Company were raised by the relevant Governmental Authorities in any completed audit or examination. No written claim has ever been made by any Governmental Authority in a jurisdiction where the Group Companies does not file Tax Returns that any Group Company is or may be subject to taxation by that jurisdiction. None of the Group Companies has received notice of any proposed or determined Tax deficiency or assessment from any Governmental Authority.

4.19 Interested Party Transactions. Except as disclosed in the Company Disclosure Schedule, no Interested Party (a) currently has or has had direct or indirect interests in (i) any Contract to which any Group Company is a party or by which it or its properties may be bound or affected, or (ii) any Person with which any Group Company Competes, is affiliated, or has a business relationship, or (b) is indebted to any Group Company nor is any Group Company indebted (or committed to make loans or extend or guarantee credit) to any Interested Party (other than for accrued salaries, reimbursable expenses or other standard employee benefits).

4.20 Employment Matters.

(a) General. Each Group Company (i) is in compliance in material aspects with all applicable Law respecting employment, employment practices and terms and conditions of employment, including without limitation the applicable PRC Law pertaining to welfare funds, social benefits, medical benefits, insurance, retirement benefits and pensions; (ii) has withheld and reported all amounts required by any applicable Law or any Contract to be withheld and reported with respect to wages, salaries and other payments to employees; (iii) is not liable for any arrear of wages, Tax or penalty for failure to comply with any of the foregoing; and (iv) other than as required by applicable Law, is not liable for any payment to any trust or fund governed by or maintained by or on behalf of any Governmental Authority with respect to unemployment compensation benefits, social security or other benefits or obligations for employees. There are no pending or, to the Knowledge of each Warrantor, threatened or reasonably anticipated Actions against any Group Company under any worker's compensation policy or long-term disability policy. No Group Company has direct or indirect liability with respect to any misclassification of any Person as an independent contractor rather than as an employee.

(b) Employment Relation. Each of officers and other full-time employees of the Group Companies has duly executed an Employment-Related Agreement, which is in full force and effect and binding upon and enforceable against each such person, and to the best Knowledge of the Warrantors, none of the such person or any Group Companies is in violation thereof. None of the Warrantors is aware that any Key Officer intends to terminate his or her employment with any Group Company, or any Group Company has a present intention to terminate the employment of any Key Officer. Except for the ESOP or as required by applicable Laws, there is no share incentive, share option, profit sharing, bonus or other incentive arrangement for or affecting any current or former employee or worker of any Group Company. Except as required by applicable Law, no Group Company has or maintains any employee benefit plan, employee pension plan, medical insurance, or life insurance to which any Group Company contributed or is obligated to contribute thereunder for current or former employees of any Group Company.

4.21 No Other Business.

(a) Company. The Company was formed solely to acquire and hold, directly or indirectly, the Equity Securities of other Group Companies and since its formation has not engaged in any other business and has not incurred any liability in the course of its business of acquiring and holding, directly or in its Equity Securities in the HK Subsidiary.

(b) HK Subsidiary. The HK Subsidiary was formed solely to acquire and hold Equity Securities in the WFOE and since its formation has not engaged in any other business and has not incurred any liability in the course of its business of acquiring and holding its Equity Securities in the WFOE.

(c) PRC Group Companies. The PRC Group Companies are engaged solely in the Principal Business and have no other business activities.

4.22 Minute Books. The minute books of each Group Company which have been made available to the JD Buyco contain a complete summary of all meetings and actions taken by directors, shareholders or owners of such Group Company since its formation, and reflect all transactions referred to in such minutes accurately in all material respects.

4.23 Obligations of Management. Each of the Founders and the Key Officers is currently devoting one hundred percent (100%) of his or her working time to the conduct of the business of the Group Companies. None of the Key Officers, directly or indirectly, owns, manages, is engaged in, operates, Controls, works for, consults with, renders services for, does business with, maintains any interest in (proprietary, financial or otherwise) or participates in the ownership, management, operation, or Control of, any Restricted Business, whether in corporate, proprietorship or partnership form or otherwise, except for the acquisition by a Key Officer, directly or indirectly, of less than one percent (1%) of the outstanding shares of any publicly traded company engaged in a Restricted Business.

4.24 Insolvency. The aggregate assets of each Group Company, at a fair valuation, exceeds or will exceed the aggregate debt of each such entity, as the debt becomes absolute and mature, and each Group Company does not incur or intend to incur, and will not have incurred or intended to incur debt beyond its ability to pay such debt as such debt becomes absolute and matures. There has not been commenced against any Group Company an involuntary case under any applicable national, provincial, city, local or foreign bankruptcy, insolvency, receivership or similar Law now or hereafter in effect, or any Action for the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of such Group Companies or for any substantial part of its property or for the winding up or liquidation of its affairs.

4.25 UN Security Council Resolutions. Neither a Warrantor, nor any Person acting on its or his behalf, has entered into any transaction or engaged in any activity prohibited by any resolution issued by the United Nations Security Council under Chapter VII of the UN Charter.

4.26 Criminal Offenses. Neither a Warrantor, nor any Person acting on its or his behalf whose acts could incur any Warrantor's vicarious liability, has carried out any actions or made any omissions which could result in any Warrantor incurring criminal sanctions.

4.27 Environmental Matters. There are no material social or environmental risks or issues in respect of the Company Operations. None of the Warrantors has received or is aware of (i) any existing or threatened complaint, order, directive, claim, citation or notice from any Governmental Authority, or (ii) any written communication from any Person, in either case, concerning the failure of the Company Operations to comply with any matter covered by any applicable Law.



4.28 No Immunity. Neither a Warrantor nor any of its or his properties enjoys any right of immunity from set-off, suit or execution with respect to its or his obligations under this Agreement and the Transaction Documents.

4.29 Licenses. Unless otherwise disclosed in the Company Disclosure Schedule, each Group Company owns or validly holds all Licenses that are necessary to conduct its business and own and operate its assets and properties as presently conducted and operated and as proposed to be conducted and operated (except for Target Business), the absence of which would have a Company Material Adverse Effect. All Licenses held by each Group Company are valid, binding and in full force and effect. No Group Company is or has at any time been, or has received any notice that it is or has at any time been, in default (or with the giving of notice or lapse of time or both, would be in default) under any such License. All filings and registrations with relevant Governmental Authorities required in respect of each of the Group Companies and its operations and businesses have been duly and timely completed in accordance with all applicable Law in all material respects. To the Knowledge of the Warrantors, the consummation of the transactions contemplated under the Transaction Documents will not result in a termination or revocation of any of the material Licenses of the Group Companies. Each Group Company is in compliance with all material respects of applicable requirements of the competent Governmental Authorities to which it and its business are subject.

4.30 Consents; No Conflict. Except as disclosed in the Company Disclosure Schedule or otherwise disclosed to the JD Parties by the Warrantors in writing, no consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any Governmental Authority or other third party on the part of any Warrantor is required in connection with the execution, delivery and performance of the Transaction Documents and the consummation of the transactions contemplated hereby and thereby, other than those already secured or effected or will be secured or effected prior to the Closing. There is no applicable Law or legal requirement, agreement, judgment, injunction order or decree binding upon any Group Company which has or could reasonably be expected to have the effect of conflicting with or prohibiting or impairing in any material respect any of its current business practices, its acquisition of property or the conduct of its business as it is currently conducted.

4.31 Constitutional Documents. The Constitutional Documents of each Group Company are in the form provided to JD Buyco. Each Group Company has been in compliance with its Constitutional Documents in material respects, to the Knowledge of the Warrantors, none of the Group Companies has violated or breached any of their respective Constitutional Documents in material respects. The register of members and directors of each Group Company (if applicable) is correct. There has been no notice of any proceedings to rectify any such register, and there are no circumstances which might lead to any application for its rectification. All Constitutional Documents required to be filed by each of the Group Companies with the applicable Governmental Authority in respect of the relevant jurisdiction in which such Group Company is being incorporated have been properly made up and filed.

## 5. REPRESENTATIONS AND WARRANTIES OF THE JD BUYCO

5.1 General Representations and Warranties of the JD Buyco. The JD Buyco represents and warrants to the Company as follows:

(a) Due Authorization. The JD Buyco has all requisite power, authority and capacity to enter into this Agreement and the Ancillary Agreements to which it is a party, and to perform its obligations hereunder and thereunder. This Agreement and the Ancillary Agreements to which it is a party have been duly authorized, executed and delivered by the JD Buyco. This Agreement and the Ancillary Agreements to which it is a party, when executed and delivered by the JD Buyco, will constitute valid and legally binding obligations of the JD Buyco, enforceable against the JD Buyco in accordance with its terms and subject, as to enforcement of remedies, to applicable bankruptcy, insolvency, moratorium, reorganization and similar Law affecting creditors' rights generally and to general equitable principles.

(b) Purchase for Own Account. The applicable Purchased Shares will be acquired for the JD Buyco's own account, not as a nominee or agent and not with a view to or in connection with the distribution of any part thereof.

(c) Restricted Securities. The JD Buyco understands that the Purchased Shares being purchased by it and the shares issuable upon conversion of the Purchased Shares are restricted securities within the meaning of Rule 144 under the Securities Act; that the Purchased Shares and the shares issuable upon conversion of the Purchased Shares are not registered or listed publicly and must be held indefinitely unless they are subsequently registered or listed publicly or an exemption from such registration or listing is available.

5.2 Representations and Warranties of the JD Parties. Each of the JD Parties, jointly and severally, hereby represents, warrants and undertakes to each Group Company, except as set forth in the JD Disclosure Schedule (disclosures contained in which shall be deemed to be the exceptions to the JD Warranties to the Group Companies only if such disclosures are fully, specifically and accurately stated therein), as of the date hereof that each of the JD Warranties set out in this Section 5.2 is true, complete and accurate, and not misleading in all respects, and acknowledges that Group Companies are relying on the JD Warranties made by such JD Parties in this Section 5.2 in entering into this Agreement. Each of the JD Warranties made by any JD Party in Section 5.2 shall be construed as a separate and independent JD Warranty. The JD Warranties made by each JD Party in this Section 5.2 shall be deemed to be repeated as of the Closing as if they were made on and as of the Closing and all references therein to the date of this Agreement were references to the Closing, except in either case for those JD Warranties that address matters only as of a particular date, which JD Warranties will have been true, correct and complete as of such particular date. The JD Parties are permitted to supplement the JD Disclosure Schedule by way of the supplemental disclosure to be given as of the Closing, the form and substance of which shall be subject to the agreement by the Group Companies and must be agreed between the Group Companies no less than five (5) days prior to the Closing and, failing such agreement (which shall not be unreasonably withheld or delayed), no material change or supplementation shall be made to the JD Disclosure Schedule.

(a) Organization, Standing and Qualification. Each JD Party is duly organized, validly existing and in good standing (or equivalent status in the relevant jurisdiction) under, and by virtue of, the Law of the place of its incorporation or establishment and has all requisite power and authority to perform each of its obligations hereunder and under each of the Transaction Documents to which it is a party.

(b) Due Authorization. All corporate actions on the part of each JD Party and, as applicable, their respective officers, directors and shareholders necessary for the authorization, execution and delivery of, and the performance of all of its obligations under this Agreement or any Transaction Documents have been taken or will be taken prior to the Closing. Each JD Party has the requisite power, capacity and authority to enter into, execute and deliver this Agreement and each of the Transaction Documents to which it is a party, and to perform all the obligations to be performed by such JD Party hereunder and thereunder. Each of the Transaction Documents, when executed and delivered, will constitute valid and binding obligations of each JD Party to the extent such JD Party is a party to such Contract, enforceable against such JD Party in accordance with its terms.

(c) Consents; No Conflict. Except as disclosed in Transaction Documents (including the JD Disclosure Schedule) or otherwise disclosed by the JD Parties to the Company in writing, (i) no consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any Governmental Authority or other third party on the part of any of the JD Parties or its applicable Affiliates is required in connection with the execution, delivery and performance of the Transaction Documents and the consummation of the transactions contemplated hereby and thereby, other than those already secured or effected or will be secured or effected prior to the Closing; and (ii) there is no applicable Law or legal requirement, agreement, judgment, injunction order or decree binding upon any JD Party or its Affiliates which has or could reasonably be expected to have the effect of prohibiting the transfer of the Transferred Assets or Assumed Contracts.

(d) Compliance with Laws. The operation of the Target Business is and has been, in all material respects, in compliance with all applicable Laws, including but not limited to Anti-Corruption Laws and Privacy Laws, except for any violation of such applicable Laws that does not and would not have, individually or in the aggregate, a JD Material Adverse Effect on the Target Business. To the Knowledge of the JD Parties, none of the JD Parties or their Affiliates has received any written notice from any Governmental Authority regarding any of the foregoing, other than any notice the issues under which have been resolved in all material respects. To the Knowledge of the JD Parties, the JD Parties and their Affiliates have obtained all of the material Governmental Approvals for operation of the Target Business, except for failure to obtain any Governmental Approval that does not and would not have, individually or in the aggregate, a JD Material Adverse Effect on the Target Business.

(e) Title; Personal Property. Save as disclosed in the JD Disclosure Schedule, JD Parties or their Affiliates have good and valid title to all of Transferred Assets, whether tangible or intangible, in each case free and clear of all Liens (other than Permitted Liens). Except as disclosed in the JD Disclosure Schedule, no Person other than a JD Party or its relevant Affiliate owns any interest in any Transferred Assets. All the properties contained in the Transferred Assets are (i) in good condition and repair in all material respects (reasonable wear and tear excepted) and (ii) not obsolete or in need in any respect of renewal or replacement, except for renewal or replacement in the ordinary course of business.

(f) Transferred IP.

(i) Transferred IP. The Schedule E-5 attached hereto set forth the material trademarks, domain names, patents and copyrights necessary to the operation of the Target Business as of the date hereof. To the Knowledge of the JD Parties, each of the JD Parties and their relevant Affiliates owns or otherwise has sufficient rights (including but not limited to the rights of development, maintenance, licensing and sale) to Transferred IP owned by it.

(ii) IP Ownership. Except as disclosed in the JD Disclosure Schedule, all Transferred IP is owned by and registered or applied for solely in the name of an applicable JD Party or its relevant Affiliate, is valid and subsisting and has not been abandoned, and all necessary registration, maintenance and renewal fees with respect thereto and currently due have been satisfied. To the Knowledge of the JD Parties, no JD Party or any of its Affiliates, employees, officers or directors has taken any actions or failed to take any actions that would cause any Transferred IP to be invalid, unenforceable or not subsisting. To the Knowledge of the JD Parties, no Transferred IP is the subject of any Lien, license or other Contract granting rights therein to any other Person, other than Permitted Liens and other than non-exclusive licenses granted in the ordinary course of business. To the Knowledge of the JD Parties, no Transferred IP is subject to any proceeding or outstanding governmental order or settlement agreement or stipulation that (A) restricts in any manner the use, transfer or licensing thereof, or the making, using, sale, or offering for sale of any products or services in respect of the Target Business, or (B) may affect the validity, use or enforceability of such Transferred IP, other than as would not reasonably be expected to have a JD Material Adverse Effect. To the Knowledge of the JD Parties, no JD Party or any of its Affiliates has (x) transferred or assigned any Transferred IP to any Person other than the Group Companies; (y) authorized the joint ownership of, any Transferred IP; or (z) permitted the rights or entitlements of or in any Transferred IP to lapse or enter the public domain.

(iii) Infringement, Misappropriation and Claims. No JD Parties or its applicable Affiliates has received written claim from a third party which disputes the right of the JD Parties or its applicable Affiliate to use the Transferred IP, other than any claim which have been resolved in all material respects. To the Knowledge of the JD Parties, there is no current material infringement by a third party upon any of the Transferred IP.

(iv) Licenses. Except as disclosed in the JD Disclosure Schedule, the Transferred IP do not contain any (i) license, sublicense, and other Contracts to which any JD Party or any JD Party's Affiliate is a party and pursuant to which any third party is authorized to use, exercise or receive any benefit from any Transferred IP, and (ii) license, sublicense and other Contracts to which any JD Party or JD Party's Subsidiary is a party and pursuant to which such JD Party or JD Party's Affiliate is authorized to use, exercise, or receive any benefit from any Proprietary Assets of another Person, in each case except for (x) agreements involving "off-the-shelf" commercially available software, and (y) non-exclusive licenses in the ordinary course of business consistent with past practice.

(v) Protection of IP. Except as disclosed in the JD Disclosure Schedule, each JD Party and its relevant Affiliate has taken reasonable and appropriate steps to (including execution of necessary agreements) protect, maintain and safeguard Transferred IP and made all applicable filings, registrations and payments of fees in connection with the foregoing.

(g) Labor and Employment Matters.

(i) With respect to each Business Employee, the JD Parties have provided Purchaser with a list (the "**Business Employee List**") setting forth, to the extent such information is permitted to be disclosed under applicable Law: (A) title or job/position; (B) job designation; (iii) location of employment; (iv) employment status; (vi) commence date of his/her employment with JD Parties and their Affiliates; and (vii) department of JD Parties and their Affiliates that he or she works for.

(ii) To the Knowledge of the JD Parties, each JD Party or its applicable Affiliates has in relation to each Transferred Employee complied in all material respects with all applicable Laws related to labor or employment, including provisions thereof relating to wages, benefits, retirement, social welfare, and equal opportunity, except for any non-compliance which would not have a JD Material Adverse Effect. There is no pending Action related to the violation or alleged violation of any applicable Laws by a JD Party or its applicable Affiliates related to employment of Transferred Employees which would have a JD Material Adverse Effect.

(iii) There is no now pending strike against any JD Party or its Affiliates in respect to any Transferred Employee.

(iv) Each Transferred Employee has executed labor contracts with JD Parties or their Affiliates. To the Knowledge of the JD Parties, none of the JD Parties or any of their Affiliates has given a written notice to any Transferred Employee alleging a material violation or breach by such Transferred Employee of his or her labor contract or policies of the JD Parties or their Affiliates, other than notices the issues under which have been resolved in all material respects.

(h) Paipai Material Contracts. Schedule E-2 set forth a list of the Paipai Material Contracts. A true, fully-executed copy or the template form of each Paipai Material Contract including all amendments and supplements thereto has been delivered to the Company. To the best Knowledge of the JD Parties, each Paipai Material Contract is a valid and binding agreement of the JD Party or its applicable Affiliates that is a party thereto, the performance of which does not and will not violate any applicable Law in any material respects, and is in full force and effect and enforceable against the parties thereto, except (x) as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, and (y) as may be limited by Laws relating to the availability of specific performance, injunctive relief or other remedies in the nature of equitable remedies. To the Knowledge of the JD Parties, (i) each JD Party or its applicable Affiliate has duly performed its obligations under each Paipai Material Contract in all material respects to the extent that such obligations to perform have accrued; and (ii) no breach or default or alleged breach or alleged default by any party to such Paipai Material Contract with respect thereto, has occurred, or as a result of the execution, delivery, and performance of the Transaction Documents will occur, except in each for any non-performance, breach or default which would not have a JD Material Adverse Effect. No JD Party or any of its Affiliates has given any written notice that it intends to terminate a Paipai Material Contract or that any other party thereto has breached, violated or defaulted under any Paipai Material Contract, except for any notice the claims under which has been solved in all material respects. To the Knowledge of JD Parties, no JD Party or any of its Affiliates has received any written notice that it has breached, violated or defaulted under any Paipai Material Contract or that any other party thereto intends to terminate such Paipai Material Contract, except for any notice the claims under which has been solved in all material respects.

(i) Actions. To the Knowledge of the JD Parties, there is no Action pending against or affecting any JD Party or any of its Affiliates with respect to the Target Business or Transferred Assets, or, any Transferred Employee in connection with such person's respective relationship with such Affiliate of the JD Parties, nor to the Knowledge of the JD Parties is there any basis for any of the foregoing, except in each for any Action which would not have a JD Material Adverse Effect. No Governmental Authority has at any time challenged or questioned in writing the legal right of the operation of the Target Business, except for any challenge or question that has been resolved in all material respects.

(j) Changes. Since April 30, 2019, each JD Party or its Affiliates (A) has operated the Target Business in the ordinary course consistent with its past practice in all material respects, (B) used its reasonable best efforts to preserve the Target Business in all material respects. Since April 30, 2019, there has not been any JD Material Adverse Effect in the way the JD Parties or their Affiliates conduct the Target Business.

(k) No Other Agreements to Sell the Transferred Assets. None of JD Parties nor its Affiliates has any legal obligation, absolute or contingent, to any other Person to sell the Transferred Assets or any portion thereof, to effect any merger, consolidation or other reorganization that would result in a change of ownership or control of the Transferred Assets or to enter into any agreement with respect thereto, except pursuant to this Agreement.

(l) Disclosure. No representation or warranty by the JD Parties in this Agreement and no information or materials provided by the JD Parties or their Affiliates to the Group Companies in connection with the negotiation or execution of this Agreement or any agreement contemplated hereby contains any untrue statement of a fact.

## 6. COVENANTS

6.1 Covenants of the Warrantors. Each of the Warrantors, jointly and severally, covenants to the JD Buyco as follows:

(a) Use of Proceeds from the Sale of Purchased Shares. The proceeds from the issuance and sale of the Purchased Shares shall only be applied or used for the operation and development of the Principal Business and Target Business, and shall in no event be applied or used to repay or settle any other indebtedness owing by any Group Company to any of its shareholders, directors, officers or any other Persons related in whatever respect with any of the foregoing parties which are not indicated in the Financial Statements and the Company Disclosure Schedule without the prior written consent of the JD Buyco.

(b) Business of the Company and the HK Subsidiary. Except as otherwise approved by the Board in accordance with the Restated Articles, the business of the Company shall be restricted to the direct or indirect holding, management and disposition of Equity Securities in other Group Companies and other companies or entities, and the business of the HK Subsidiary shall be restricted to the holding, management and disposition of Equity Securities in the WFOE, HK Co and other companies or entities.

(c) Business of the PRC Group Companies. Except as otherwise approved by the Board in accordance with the Restated Articles, the business of each of the PRC Group Companies shall be restricted to the Principal Business and the Target Business.

(d) Employment-Related Agreement. The Company shall cause each of all existing and future employees of the Group Companies to enter into an Employment-Related Agreement in the form in compliance with the applicable Law. Each PRC Group Company shall at all times keep the minimum number of employees required by applicable Law in order to maintain all Licenses and permits necessary to conduct its any business in the manner as currently and then conducted.

(e) Founders Shares Lock-up. Any Ordinary Shares directly or indirectly held by the Founders (or by the Founder Holding Companies) shall not be transferable except as provided in the Shareholders Agreement.

(f) Compliance.

(i) Compliance with Law. The Warrantors shall cause the Group Companies to, conduct their respective business as now conducted and as proposed to be conducted materially in compliance with all applicable Law on a continuing basis, including but not limited to the Law regarding foreign investments, corporate registration and filing, import and export, customs administration, foreign exchange, advertisement, telecommunication and e-commerce, intellectual property rights, taxation, labor and social welfare, welfare funds, social benefits, medical benefits, insurance, retirement benefits, and pensions or the like.

(ii) SAFE Registration. Each Founder shall, and each Warrantor shall use its best efforts to cause the Founders and any other person participating the ESOP who is a PRC resident and beneficially holds any Equity Securities in the Company to, at the expense of the Founders or such person, fully comply with all requirements of the PRC Governmental Authorities with respect to his or her holding of Equity Securities in the Company on a continuing basis (including, but not limited to, all reporting obligations imposed by and all Approvals, permits, filings, registrations and updates of registration required by the SAFE Rules and Regulations and the PRC Governmental Authorities in connection therewith).

(g) Business Permits or Licenses. Each of the Group Companies shall, and each of the Warrantors shall cause such Group Company to, at all times maintain the appropriate governmental permits or Licenses required to conduct the Principal Business, the Target Business and any other business conducted by the Group Companies at any given time, and shall not permit any Group Company to conduct any business for which it does not have the appropriate governmental permits or licenses. In particular, as soon as practicable following the Closing, the Warrantors shall use their commercially reasonable efforts to cause (i) all the PRC Group Companies and their branches operating the business recycling of waste or second hand materials to, add description of “recycling of waste or second hand materials (废旧物资回收)” or similar language into business scope stated in the business license of such companies; (ii) all the PRC Group Companies and their branches operating the business of renewable resources recycling to obtain the necessary Approvals according to applicable Laws; (iii) all the PRC Group Companies and their branches operating the Principal Business to complete the filings with each local public security department where they operate the recycling business once such local public security department accepts the filings from the respective PRC Group Companies and their branches; and (iv) the Domestic Enterprise to obtain the Value-Added Telecommunication Business Operation License with the business scope covering the online data processing and transaction processing business.

(h) Tax Matters. The Company will comply and will cause any and all Group Companies to comply on an annual basis with respect to its taxable year with all record-keeping, reporting, and other requirements necessary for the Company and any Group Companies to comply with any applicable Tax Law or to allow any direct or indirect shareholder or owner to avail itself of any applicable provision of Tax Law. The Company will also provide the JD Buyco with necessary documentation or information requested by the JD Buyco to allow the JD Buyco or its direct or indirect shareholder to comply with applicable Tax Law.

(i) Obligations of Management; Non-Compete and Non-Solicitation.

(i) Non-compete. Each Founder shall, and each Warrantor shall cause each Founder to, devote his full time and attention to the business of the Group Companies and will use his best efforts to develop the business and interests of the Group Companies. The Founders hereby covenant and undertake that, during the period when he is holding any office in and/or has any direct or indirect interest in any Group Company (whichever is longer) and for a further period of twenty-four (24) months thereafter, he shall not, directly or indirectly through any Affiliate or Associate, own, manage, be engaged in, operate, Control, work for, consult with, render services for, do business with, maintain any interest in (proprietary, financial or otherwise) or participate in the ownership, management, operation, or Control of, any business, whether in corporate, proprietorship or partnership form or otherwise, that is related to the Principal Business or Target Business or otherwise Competes with any Group Company.

(ii) Non-solicitation. Each Founder further covenants and undertakes that, he shall not cause, solicit, induce or encourage any employees of the Group Companies to leave such employment or hire, employ or otherwise engage any such individual, or cause, induce or encourage any material actual or prospective client, customer, supplier, licensee or licensor of the Group Companies or any other Person who has a material business relationship with the Group Companies, to terminate or modify to the detriment of the Group Companies any such relationship.

(j) Keeping Records and Books of Account. Each Group Company will keep adequate records and books of account, in which complete entries will be made on a consistent basis in accordance with the GAAP and the IFRS or other accounting principles as approved pursuant to the Shareholders Agreement, reflecting all financial transactions of the Group Companies, to the extent required by the GAAP and the IFRS or such other accounting principles, and in which, for each fiscal year, all proper reserves for depreciation, depletion, obsolescence, amortization, taxes, bad debts and other purposes in connection with its business shall be made in accordance with the GAAP and the IFRS or such other accounting principles.

(k) Transfer of Domain Name. The Warrantors shall procure JIANG Wenhua to transfer the domain name (paijitang.com) to the Group Companies as soon as practical after the Closing (in any event within two (2) months after the Closing).

(l) Cybersecurity Compliance. The Group Companies shall formulate a cybersecurity legal compliance plan within three (3) months after the Closing or other period as mutually agreed by the Company and the JD Buyco, and the Group Companies shall resolve the issues identified in such compliance plan, within six (6) months after the Closing or other period as mutually agreed by the Company and the JD Buyco, in a reasonably practical manner.

(m) Paid-up Capital of the WFOE. The Group Companies shall procure the shareholder of the WFOE to pay up the registered capital of the WFOE or to amend the articles of the WFOE to extend the period of the capital contribution as soon as practical after the Closing (in any event within three (3) months after the Closing).

(n) Removal from the List of Enterprises Operating Abnormally. The Group Companies shall procure the Beijing branch of the Domestic Enterprise to be removed from the list of enterprises operating abnormally as soon as practical after the Closing (in any event within three (3) months after the Closing).



(o) Execution of Control Documents. Within two (2) months after the Closing, the WFOE shall enter into a series of control documents with Shenzhen Lvchuang and the then effective shareholders of Shenzhen Lvchuang, including Exclusive Business Cooperation Agreement (《独家业务合作协议》), Exclusive Option Agreement (《独家购买权协议》), Equity Pledge Agreement (《股权质押协议》), Power of Attorney (《授权委托书》).

(p) Payment of Loan. Within two (2) months after the Closing, the Warrantors shall procure the relevant Group Company and each of Beijing Xichen Technology Co., Ltd. (北京希辰科技有限公司, “Xichen”) and Jinsong (Shanghai) Network Information Technology Co., Ltd. (晋松(上海)网络信息技术有限公司, “Jinsong”) to enter into an agreement under which Xichen and Jinsong shall undertake to pay back all the loans owed to the relevant Group Company within two (2) years after the Closing.

(q) Additional Covenants. Except as required by this Agreement, no resolution of the directors, owners, members, partners or shareholders of the Group Companies shall be passed, nor shall any Contract be entered into, in each case, prior to the Closing without the prior written consent of the JD Buyco, except that each Group Company may carry on its respective business in the same manner as heretofore and may pass resolutions and enter into Contracts so long as they are effected in the ordinary course of business. If at any time before the Closing, any Warrantor comes to know of any material fact or event which:

(i) is inconsistent with any of the Company Warranties given by any Warrantor,

(ii) suggests that any fact warranted may not be as warranted or may be misleading, or

(iii) might affect the willingness of a prudent investor to purchase the Purchased Shares or the amount of consideration which the JD Buyco would be prepared to pay for the Purchased Shares,

such Warrantor shall give immediate written notice thereof to the JD Buyco in which event the JD Buyco may terminate this Agreement with respect to itself by written notice to the other Parties without any penalty whatsoever and without prejudice to any rights that the JD Buyco may have under this Agreement or applicable Law.

#### 6.2 Covenant related to Transferred Assets.

(a) Use of Assumed Name. From and after the Closing, unless otherwise contemplated by the Transaction Documents, JD Parties (including their Affiliates and Subsidiaries) shall cease to do business by using the names of “Paipai”, “拍拍”, “拍拍二手”, “拍拍回收”, and all the trade names and trademarks contained in the Transferred IP (collectively, the “Assumed Names”), and JD Parties (including their Affiliates and Subsidiaries) will refrain from using the Assumed Names (including, without limitation, using any letterhead, business cards, stationary, or other items that contain the Assumed Names) without the express permission of the Company. Upon the reasonable request of Company after the Closing, the JD Parties (including their Affiliates and Subsidiaries) shall change their applicable Affiliates’ or Subsidiaries’ name to a name that does not contain and is not otherwise similar to the Assumed Names.

(b) Non-assignable Assets.

(i) None of JD Parties and their Affiliates will be required to transfer any Transferred Assets which by its terms or by law is not assignable or transferable without the consent or approval of any Governmental Authority or other third party or satisfaction of any other condition or is cancelable by a third party in the event of an assignment or transfer (a “**Non-assignable Asset**”), unless and until such consent or approval shall have been obtained or condition satisfied.

(ii) Each of JD Parties and their Affiliates and the Group Companies shall use its commercially reasonable efforts to obtain any consent or approval that may be required and to satisfy a condition necessary to the assignment or transfer of a Non-assignable Asset to the Group Companies. The JD Parties and the Group Companies shall keep each other fully informed in a timely manner as to all developments regarding such consents and approvals.

(iii) Unless and until any such consent or approval that may be required is obtained or condition satisfied, to the extent permitted by applicable Law and by the terms of the applicable Non-assignable Asset, each of JD Parties and their relevant Affiliates or the Group Companies shall cooperate and use its commercially reasonable efforts to establish an arrangement under which the Group Companies would obtain the rights and benefits and assume the corresponding liabilities and obligations under such Non-assignable Asset (including by means of any subcontracting, sublicensing or subleasing arrangement, as applicable) from the Closing.

(iv) If and when the applicable consents or approvals, the absence of which caused the deferral of transfer of any Non-assignable Asset pursuant to this Section 6.2(b), are obtained, the transfer of the applicable Non-assignable Asset to the Group Companies shall automatically and without further action be effected in accordance with the terms of Implementation Agreements.

(c) Further Assurances. Subject to the terms and conditions of this Agreement, JD Parties and the Company will, and cause their respective Subsidiaries and Affiliates to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary to consummate the transactions contemplated by this Agreement and the Transaction Documents and to assure the Group Companies acquiring Transferred Assets and the ownership, possession and control by the Group Companies of all of the Transferred Assets, at or as promptly as practicable following the Closing. At and after the Closing, and subject to the provisions of this Agreement, JD Parties and the Company agree to execute and deliver such other documents, certificates, agreements and other writings and to take such other actions as may be necessary or desirable in order to implement the transactions contemplated by this Agreement and the other Transaction Documents.

(d) **Undisclosed Assets.** If within twelve (12) months after the Closing hereof, JD Parties or any of its Affiliates shall determine that any fixed assets or intellectual property of any of them, or any Contract to which any of them is a party, which on the date hereof relates to the Transferred Assets or is used exclusively in the Target Business, has not been transferred or assigned to the Group Companies, then JD Parties shall as soon as reasonably practicable disclose the existence and nature of such asset or Contract to the Company, and provide all information reasonably requested by the Company with respect thereto. Following such disclosure, the Company may, at its sole discretion, determine to have such asset or Contract transferred to one of the Group Companies, or assigned to one of the Group Companies, as the case may be, in which case JD Parties shall cause the transfer or assignment of such asset or Contract (subject to receipt of any required Approvals) to applicable Group Company. No additional consideration shall be payable by any Group Company with respect thereto unless otherwise agreed by the applicable JD Party and Group Company.

(e) **Employee Matters.** On or after the date of Closing, the applicable Group Company shall provide each Business Employee on the Business Employee List with an offer (the “**Employment Offer**”) of employment. Each Business Employee who accepts any Group Company’s offer of employment and who becomes an employee of such Group Company shall be a “**Transferred Employee**”. JD Parties and the Group Companies shall cooperate in effecting the Transferred Employees’ transfer of employment from JD Parties or their Affiliates to the Group Companies in accordance with the Transition Service Agreement.

(f) **Excluded Assets.** Notwithstanding any provision in this Agreement, the Parties herby agree that the Group Companies are not assuming any Excluded Assets and all such rights, liabilities and obligations shall be retained by and remain rights, liabilities and obligations the JD Parties and their Affiliates.

(g) **No Impairment.** With respect to the Transferred Assets and Transferred Employees to be actually transferred after the Closing, the JD Parties covenant and undertake that, before actual transfer date of such Transferred Assets and Transferred Employees:

(i) the JD Parties shall not, and shall procure their Affiliates not to, willfully and intentionally damage the Transferred Assets;

(ii) the JD Parties shall not, and shall procure their Affiliates not to, sell, transfer, assign, license, grant any other rights (including any covenant not to sue) under, or otherwise dispose of (including, by merger, consolidation or sale of stock or assets), abandon, permit to lapse, permit to be subject to any Lien of the Transferred Assets, other than in accordance with the Transaction Documents or otherwise mutually agreed with the Company;

(iii) the JD Parties shall take all necessary actions to ensure that each of their relevant Affiliates which have title to the Transferred Assets or employ the Transferred Employees, on an on-going basis, (A) is existing, to the extent the non-existence of such Affiliate will adversely affect the transfer of the relevant Transferred Assets or Transferred Employees; (B) is duly authorized and has requisite power, capacity and authority to enter into, execute and deliver each of the Transaction Documents to which it is a party, and to perform all the obligations to be performed by it thereunder.

#### 7. CONDITIONS TO JD BUYCO’S OBLIGATIONS AT THE CLOSING

The obligations of the JD Buyco to consummate the transactions under Section 2.1 of this Agreement are subject to the fulfillment, to the satisfaction of the JD Buyco on or prior to the Closing, or waiver by the JD Buyco, of the following conditions:

7.1 Representations and Warranties True and Correct. The Company Warranties made by the Warrantors in Section 4 shall be, in all material respects, true and correct and complete when made, and shall be, in all material respects, true and correct and complete as of the Closing with the same force and effect as if they have been made on and as of the Closing.

7.2 Performance of Obligations. Each Warrantor shall have, in all material respects, performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before the Closing.

7.3 Proceedings and Documents. All corporate and other proceedings in connection with the transactions contemplated hereby and all documents and instruments incidental to such transactions shall be satisfactory in substance and form to the JD Buyco.

7.4 Consents and Waivers. Each Warrantor shall have obtained any and all corporate authorizations and consents of third parties (other than any Approval which shall be obtained after the Closing pursuant to the Transaction Documents) necessary for the consummation of the transactions contemplated hereby, including but not limited to waivers of any consent rights, anti-dilution rights, rights of first refusal, preemptive rights and all similar rights in connection with the issuance of the Purchased Shares at the Closing, each of which shall be in full force and effect as of the Closing, and shall have delivered copies of the foregoing to the JD Buyco.

7.5 Adoption of Restated Articles. The Restated Articles shall have been duly adopted by the Company by all necessary corporate actions of the Board and its shareholders and delivered to the JD Buyco.

7.6 Board of Directors. On or prior to the Closing, the Board of the Company shall be composed in accordance with Section 1.2 of the Shareholders Agreement.

7.7 Execution of Transaction Documents. At the Closing, the Company shall have delivered to the JD Buyco all the Transaction Documents duly executed by the Company and all other parties thereto (except for the JD Buyco) including the Shareholders Agreement in the form attached hereto as Exhibit B.

7.8 No Company Material Adverse Effect. There shall have been no Company Material Adverse Effect since the date of this Agreement.

7.9 Labor Contracts of Key Officers. The Group Companies shall have entered into a labor contract, non-compete agreement and confidentiality agreement with each Key Officer with a validity period of not less than three (3) years from the Closing, in form and substance to the satisfaction of JD Buyco.

7.10 Compliance Certificate. The Warrantors that are parties to this Agreement shall have jointly delivered to the JD Buyco a certificate dated as of the Closing, certifying that the conditions to the Closing set forth in Sections 7 have been satisfied.

#### 8. CONDITIONS TO COMPANY' OBLIGATIONS AT THE CLOSING

The obligations of the Company to consummate the transactions under Section 2.1 of this Agreement are subject to the fulfillment, to the satisfaction of the Company on or prior to the Closing, or waiver by the Company, of the following conditions:

8.1 Representations and Warranties True and Correct. The representations and warranties made by JD Parties in Section 5 shall be, in all material respects, true and correct and complete when made, and shall be, in all material respects, true and correct and complete as of the Closing with the same force and effect as if they have been made on and as of the Closing.

8.2 Performance of Obligations. Each of the JD Parties shall have, in all material respects, performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before the Closing.

8.3 Consents and Waivers. Each of the JD Parties shall have obtained any and all corporate authorizations and consents of third parties (other than any Approval which shall be obtained after the Closing pursuant to the Transaction Documents) necessary for the consummation of the transactions contemplated hereby, each of which shall be in full force and effect as of the Closing.

8.4 Execution of Transaction Documents. At the Closing, each of the JD Parties shall have delivered to applicable Warrantors all the Transaction Documents, duly executed by such Person and all other parties thereto.

8.5 No JD Material Adverse Effect. There shall have been no JD Material Adverse Effect since the date of this Agreement.

8.6 Compliance Certificate. The JD Parties shall have jointly delivered to the Company a certificate dated as of the Closing, certifying that the conditions to the Closing set forth in Sections 8 have been satisfied.

#### 9. INDEMNITY

The Parties hereby agree to the provisions set forth in Schedule G, which is incorporated hereby into this Agreement.

#### 10. MISCELLANEOUS

10.1 Governing Law. This Agreement shall be governed by and construed exclusively in accordance with the Law of Hong Kong without regard to its principles of conflicts of laws.

10.2 Survival. The Company Warranties and JD Warranties shall survive the Closing for a period of twenty-four (24) months, except that the Fundamental Company Warranties and the Fundamental JD Warranties shall survive until the expiration of the applicable statute of limitation under applicable Laws.

10.3 Successors and Assigns. Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors and administrators of the Parties hereto whose rights or obligations hereunder are affected by such amendments. This Agreement and the rights and obligations therein may not be assigned by the JD Buyco without the written consent of the Company except to the JD Buyco's Affiliates. This Agreement and the rights and obligations therein may not be assigned by any Warrantor without the written consent of the JD Parties.

10.4 Entire Agreement. This Agreement and the Transaction Documents, including the schedules and exhibits hereto and thereto, which are hereby expressly incorporated herein by this reference, constitute the entire understanding and agreement between the Parties with regard to the subjects hereof and thereof; provided, however, that nothing in this Agreement or Transaction Documents shall be deemed to terminate or supersede the provisions of any confidentiality and nondisclosure agreements executed by the Parties hereto prior to the date hereof, which agreements shall continue in full force and effect until terminated in accordance with their respective terms.

10.5 Notices. Except as may be otherwise provided herein, all notices, requests, waivers and other communications made pursuant to this Agreement shall be in writing and shall be conclusively deemed to have been duly given (a) when hand delivered to the other Party, upon delivery; (b) when sent by facsimile at the number set forth in Schedule F hereto, upon receipt of confirmation of error-free transmission; (c) seven (7) Business Days after deposit in the mail as air mail or certified mail, receipt requested, postage prepaid and addressed to the other Party as set forth in Schedule F; (d) three (3) Business Days after deposit with an overnight delivery service, postage prepaid, addressed to the Parties as set forth in Schedule F with next-business day delivery guaranteed, provided that the sending Party receives a confirmation of delivery from the delivery service provider; or (e) when sent by email at the email address set forth in Schedule F hereto, upon sending by email (without errors in transmission), if sent on a Business Day and during normal business hours of the recipient, otherwise on the next Business Day. Each Person making a communication hereunder by facsimile shall promptly confirm by telephone to the Person to whom such communication was addressed each communication made by it by facsimile pursuant hereto but the absence of such confirmation shall not affect the validity of any such communication. A Party may change or supplement the addresses given above, or designate additional addresses, for purposes of this Section 10.5 by giving, the other Party written notice of the new address in the manner set forth above.

10.6 Amendments. Any term of this Agreement may be amended only with the written consents of the Parties hereto.

10.7 Delays or Omissions; Waivers. No delay or omission to exercise any right, power or remedy accruing to any Party hereto, upon any breach or default of any Party hereto under this Agreement, shall impair any such right, power or remedy of such Party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of any similar breach of default thereafter occurring; nor shall any waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit or Approval of any kind or character on the part of any Party of any condition or breach of default under this Agreement must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law or otherwise afforded to any Party shall be cumulative and not alternative.

10.8 Finder's Fees. Each Party represents and warrants to the others that it has retained no finder or broker in connection with the transactions contemplated by this Agreement and hereby agrees to indemnify and to hold harmless the other Parties from and against any liability for any commission or compensation in the nature of a finder's fee of any broker or other Person or firm (and the costs and expenses of defending against such liability or asserted liability) for which the indemnifying Party or any of its employees or representatives are responsible.

10.9 Interpretation; Titles and Subtitles. This Agreement shall be construed according to its fair language. The rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not be employed in interpreting this Agreement. The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement. Unless otherwise expressly provided herein, all references to Sections and Exhibits herein are to Sections and Exhibits of this Agreement. Unless a provision hereof expressly provides otherwise: (i) the term "or" is not exclusive; (ii) the terms "herein", "hereof", and other similar words refer to this Agreement as a whole and not to any particular section, subsection, paragraph, clause, or other subdivision; and (iii) the masculine, feminine, and neuter genders will each be deemed to include the others.

10.10 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

10.11 Severability. If any provision of this Agreement is found to be invalid or unenforceable, then such provision shall be construed, to the extent feasible, so as to render the provision enforceable and to provide for the consummation of the transactions contemplated hereby on substantially the same terms as originally set forth herein, and if no feasible interpretation would save such provision, it shall be severed from the remainder of this Agreement, which shall remain in full force and effect unless the severed provision is essential to the rights or benefits intended by the Parties. In such event, the Parties shall use best efforts to negotiate, in good faith, a substitute, valid and enforceable provision or agreement which most nearly affects the Parties' intent in entering into this Agreement.

10.12 Confidentiality and Non-Disclosure. None of the Warrantors may represent JD Buyco's views on any matter, or use the JD Buyco's name in any written material provided to third parties, without the JD Buyco's prior written consent. The Parties hereto agree to be bound by the confidentiality and non-disclosure provisions of Section 6 of the Shareholders Agreement. Each Warrantor shall expressly inform any Person to whom it discloses any information under this Section 10.12 of the restrictions set out herein with regards disclosure of such information and shall procure their compliance with the terms of this Section 10.12 as if they each were party to this Agreement as such Warrantor and such Warrantor shall be responsible for any breach by any such Person of the provisions of this Section 10.12.

10.13 Further Assurances. Each Party shall from time to time and at all times hereafter make, do, execute, or cause or procure to be made, done and executed such further acts, deeds, conveyances, consents and assurances without further consideration, which may reasonably be required to effect the transactions contemplated by this Agreement.

10.14 Dispute Resolution.

(a) Any dispute, controversy or claim arising out of or relating to this Agreement, or the interpretation, breach, termination or validity hereof, shall first be subject to resolution through consultation of the parties to such dispute, controversy or claim. Such consultation shall begin within seven (7) days after one Party hereto has delivered to the other Parties involved a written request for such consultation. If within thirty (30) days following the commencement of such consultation the dispute cannot be resolved, the dispute shall be submitted to arbitration upon the request of any Party with notice to the other Parties.

(b) The arbitration shall be conducted in Hong Kong under the auspices of the HKIAC. There shall be three arbitrators. The complainant and the respondent to such dispute shall each select one arbitrator within thirty (30) days after giving or receiving the demand for arbitration. Such arbitrators shall be freely selected, and the Parties shall not be limited in their selection to any prescribed list. The Chairman of the HKIAC shall select the third arbitrator, who shall be qualified to practice Law in Hong Kong. If either party to the arbitration does not appoint an arbitrator who has consented to participate within thirty (30) days after selection of the first arbitrator, the relevant appointment shall be made by the Chairman of the HKIAC.

(c) The arbitration proceedings shall be conducted in English and Chinese. The arbitration tribunal shall apply the arbitration rules of the HKIAC (the “**Rules**”) in effect at the time of the arbitration. However, if such Rules are in conflict with the provisions of this Section 10.14, including the provisions concerning the appointment of arbitrators, the provisions of this Section 10.14 shall prevail.

(d) The arbitrators shall decide any dispute submitted by the parties to the arbitration strictly in accordance with the substantive Law of Hong Kong and shall not apply any other substantive law.

(e) Each Party hereto shall cooperate with any Party to the dispute in making full disclosure of and providing complete access to all information and documents requested by such Party in connection with such arbitration proceedings, subject to any confidentiality obligations binding on the Party receiving the request.

(f) The award of the arbitration tribunal shall be final and binding upon the disputing parties, and any party to the dispute may apply to a court of competent jurisdiction for enforcement of such award.

(g) Any party to the dispute shall be entitled to seek preliminary injunctive relief, if possible, from any court of competent jurisdiction pending the constitution of the arbitral tribunal.

(h) The costs and expenses of the arbitration, including the fees of the arbitrators, shall in the first instance be borne equally by the Parties that are the parties to the dispute, and each Party shall in the first instance pay its own fees, disbursements and other charges of its counsel, and the liability for such costs and expenses of the arbitration and the parties’ fees, disbursement and counsel charges shall be borne by the party or parties as determined by the arbitrators in the award.

**10.15 Immunity.** To the extent any Warrantor may be entitled in any jurisdiction to claim for itself or its assets immunity in respect of its obligations under this Agreement or any Transaction Document from any suit, execution, attachment (whether provisional or final, in aid of execution, before judgment or otherwise) or other legal process or to the extent that in any jurisdiction that immunity (whether or not claimed) may be attributed to it or its assets, such Warrantor irrevocably agrees not to claim and irrevocably waives such immunity to the fullest extent permitted now or in the future by the Law of such jurisdiction.

**10.16 Expenses.** Within five (5) days after receipt of the full Purchase Price as indicated opposite JD Buyco’s name on Schedule A, the Company shall reimburse the Investor Transaction Expenses to JD Buyco (except that if the Closing does not occur due to the reasons solely attributable to JD Buyco, the Company may not reimburse the Investor Transaction Expenses to JD Buyco) provided that such reimbursements do not exceed RMB1,500,000 in the aggregate.



10.17 Termination.

(a) This Agreement may be terminated by the Company by written notice to the JD Buyco if the Closing has not occurred due to any reasons solely attributable to the JD Buyco by July 31, 2019.

(b) This Agreement may be terminated by the JD Buyco by written notice to the other Parties pursuant to Section 3.5.

(c) Any termination under this Section 10.17 shall be without prejudice to any claims for damages or other remedies that the Parties may have under this Agreement or applicable Law.

(d) Without prejudice to paragraph (c) above, in the case of termination, each relevant Party's further rights and obligations hereunder shall terminate immediately save that the provisions of Section 9, Section 10.1, Section 10.2, Section 10.5, Section 10.12, Section 10.14, Section 10.16 and this Section 10.17 shall survive such termination.

**- REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK -**

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**COMPANY:**

**AMUISHOU INTERNATIONAL CO. LTD.**

By: /s/ CHEN Xuefeng

Name: CHEN Xuefeng (陈雪峰)

Title: Director

**HK SUBSIDIARY:**

**AIHUISHOU INTERNATIONAL COMPANY LIMITED**

By: /s/ CHEN Xuefeng

Name: CHEN Xuefeng (陈雪峰)

Title: Director

**DOMESTIC ENTERPRISE:**

**Shanghai Yueyi Network Information Technology Co., Ltd. (上海悦易网络信息技术有限公司) (Company Seal)**

/s/ Shanghai Yueyi Network Information Technology Co., Ltd.

Seal of Shanghai Yueyi Network Information Technology Co., Ltd.

By: /s/ CHEN Xuefeng

Name: CHEN Xuefeng (陈雪峰)

Title: Legal Representative

**HK CO:**

**AHS DEVICE HONG KONG LIMITED**

By: /s/ CHEN Xuefeng

Name: CHEN Xuefeng (陈雪峰)

Title: Director

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**DOMESTIC SUBSIDIARIES:**

**Shanghai Yueyi Network Information Technology Co., Ltd. (上海悦亿网络信息技术有限公司) (Company Seal)**

/s/ Shanghai Yueyi Network Information Technology Co., Ltd.

Seal of Shanghai Yueyi Network Information Technology Co., Ltd.

By: /s/ CHEN Yike

Name: CHEN Yike (陈逸轲)

Title: Legal Representative

**Changzhou Yueyi Network Information Technology Co., Ltd. (常州悦亿网络信息技术有限公司) (Company Seal)**

/s/ Changzhou Yueyi Network Information Technology Co., Ltd.

Seal of Changzhou Yueyi Network Information Technology Co., Ltd.

By: /s/ CHEN Yike

Name: CHEN Yike (陈逸轲)

Title: Legal Representative

**Yueyi Commercial Factoring (Shenzhen) Co., Ltd. (乐易商业保理 (深圳) 有限公司) (Company Seal)**

/s/ Yueyi Commercial Factoring (Shenzhen) Co., Ltd.

Seal of Yueyi Commercial Factoring (Shenzhen) Co., Ltd.

By: /s/ CHEN Yike

Name: CHEN Yike (陈逸轲)

Title: Legal Representative

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**WFOE:**

**Shanghai Aihui Trading Co., Ltd. (上海艾慧商贸有限公司) (Company Seal)**

/s/ Shanghai Aihui Trading Co., Ltd.

Seal of Shanghai Aihui Trading Co., Ltd.

By: /s/ CHEN Xuefeng

Name: CHEN Xuefeng (陈雪峰)

Title: Legal Representative

**WFOE SUBSIDIARY:**

**Shanghai Yueou Information Technology Co., Ltd. (上海悦欧信息技术有限公司) (Company Seal)**

/s/ Shanghai Yueou Information Technology Co., Ltd.

Seal of Shanghai Yueou Information Technology Co., Ltd.

By: /s/ CHEN Xuefeng

Name: CHEN Xuefeng (陈雪峰)

Title: Legal Representative

Signature Page to Series E Preferred Share Purchase Agreement

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**FOUNDERS:**

/s/ SUN Wenjun

SUN Wenjun (孙文俊)

/s/ CHEN Xuefeng

CHEN Xuefeng (陈雪峰)

**FOUNDER HOLDING COMPANIES:**

**S&WJ GROUP LIMITED**

By: /s/ SUN Wenjun

Name: SUN Wenjun (孙文俊)

Title: Director

**C&XF GROUP LIMITED**

By: /s/ CHEN Xuefeng

Name: CHEN Xuefeng (陈雪峰)

Title: Director

Signature Page to Series E Preferred Share Purchase Agreement

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**JD PARENT:**

**JD.com, Inc.**

By: /s/ LIU Qiangdong  
Name: LIU Qiangdong  
Title: Authorized Signatory

**JD BUYCO:**

**JD.com Development Limited**

By: /s/ WANG Nani  
Name: WANG Nani  
Title: Authorized Signatory

Signature Page to Series E Preferred Share Purchase Agreement

**SCHEDULE A**

**Number of Purchased Shares**  
27,500,098

**Purchase Price (US\$)**  
20,114,688

Schedule A



**SCHEDULE B**

**LIST OF KEY OFFICERS**

<b>Name of Key Officer</b>	<b>Passport/PRC ID Number</b>	<b>Title</b>
CHEN Xuefeng (陈雪峰)	***	CEO
SUN Wenjun (孙文俊)	***	President
QIU Jiawen (仇佳文)	***	Senior Software Engineer
ZHENG Fujiang (郑甫江)	***	President
WANG Dengting (王登庭)	***	Vice President
FENG Xiaohui (冯小晖)	***	Vice President
DU Xiaochen (杜晓忱)	***	Vice President
GUO Jingwei (郭经纬)	***	Vice President
LUO Taiqiang (罗泰强)	***	Vice President

**Schedule B**

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**SCHEDULE C-1**

**COMPANY DISCLOSURE SCHEDULE**

**Schedule C**

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**SCHEDULE C-2**

**JD DISCLOSURE SCHEDULE**

**Schedule C**

**SCHEDULE D****CAPITALIZATION TABLE****AS OF THE EXECUTION DATE OF THIS AGREEMENT**

<b>Shareholders</b>	<b># of Shares</b>	<b>%</b>
<i>Ordinary Shares</i>		
S&WJ Group Limited	4,832,367	4.3115%
C&XF Group Limited	13,283,317	11.8514%
Morningside China TMT Fund II, L.P.	369,034	0.3292%
International Finance Corporation	297,902	0.2658%
<i>ESOP</i>		
ESOP	21,920,964	19.5580%
<i>Series A Preferred Shares</i>		
Morningside China TMT Fund II, L.P.	9,497,040	8.4733%
<i>Series B-1 Preferred Shares</i>		
Morningside China TMT Fund II, L.P.	1,758,711	1.5691%
<i>Series B-2 Preferred Shares</i>		
Morningside China TMT Fund II, L.P.	2,879,784	2.5693%
<i>Series B-3 Preferred Shares</i>		
International Finance Corporation	2,948,341	2.6305%
<i>Series C-1 Preferred Shares</i>		
Morningside China TMT Top Up Fund, L.P.	1,825,679	1.6289%
International Finance Corporation	921,671	0.8223%
<i>Series C-2 Preferred Shares</i>		
Tiantu China Consumer Fund I, L.P.	7,450,811	6.6476%
JD.com Development Limited	7,450,811	6.6476%
EAGLE INTELLIGENCE LIMITED	2,197,879	1.9610%
<i>Series C-3 Preferred Shares</i>		
Euro Eco Limited (欧之碧有限公司)	5,653,534	5.0441%
JD.com Development Limited	5,564,491	4.9647%
Qianhai Ark (Cayman) Investment Co. Limited	1,262,446	1.1264%
YYT CAPITAL Inc.	563,845	0.5031%
Tiantu China Consumer Fund II, L.P.	429,089	0.3828%
深圳市达晨创投股权投资基金合伙企业 (有限合伙) (warrant)	2,819,225	2.5153%
宁波梅山保税港区元晓投资管理合伙企业 (有限合伙) (warrant)	2,255,380	2.0123%
北京天图兴北投资中心 (有限合伙) (warrant)	3,383,070	3.0184%
上海晨熹创业投资中心 (有限合伙) (warrant)	1,884,511	1.6814%
上海景林景惠股权投资中心 (有限合伙) (warrant)	563,845	0.5031%

**Schedule D**

<i>Series D-1 Preferred Shares</i>		
JD.com Development Limited	2,115,755	1.8877%
<i>Series D-2 Preferred Shares</i>		
Internet Fund IV Pte. Ltd.	7,952,405	7.0952%
<b>Total</b>	<b>112,081,907</b>	<b>100.00%</b>

**Note:** CHEN Xuefeng (陈雪峰), Shanghai Jinglin Jinghui Equity Investment Center (Limited Partnership) (上海景林景惠股权投资中心(有限合伙)) (“Greenwoods”) and the Domestic Enterprise have entered into an Equity Transfer Framework Agreement (《股权转让框架协议》) on July 21, 2017. As confirmed in the written resolution of the shareholders of the Company on July 5, 2018, CHEN Xuefeng (陈雪峰) intends to procure C&XF Group Limited to, transfer 992,513 Ordinary Shares held by it to Greenwoods in replacement of the equity transfer as provided in Equity Transfer Framework Agreement (《股权转让框架协议》).

**Schedule D**

## CAPITALIZATION TABLE

AFTER THE CLOSING ASSUMING ALL THE AUTHORIZED SERIES E  
PREFERRED SHARES HAVING BEEN SUBSCRIBED

<b>Shareholders</b>	<b># of Shares</b>	<b>%</b>
<i>Ordinary Shares</i>		
S&WJ Group Limited	4,832,367	3.4006%
C&XF Group Limited	13,283,317	9.3476%
Morningside China TMT Fund II, L.P.	369,034	0.2597%
International Finance Corporation	297,902	0.2096%
<i>ESOP</i>		
ESOP	21,920,964	15.4260%
<i>Series A Preferred Shares</i>		
Morningside China TMT Fund II, L.P.	9,497,040	6.6832%
<i>Series B-1 Preferred Shares</i>		
Morningside China TMT Fund II, L.P.	1,758,711	1.2376%
<i>Series B-2 Preferred Shares</i>		
Morningside China TMT Fund II, L.P.	2,879,784	2.0265%
<i>Series B-3 Preferred Shares</i>		
International Finance Corporation	2,948,341	2.0748%
<i>Series C-1 Preferred Shares</i>		
Morningside China TMT Top Up Fund, L.P.	1,825,679	1.2847%
International Finance Corporation	921,671	0.6486%
<i>Series C-2 Preferred Shares</i>		
Tiantu China Consumer Fund I, L.P.	7,450,811	5.2432%
JD.com Development Limited	7,450,811	5.2432%
EAGLE INTELLIGENCE LIMITED	2,197,879	1.5467%
<i>Series C-3 Preferred Shares</i>		
Euro Eco Limited (欧之碧有限公司)	5,653,534	3.9785%
JD.com Development Limited	5,564,491	3.9158%
Qianhai Ark (Cayman) Investment Co. Limited	1,262,446	0.8884%
YYT CAPITAL Inc.	563,845	0.3968%
Tiantu China Consumer Fund II, L.P.	429,089	0.3020%
深圳市达晨创投股权投资基金合伙企业 (有限合伙) (warrant)	2,819,225	1.9839%
宁波梅山保税港区元晓投资管理合伙企业 (有限合伙) (warrant)	2,255,380	1.5871%
北京天图兴北投资中心 (有限合伙) (warrant)	3,383,070	2.3807%
上海晨熹创业投资中心 (有限合伙) (warrant)	1,884,511	1.3262%
上海景林景惠股权投资中心 (有限合伙) (warrant)	563,845	0.3968%

## Schedule D

<i>Series D-1 Preferred Shares</i>		
JD.com Development Limited	2,115,755	1.4889%
<i>Series D-2 Preferred Shares</i>		
Internet Fund IV Pte. Ltd.	7,952,405	5.5962%
<i>Series E Preferred Shares</i>		
Morningside China TMT Fund II, L.P.	840,614	0.5915%
Tiantu China Consumer Fund II, L.P.	280,205	0.1972%
Internet Fund IV Pte. Ltd.	560,410	0.3944%
Fresh Capital Fund I, L.P.	280,205	0.1972%
Generation Mu HK Investment Limited	560,410	0.3944%
JD.com Development Limited	27,500,098	19.3521%
Total	142,103,849	100.0000%

**Note:** CHEN Xuefeng (陈雪峰), Shanghai Jinglin Jinghui Equity Investment Center (Limited Partnership) (上海景林景惠股权投资中心(有限合伙)) (“Greenwoods”) and the Domestic Enterprise have entered into an Equity Transfer Framework Agreement (《股权转让框架协议》) on July 21, 2017. As confirmed in the written resolution of the shareholders of the Company on July 5, 2018, CHEN Xuefeng (陈雪峰) intends to procure C&XF Group Limited to, transfer 992,513 Ordinary Shares held by it to Greenwoods in replacement of the equity transfer as provided in Equity Transfer Framework Agreement (《股权转让框架协议》).

#### Schedule D

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**SCHEDULE E-1**

**Target Business**

**Schedule E**



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**SCHEDULE E-2**

**Paipai Material Contracts**

**Schedule E**

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**SCHEDULE E-3**

**Social Media Accounts**

**Schedule E**

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**SCHEDULE E-4**

**Transferred Fixed Assets**

**Schedule E**

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**SCHEDULE E-5**

**Transferred IP**

**Schedule E**

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**SCHEDULE E-6**

**Business Employee List**

**Schedule E**

**SCHEDULE F**

**Notices**

**IF TO THE WARRANTORS:**

Attention: CHEN Xuefeng (陈雪峰)

Address: 12/F, Tower 6, KIC Corporate Avenue, 433 Songhu Road, Yangpu District, Shanghai 200433, PRC

Tel: \*\*\*

Email: \*\*\*

**IF TO JD PARTIES:**

Address: 21/F, Building A, No.18 Kechuang 11th Street, Yizhuang Economic and Technological Development Zone, Daxing District, Beijing 101111,

Attention: Juexi Liu (刘觉西)

Email: \*\*\*

With a copy (which shall not constitute notice) to:

Address: 18/F, Building A, No. 18 Kechuang 11th Street, Yizhuang Economic and Technological Development Zone, Daxing District, Beijing 101111,  
PRC

Attn.: Wang Shanshan (王珊珊)

Email: \*\*\*

**Schedule F**

## **SCHEDULE G**

### **Indemnification**

#### **1. Indemnification by the Warrantors.**

(a) **General Indemnity.** To the fullest extent permitted by Law, each of the Warrantors covenants and agrees jointly and severally to indemnify and hold harmless each JD Indemnitee, from and against any and all Losses, as incurred, insofar as such Losses arise out of or are based upon: (i) any inaccuracy in or breach of any Company Warranty, covenant or agreement made by the Warrantors in the Transaction Documents; or (ii) the failure of any Warrantor to perform or observe fully any covenant, agreement or other provision to be performed or observed by it pursuant to the Transaction Documents. If and to the extent that such indemnification is unenforceable for any reason, each Warrantor will make the maximum contribution to the payment and satisfaction of such indemnified liabilities permissible under applicable Law.

(b) **Tax Indemnity.** Each of the Warrantors shall jointly and severally indemnify and hold harmless each JD Indemnitee from and against any Loss attributable to (i) non-payment of any Tax of any Group Company for all taxable periods ending on or before the Closing and the portion through the end of the Closing for any taxable period that includes (but does not end on) the Closing, (ii) all liability for non-payment of any Tax of any other Person imposed by any Governmental Authority on any Group Company as a transferee, successor, or withholding agent in connection with an event or transaction occurring before the Closing, and (iii) all liability for Tax attributable to any misrepresentation or breach of Warranty made in Section 4.18 of this Agreement. The indemnification obligation of the Warrantors under this Section 1(b) shall not be affected, qualified or restricted in any way by any matter disclosed in the Company Disclosure Schedule.

(c) **SAFE Indemnity.** Each of the Warrantors shall jointly and severally indemnify and hold harmless each JD Indemnitee from and against any Loss attributable to any liability for any non-compliance regarding the SAFE registration according to the Circular 37 or any of the SAFE Rules and Regulations by any of the Founders or any other employee of the Group Companies who is required to comply with such SAFE Rules and Regulations with respect to their holdings of Equity Securities in the Company and round-trip investment in the PRC through the WFOE. The indemnification obligation of the Warrantors under this Section 1(c) shall not be affected, qualified or restricted in any way by any matter disclosed in the Company Disclosure Schedule.

(d) **Special Indemnity.** Each of the Warrantors shall jointly and severally indemnify and hold harmless each JD Indemnitee from and against any Loss attributable to underpayment of social insurance premiums and housing funds for all employees by the PRC Group Companies. The indemnification obligation of the Warrantors under this Section 1(d) shall not be affected, qualified or restricted in any way by any matter disclosed in the Company Disclosure Schedule.

### **Schedule G**

(e) Procedure. Each JD Indemnitee will notify the Warrantors in writing of any Action against such JD Indemnitee in respect of which the Warrantors are or may be obligated to provide indemnification hereunder promptly after the receipt of notice or knowledge of the commencement thereof. The failure of any JD Indemnitee to notify other Parties shall not relieve the Warrantors from any liability or obligation which it may have to such JD Indemnitee under this Section 1(e) of this Schedule G or otherwise unless the failure to so notify results in the forfeiture by the Warrantors of substantial rights and defenses and will not in any event relieve the Warrantors from any obligations other than the indemnification provided for herein. The Warrantors will have the right to participate in, and, to the extent the Warrantors so desire, to assume the defense thereof, with counsel reasonably satisfactory to the JD Indemnitee. However, the JD Indemnitee will have the right to retain separate counsel and to participate in the defense thereof, with the fees and expenses of such counsel to be paid by the Warrantors, if representation of such JD Indemnitee by the counsel retained by the Warrantors would be, in the JD Indemnitee's view, inappropriate due to actual or potential differing interests between such JD Indemnitee and any other party represented by such counsel in such proceeding. The Warrantors will be responsible for the expenses of such defense even if the Warrantors do not elect to assume such defense. No Warrantor may, except with the consent of the JD Indemnitee, consent to the entry of any judgment or enter into any settlement which does not include as a term thereof the unconditional release of the JD Indemnitee of all liability in respect of such claim or litigation.

(f) Limitations on Warrantors' Liability.

(i) A JD Indemnitee shall not be entitled to recover from the Warrantors more than once in respect of the same damages suffered by such JD Indemnitee. In particular, without limitation, the foregoing shall apply where one and the same set of facts qualifies under more than one provision entitling the JD Indemnitee to a claim or remedy under this Agreement.

(ii) No Warrantor shall be liable for any Losses arising under this Section 1 of this Schedule G unless the aggregate amount of all such Losses exceeds RMB10,000,000, in which case the Warrantors shall be liable for the full amount of all indemnifiable Losses as provided in this Section 1 of this Schedule G.

(iii) The personal assets of the Founders (other than the Equity Securities of the Group Companies directly or indirectly held by the Founders (including the proceeds received by the Founders from the sale of any Equity Securities of the Group Companies) shall not be used to indemnify any indemnifiable Loss.

(iv) The maximum aggregate amount of Losses that the JD Indemnitees will be entitled to recover pursuant to this Section 1 of this Schedule G, other than with respect to breaches of any Fundamental Company Warranties, shall be limited to US\$100,000,000. The maximum aggregate amount of Losses that the JD Indemnitees will be entitled to recover with respect to breaches of any Fundamental Company Warranties (inclusive and not in duplication of the amounts recoverable in the preceding sentence), shall be limited to US\$490,714,313.

(v) Notwithstanding the foregoing or anything else to the contrary contained herein, the limitations on indemnification set forth in this Agreement (including, without limitation, the limitations set forth in this Schedule G) shall not apply to any claim based on fraud of the Warrantors.

**Schedule G**



## 2. Indemnification by the JD Parties.

(a) General Indemnity. To the fullest extent permitted by Law, each of the JD Parties covenants and agrees jointly and severally to indemnify and hold harmless each Company Indemnitee, from and against any and all Losses resulting from or arising out of: (i) any inaccuracy in or breach of any JD Warranty, covenant or agreement made by the JD Parties or any of their relevant Affiliates in the Transaction Documents; or (ii) the failure of any of the JD Parties or their relevant Affiliates to perform or observe fully any covenant, agreement or other provision to be performed or observed by it pursuant to the Transaction Documents. If and to the extent that such indemnification is unenforceable for any reason, each JD Party will make the maximum contribution to the payment and satisfaction of such indemnified liabilities permissible under applicable Law.

(b) Special Indemnity. Each of the JD Parties shall jointly and severally indemnify and hold harmless each Company Indemnitee from and against any Loss attributable to the Excluded Assets. The indemnification obligation of the Warrantors under this Section 2(b) shall not be affected, qualified or restricted in any way by any matter disclosed in the JD Disclosure Schedule.

### (c) Limitations on JD Parties' Liability.

(i) A Company Indemnitee shall not be entitled to recover from the JD Parties more than once in respect of the same damages suffered by such Company Indemnitee. In particular, without limitation, the foregoing shall apply where one and the same set of facts qualifies under more than one provision entitling the Company Indemnitee to a claim or remedy under this Agreement.

(ii) No JD Party shall be liable for any Losses arising under this Section 2 of this Schedule G unless the aggregate amount of all such Losses exceeds RMB10,000,000, in which case the JD Parties shall be liable for the full amount of all indemnifiable Losses as provided in this Section 2 of this Schedule G.

(iii) The maximum aggregate amount of Losses that the Company Indemnitees will be entitled to recover pursuant to this Section 2 of this Schedule G, other than with respect to breaches of any Fundamental JD Warranties, shall be limited to US\$100,000,000. The maximum aggregate amount of Losses that the Company Indemnitees will be entitled to recover with respect to breaches of any Fundamental JD Warranties (inclusive and not in duplication of the amounts recoverable in the preceding sentence), shall be limited to US\$470,714,313.

(iv) Notwithstanding the foregoing or anything else to the contrary contained herein, the limitations on indemnification set forth in this Agreement (including, without limitation, the limitations set forth in this Schedule G) shall not apply to any claim based on fraud of the JD Parties or their relevant Affiliates.

## 3. Other Rights and Remedies Not Affected.

Nothing in this Schedule G or elsewhere in this Agreement shall affect any Parties' rights to specific performance or other equitable or non-monetary remedies with respect to the covenants and agreements in the Transaction Documents or that are to be performed at or after the Closing.

### **Schedule G**

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**EXHIBIT A**

**FORM OF RESTATED ARTICLES**

**Exhibit A**

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**EXHIBIT B**

**FORM OF SHAREHOLDERS AGREEMENT**

**Exhibit B**

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**EXHIBIT C**

**FORM OF BCA**

**Exhibit C**

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**EXHIBIT D**

**FORM OF TRANSITION COOPERATION AGREEMENT**

**Exhibit D**

## FOLLOW-ON SERIES E PREFERRED SHARE PURCHASE AGREEMENT

THIS FOLLOW-ON SERIES E PREFERRED SHARE PURCHASE AGREEMENT (this “**Agreement**”) is made and entered into as of September 4, 2020 by and among

1. **AiHuiShou International Co. Ltd.**, a company limited by shares incorporated under Cayman Islands Law on November 22, 2011 (the “**Company**”),
2. **AiHuiShou International Company Limited**, a company limited by shares incorporated under the Hong Kong Law (the “**HK Subsidiary**”),
3. **Shanghai Aihui Trading Co., Ltd.** (上海艾慧商贸有限公司), a wholly foreign- owned enterprise organized under the PRC Law (the “**WFOE**”),
4. **Shanghai Yueou Information Technology Co., Ltd.** (上海悦欧信息技术有限公司), a limited liability company organized under the PRC Law (the “**WFOE Subsidiary**”),
5. **Shanghai Yueyi Network Information Technology Co., Ltd.** (上海悦易网络信息技术有限公司), a limited liability company organized under the PRC Law (the “**Domestic Enterprise**”),
6. **Shanghai Yueyi Network Information Technology Co., Ltd.** (上海悦亿网络信息技术有限公司), a limited liability company organized under the PRC Law (the “**Shanghai Subsidiary**”),
7. **Yueyi Commercial Factoring (Shenzhen) Co., Ltd.** (乐易商业保理 (深圳) 有限公司), a limited liability company organized under the PRC Law (the “**Shenzhen Subsidiary**”),
8. **Changzhou Yueyi Network Information Technology Co., Ltd.** (常州悦亿网络信息技术有限公司), a limited liability company organized under the PRC Law (the “**Changzhou Subsidiary**”, together with the Shanghai Subsidiary and the Shenzhen Subsidiary, collectively, the “**Domestic Subsidiaries**”),
9. **AHS DEVICE HONG KONG LIMITED**, a company limited by shares incorporated under the Hong Kong Law (the “**HK Co**”, together with the Company, the HK Subsidiary, the WFOE, the WFOE Subsidiary, the Domestic Enterprise, the Domestic Subsidiaries, collectively, the “**Major Group Companies**”),
10. **SUN Wenjun** (孙文俊), a citizen of the PRC whose PRC identification card number is \*\*\*,
11. **CHEN Xuefeng** (陈雪峰), a citizen of the PRC whose PRC identification card number is \*\*\* (together with SUN Wenjun (孙文俊), the “**Founders**” and each, a “**Founder**”),

12. **S&WJ Group Limited**, a company limited by shares incorporated under the Law of the British Virgin Islands,
  13. **C&XF Group Limited**, a company limited by shares incorporated under the Law of the British Virgin Islands (together with S&WJ Group Limited, the “**Founder Holding Companies**” and each, a “**Founder Holding Company**”),
  14. **JD.com Development Limited**, a company duly incorporated and validly existing under the Law of the British Virgin Islands (“**Jing Dong**”),
  15. **Guotai Junan Finance (Hong Kong) Limited 國泰君安財務（香港）有限公司**, a company duly incorporated and validly existing under the Law of Hong Kong (“**GTJA**”),
  16. **Tianjin Huihe Haihe Intelligent Logistics Industry Fund Partnership (Limited Partnership) (天津汇禾海河智能物流产业基金合伙企业（有限合伙）)**, a partnership duly incorporated and validly existing under the Law of the PRC (“**Huihe**”),
  17. **Ningbo Qingyu Investment Management Co., Ltd. (宁波清宇投资管理有限公司)**, a limited liability company duly incorporated and validly existing under the Law of the PRC (“**Fresh Capital**”),
  18. **Shanghai Zhengmu Investment Center (Limited Partnership) (上海正睦投资中心（有限合伙）)**, a partnership duly incorporated and validly existing under the Law of the PRC (“**Guohe**”, together with Jing Dong, GTJA, Huihe, Fresh Capital, collectively, the “**Investors**” and each an “**Investor**”; together with Huihe and Fresh Capital, collectively, the “**RMB Investors**” and each an “**RMB Investor**”).
- (Collectively, the “Parties”, and each a “Party”)

#### RECITALS

WHEREAS, the Company desires to issue and sell to the Investors and the Investors desire to purchase from the Company up to an aggregate amount of 5,293,189 Series E Preferred Shares pursuant to the terms and subject to the conditions set forth in this Agreement.

#### AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

##### 1. DEFINITIONS

In this Agreement, unless the context otherwise requires, the following words and expressions have the meanings as follows:

“**Action**” means an action, suit, proceeding, claim, arbitration or investigation.

“**Affiliate**” of a given Person means, (i) in the case of a Person other than a natural person, any other Person that directly, or indirectly through one or more intermediaries, Controls, is Controlled by or is under common Control with, such given Person, or (ii) in the case of a natural person, any other Person that directly or indirectly is Controlled by such given Person or is a Relative of such given Person. For the avoidance of doubt, none of the Investors and their Affiliates shall be deemed as an Affiliate of any Group Company.

“**Ancillary Agreements**” means, collectively, the Shareholders Agreement, the Restated Articles and any other agreements to which a Group Company, a Founder or a Founder Holding Company is a party and the execution of which is contemplated hereunder.

“**Anti-Corruption Law**” means any applicable Law, including, but not limited to, the Foreign Corrupt Practices Act of the United States (15 U.S.C. §§ 78dd-1, et seq.), as amended, or any similar Law of any Governmental Authority, regarding any contribution, gift, bribe, rebate, payoff, influence payment, kickback, or other payment to any Government Official, regardless of form, whether in money, property, or services.

“**Approval**” means any approval, authorization, release, order, or consent required to be obtained from, or any registration, qualification, designation, declaration, filing, notice, statement or other communication required to be filed with or delivered to, any Governmental Authority or any other Person.

“**Associate**” of a given Person means (i) a corporation or organization of which such given Person is an officer or partner or is, directly or indirectly, the beneficial owner of ten percent (10%) or more of any class of Equity Securities, (ii) any trust or other estate in which such given Person has a substantial beneficial interest or as to which such given Person serves as trustee or in a similar capacity, or (iii) any Relative of such given Person.

“**Balance Sheet Date**” means May 31, 2020.

“**BCA Supplementary Agreement**” means the Supplementary Agreement to the Business Cooperation Agreement between JD Parent or the relevant Affiliate of Jing Dong and the Company to be entered into on the date hereof.

“**Beijing Xichen**” shall have the meaning as set forth in [Section 6.14](#).

“**Board of Directors**” or “**Board**” means the board of directors of the Company.

“**Business Day**” means a day (other than a Saturday or a Sunday) that the banks in the Cayman Islands, Hong Kong, the PRC are generally open for business.

“**Changzhou Subsidiary**” shall have the meaning as set forth in the Preamble.

“**Closing**” means the consummation of the transactions contemplated in [Section 3.1\(a\)](#). “**Company**” shall have the meaning as set forth in the Preamble.

“**Company Material Adverse Effect**” means fact, event, change, circumstance, or effect that causes, or is reasonably likely to cause, a material adverse effect on the operations, results of operations, condition (financial or otherwise), assets, liabilities or business of the Group Companies taken as a whole (as presently conducted and proposed to be conducted) or on the ability of any Warrantor to perform its or his obligations under this Agreement or any Transaction Documents to which it or he is a party or on the enforceability of this Agreement or any Transaction Documents against any Warrantor, either individually or when taken together with other effects.



“**Company Operations**” means the existing and future operations, activities and facilities of the Company and its Subsidiaries (including the design, construction, operations, maintenance, management and monitoring thereof as applicable) in the Cayman Islands, Hong Kong and the PRC.

“**Company Warranties**” means the representations and warranties set out in Section 4 given by the Warrantors (with each of such Company Warranties being referred to as a “Company Warranty”).

“**Competes**” with any Group Company means a Person, directly or indirectly, owns, manages, engages in, operates, Controls, works for, consults with, renders services for, does business with, maintains any interest in (proprietary, financial or otherwise) or participates in the ownership, management, operation or Control of, any Restricted Business, whether in corporate, proprietorship or partnership form or otherwise; provided, however, that such restrictions shall not apply to the acquisition by such Person, directly or indirectly, of less than one percent (1%) of the outstanding shares of any publicly traded company engaged in a Restricted Business.

“**Constitutional Documents**” means the constitutional documents of the respective Group Company which may include, as applicable, memoranda and articles of association, by-laws, joint venture contracts and the like.

“**Contracts**” means legally binding contracts, agreements, engagements, purchase orders, commitments, understandings, indentures, notes, bonds, loans, instruments, leases, mortgages, franchises, licenses or any other contractual arrangements or obligations, which are currently subsisting and not terminated or completed (with each of such Contracts being referred to as a “**Contract**”).

“**Control**” of a given Person means the power or authority, whether exercised or not, to direct the business, management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, contractual arrangement or otherwise, which power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such Person or power to control the composition of the board of directors or similar governing body of such Person; and the terms “**Controlled**” and “**Controlling**” shall have the meaning correlative to the foregoing.

“**Disclosure Schedule**” means the Disclosure Schedule attached to this Agreement as Schedule C.

“**Domestic Enterprise**” shall have the meaning as set forth in the Preamble.

“**Domestic Subsidiaries**” shall have the meaning as set forth in the Preamble.

“**Employment-Related Agreement**” means the employment agreement, the non-compete, confidentiality and invention assignment agreement entered into by an employee of a Group Company (including the Founders, each Key Officer, and each current employee, officer and consultant) with respect to his or her employment with such Group Company.

**“Equity Securities”** means, with respect to a given Person, any share, share capital, registered capital, ownership interest, partnership interest, equity interest, joint venture or other ownership interest of such Person, or any option, warrant, or right to subscribe for, acquire or purchase any of the foregoing, or any other security or instrument convertible into or exercisable or exchangeable for any of the foregoing, or any equity appreciation, phantom equity, equity plan or similar right with respect to such Person, or any Contract of any kind for the purchase or acquisition from such Person of any of the foregoing, either directly or indirectly.

**“ESOP”** means such share option plans, share incentive scheme or other schemes and agreements of similar nature duly adopted by the Company pursuant to which Option Shares are issued or granted to the directors, the officers, the employees of any of the Group Companies.

**“Financial Statements”** means (i) the audited consolidated financial statements of the Group Companies for each fiscal year of 2017, 2018 and 2019, and (ii) the unaudited consolidated financial statements of the Group Companies for five months ended on May 31, 2020, which are attached as Exhibit C.

**“Founders”** or **“Founder”** shall have the meaning as set forth in the Preamble.

**“Founder Holding Companies”** or **“Founder Holding Company”** shall have the meaning as set forth in the Preamble.

**“Fresh Capital”** shall have the meaning as set forth in the Preamble.

**“Fundamental Company Warranties”** means Company Warranties contained in Section 4.1 (Organization, Standing and Qualification) to and including Section 4.7 (Liabilities), Section 4.12 (Compliance with Law), Section 4.17 (Financial Statements), Section 4.19 (Tax Matters), and Section 4.26 (UN Security Council Resolutions) to and including Section 4.28 (Environmental Matters).

**“GAAP”** means the generally accepted accounting principles of the PRC.

**“Government Official”** means any officer, employee or other Person acting in an official capacity for any Governmental Authority, to any political party or official thereof or any candidate for any political office.

**“Governmental Authority”** means any nation, government, province, state, or any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission or instrumentality of any government or any political subdivision thereof, court, tribunal, arbitrator, the governing body of any securities exchange, and self-regulatory organization, in each case having competent jurisdiction.

“**Group Companies**” means, collectively, the Company, the HK Subsidiary, the WFOE, the WFOE Subsidiary, the Domestic Enterprise, the Domestic Subsidiaries, the HK Co and the Subsidiaries of the foregoing, as of the date hereof, including UP Trade Technologies, Inc., AHS Device US, Inc., Shenzhen Runchu Technology Co., Ltd. (深圳市润楚科技有限公司, a limited liability company organized under the PRC Law), Shanghai Yueqing Information Technology Co., Ltd. (上海悦清信息技术有限公司, a limited liability company organized under the PRC Law), Shanghai Yuexia Trade Co., Ltd. (上海悦呷贸易有限公司, a limited liability company organized under the PRC Law), Shanghai Yuechuan Network Information Technology Co., Ltd. (上海悦川网络信息技术有限公司, a limited liability company organized under the PRC Law), Shenzhen Lvchuang Network Technology Co., Ltd. (深圳市绿创网络科技有限公司, a limited liability company organized under the PRC Law), Shenzhen Aileyou Information Technology Co., Ltd. (深圳爱乐优信息科技有限公司) (with each of such Group Companies being referred to as a “Group Company”), excluding AiFenLei Global Co., Ltd (an exempted limited liability company organized under the Cayman Law) and its Subsidiaries.

“**GTJA**” shall have the meaning as set forth in the Preamble.

“**Guohe**” shall have the meaning as set forth in the Preamble.

“**HK Co**” shall have the meaning as set forth in the Preamble.

“**HKIAC**” means Hong Kong International Arbitration Centre.

“**HK Subsidiary**” shall have the meaning as set forth in the Preamble.

“**Hong Kong**” means the Hong Kong Special Administrative Region of the People’s Republic of China.

“**Huihe**” shall have the meaning as set forth in the Preamble.

“**IFRS**” means the International Financial Reporting Standards promulgated by the International Accounting Standards Boards (“**IASB**”) (which include standards and interpretations approved by the IASB and International Accounting Standards issued under previous constitutions) together with its pronouncements thereon from time to time, and applied on a consistent basis.

“**Indemnitees**” (each an “**Indemnitee**”) means, with respect to each Investor, such Investor, together with their respective Affiliates, officers, directors, partners, employees, successors and assigns.

“**Interested Party**” means the Founders, the Founder Holding Companies, any shareholder, officer, director or Key Officer of a Group Company, or any Affiliate or Associate of any such Person.

“**Investor**” or “**Investors**” shall have the meaning as set forth in the Preamble.

“**JD Parent**” means JD.com, Inc.

“**Jing Dong**” shall have the meaning as set forth in the Preamble.

“**Key Officers**” means the Founders and such other management and main technical staff as set forth in [Schedule B](#) hereto.

“**Knowledge**” means the actual or constructive knowledge of a Person after due and diligent inquiries of officers, directors and other employees of such Person reasonably believed to have knowledge of the matter in question.

“**Law**” means any law, rule, constitution, code, ordinance, statute, treaty, decree, regulation, common or customary law, order, official policy, circular, provision, administrative order, interpretation, injunction, judgment, ruling, assessment, writ or other legislative measure of any Governmental Authority.

“**Licenses**” means all licenses, permits, certificates of authority, authorizations, approvals, registrations, franchises and similar consents granted or issued by any Governmental Authority and the business licenses of the applicable Group Companies.

“**Lien**” means any mortgage, pledge, claim, security interest, encumbrance, title defect, lien, charge, restriction, covenant, or other limitation.

“**Loan Agreement**” shall have the meaning as set forth in [Section 3.1\(b\)](#).

“**Losses**” of a Person means any and all losses, damages, liabilities and expenses (joint or several), including, without limitation, attorneys’ fees and disbursements and all other expenses incurred in investigating, preparing, compromising or defending against any Action, commenced or threatened, or any claim whatsoever and all amounts paid in settlement of any such claim or Action, to which such Person may become subject under any applicable Law.

“**Major Group Companies**” shall have the meaning as set forth in the Preamble.

“**Material Contracts**” means Contracts (oral or written) which any Group Company is a party to or it is bound by, have an aggregate value, cost or amount, or impose liability or contingent liability on any Group Company in excess of RMB10,000,000, and which (i) extend for more than twelve (12) months beyond the date of this Agreement, (ii) are not terminable upon thirty (30) days’ notice without incurring any penalty or obligation or the termination of which would be reasonably likely to have a Company Material Adverse Effect, (iii) are not readily to be fulfilled or performed by a Group Company on time or without undue or unusual expenditure of money or efforts or a Group Company does not have the technical and other capabilities or the human and material resources to enable it to fulfill, perform and discharge all its outstanding obligations in the ordinary course of business without realizing a loss on closing of performance, (iv) are material to the conduct and operations of a Group Company’s business and properties, (v) any Interested Party is a party to, (vi) relate to the sale, issuance, grant, exercise, award, purchase, repurchase or redemption of any Equity Securities, (vii) are with a material customer or material supplier of a Group Company or with a Governmental Authority, (viii) involve indebtedness, an extension of credit, a guaranty or assumption of any obligation, or the grant of a Lien, (ix) involve the acquisition or sale of a business, a merger, consolidation, amalgamation, a partnership, joint venture, or similar arrangement, (x) transfer or license any Proprietary Asset to or from a Group Company (other than licenses granted in the ordinary course of business or from commercially readily available “off-the-shelf” computer software), or obligate a Group Company to share or develop any Proprietary Asset with any third party, (xi) contain change in Control, exclusivity, non-competition or similar clauses that impair, restrict or impose conditions on a Group Company’s right to offer or sell products or services in specified areas, during specified periods or otherwise, (xii) are otherwise substantially dependent on by a Group Company, or (xiii) not in the ordinary course of business of a Group Company (with each of such Material Contracts being referred to as a “**Material Contract**”). For the avoidance of any doubt, notwithstanding any contrary in this Agreement, any contract listed in [Section 4.10](#) of the Disclosure Schedule shall be deemed to be a Material Contract.

“**ODI Approval**” means all consents, approvals, or registrations, qualifications, or filings by or with any Governmental Authority or any third party that are required to be obtained by the RMB Investors to make investment in a foreign entity, including but not limited to (i) filing or approval by the National Development and Reform Commission or its local counterparts and filing or approval by the Ministry of Commerce or its local counterparts, and (ii) foreign exchange registration at an authorized bank; (iii) consent by an authorized bank with sufficient swap lines.

“**Offshore Closing**” means the consummation of the Closing contemplated by the Investors (other than the RMB Investors).

“**Option Shares**” means the Ordinary Shares issuable or issued under the ESOP to the employees, officers, directors of any of the Group Companies or other eligible Persons.

“**Ordinary Shares**” means the Company’s ordinary shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Parties**” and “**Party**” shall have the meaning as set forth in the Preamble.

“**Person**” means any individual, corporation, partnership, limited partnership, proprietorship, association, limited liability company, firm, trust, estate or other enterprise, entity or legal person.

“**PRC**” means the People’s Republic of China, for the purpose of this Agreement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan.

“**PRC Group Companies**” means all the Group Companies established in the PRC (with each of such PRC Group Companies being referred to as a “**PRC Group Company**”).

“**Principal Business**” means the business of the operation of the platform of the trade of second-hand goods.

“**Privacy Law**” means all Law in any jurisdiction governing the receipt, collection, use, storage, processing, sharing, security, disclosure or transfer of personal information, and cybersecurity, including all Law governing data breach notification.

“**Preferred Shares**” means the Series A Preferred Shares, the Series B Preferred Shares, the Series C Preferred Shares, the Series D Preferred Shares and the Series E Preferred Shares collectively (with each of such Preferred Shares being referred to as a “**Preferred Share**”).

“**Proprietary Assets**” means (i) all inventions and patents, together with all applications, reissues, continuations, revisions, and extensions thereof, (ii) all registered and material unregistered trademarks, service marks, trade dress, logos, trade names and corporate names and domain names, together with all translations, adaptations, derivations and combinations thereof and including all goodwill and all applications, registrations and renewals in connection therewith, (iii) all copyrightable works (including, without limitation, all works of authorship, works made for hire and mask works), all copyrights (together with all applications, registrations and renewals in connection therewith) and all material unregistered copyrights, (iv) all trade secrets and confidential business information (including ideas, know-how, formulas, compositions, manufacturing and production processes and techniques, methods, technology, technical data, designs, drawings, flowcharts, diagrams, specifications, customer and supplier lists, pricing and cost information and business and marketing plans and proposals), (v) all Software, (vi) all other proprietary rights, (vii) all licenses, sublicenses, agreements, consents or permissions related to the foregoing, and (viii) all media on which any of the foregoing is stored or all documentation related to any of the foregoing.

“**Purchase Price**” means the applicable purchase price to be paid in cash by the Investors for the Purchased Shares.

“**Purchased Shares**” means the Series E Preferred Shares to be purchased and sold pursuant to [Section 2](#).

“**Relatives**” of a natural person means such Person’s spouse, parents, grandparents, children, grandchildren, siblings, uncles, aunts, nephews, nieces or great-grandparents or the spouse of such Person’s children, grandchildren, siblings, uncles, aunts, nephews or nieces (with each of such Relatives being referred to as a “**Relative**”).

“**Renminbi**” and “**RMB**” mean the lawful currency for the time being of the PRC.

“**Restated Articles**” means the amended and restated Memorandum and Articles in the form and substance attached hereto as [Exhibit A](#).

“**Restricted Business**” means any business that is related to the Principal Business or otherwise Competes with any PRC Group Company.

“**Restructuring Documents**” means a series of agreements among the WFOE on the one hand, and the Domestic Enterprise and/or all of its equity interest holders: (a) the exclusive technical service agreement dated August 31, 2012 among WFOE and the Domestic Enterprise; (b) the business cooperation agreement dated August 31, 2012 among WFOE, the Domestic Enterprise and the Founders; (c) the second amended and restated option agreement entered into by and among WFOE, the Domestic Enterprise and the Founders on April 11, 2018; (d) the second amended and restated equity pledge agreement entered into by and among WFOE and the Founders on April 11, 2018; (e) the proxy agreement dated August 31, 2012 among WFOE, the Domestic Enterprise and the Founders; (f) the power of attorney dated August 31, 2012 issued by each Founder to the WFOE; and (g) the fourth amendment to the exclusive technical service agreement to be entered into by and among WFOE, the Domestic Enterprise and the Founders on June 26, 2018.

“**RMB Investor**” or “**RMB Investors**” shall have the meaning as set forth in the Preamble.

“**Rules**” shall have the meaning as set forth in [Section 10.14\(c\)](#).

“**SAFE**” means the State Administration of Foreign Exchange of the PRC and its local branches.

“**SAFE Rules and Regulations**” means the *Circular on Relevant Issues Concerning Foreign Exchange Administration for Domestic Residents to Engage in Overseas Investment and Financing and Round Trip Investment via Special Purpose Companies* (国家外汇管理局关于境内居民通过特殊目的公境外投融资及返程投资外汇管理有关问题的通知, the “**Circular 37**”) issued by SAFE on July 4, 2014 and any other guidelines, implementing rules, reporting and registration requirements issued by SAFE in relation thereto.

“**Securities Act**” means the U.S. Securities Act of 1933, as amended and interpreted from time to time.

“**Series A Preferred Shares**” means the Company’s series A preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Series B Preferred Shares**” means Series B-1 Preferred Shares, Series B-2 Preferred Shares and Series B-3 Preferred Shares collectively.

“**Series B-1 Preferred Shares**” means the Company’s series B-1 preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Series B-2 Preferred Shares**” means the Company’s series B-2 preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Series B-3 Preferred Shares**” means the Company’s series B-3 preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Series C Preferred Shares**” means Series C-1 Preferred Shares, Series C-2 Preferred Shares and Series C-3 Preferred Shares collectively.

“**Series C-1 Preferred Shares**” means the Company’s series C-1 preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Series C-2 Preferred Shares**” means the Company’s series C-2 preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Series C-3 Preferred Shares**” means the Company’s series C-3 preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Series D Preferred Shares**” means Series D-1 Preferred Shares and Series D-2 Preferred Shares collectively.

“**Series D-1 Preferred Shares**” means the Company’s series D-1 preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Series D-2 Preferred Shares**” means the Company’s series D-2 preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Series E Preferred Shares**” means the Company’s series E preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Shanghai Subsidiary**” shall have the meaning as set forth in the Preamble.

“**Shanghai Yuekun**” shall have the meaning as set forth in [Section 6.14](#).

“**Shareholders Agreement**” means the seventh amended and restated shareholders agreement to be entered into on or prior to the Offshore Closing by and among the parties named therein, which agreement shall be in the form and substance attached hereto as [Exhibit B](#).

“**Shenzhen Subsidiary**” shall have the meaning as set forth in the Preamble.

“**Software**” means computer programs, including any and all software implementation of algorithms, models and methodologies (whether in source code or object code), databases and compilations (including any and all data and collections of data), and all related documentation.

“**Subsidiary**” means, with respect to any given Person, any Person of which the given Person, directly or indirectly, Controls, including but not limited through the ownership of more than fifty percent (50%) of the issued and outstanding authorized capital, share capital, voting interests or registered capital, for the avoidance of doubt, the branch of any Group Company shall not be regarded as a Subsidiary of such Group Company.

“**Tax Return**” means any return, report or statement showing Tax, used to pay Tax, or required to be filed with respect to any Tax (including any elections, declarations, schedules or attachments thereto, and any amendment thereof), including any information return, claim for refund, amended return or declaration of estimated or provisional Tax.

“**Tax**” means (i) in the PRC: (a) any national, provincial, municipal, or local taxes, charges, fees, levies, or other assessments, including, without limitation, all net income (including enterprise income tax and individual income withholding tax), turnover (including value-added tax, business tax, and consumption tax), resource (including urban and township land use tax), special purpose (including land value-added tax, urban maintenance and construction tax, and additional education fees), property (including urban real estate tax and land use fees), documentation (including stamp duty and deed tax), filing, recording, social insurance (including pension, medical, unemployment, housing, and other social insurance withholding), tariffs (including import duty and import value-added tax), and estimated and provisional taxes, charges, fees, levies, or other assessments of any kind whatsoever, (b) all interest, penalties (administrative, civil or criminal), or additional amounts imposed by any Governmental Authority in connection with any item described in clause (a) above, and (c) any form of transferee liability imposed by any Governmental Authority in connection with any item described in clauses (a) and (b) above, and (ii) in any jurisdiction other than the PRC: all similar liabilities as described in clause (i) above.

“**Trademark Compliance Plan**” shall have the meaning as set forth in [Section 7.8](#).

“**Transaction Documents**” means this Agreement, the Ancillary Agreements, the Restructuring Documents, the BCA Supplementary Agreement and each of the other agreements and documents otherwise required in connection with implementing the transactions contemplated by any of the foregoing.

“**US\$**” or “**US Dollars**” means the lawful currency of the United States of America.

“**Warrantors**” means, collectively, the Major Group Companies, the Founder Holding Companies and the Founders (with each of such Warrantors being referred to as a “**Warrantor**”).

“**WFOE**” shall have the meaning as set forth in the Preamble.



“WFOE Subsidiary” shall have the meaning as set forth in the Preamble.

## 2. TRANSACTIONS

2.1 Subject to the terms and conditions of this Agreement and the Transaction Documents, as applicable, as of the Offshore Closing, the Company will have authorized the issuance, pursuant to the terms and conditions of this Agreement, of up to 5,293,189 Series E Preferred Shares. Subject to the terms and conditions hereof, the Company hereby agrees to issue and sell to each Investor, and each Investor hereby agrees to subscribe for and purchase, on the date of the Closing, that type and number of Purchased Shares set forth opposite such Investor’s name on Schedule A, with such Investor to pay the Purchase Price set forth opposite its name on Schedule A attached hereto. At the Closing, each Investor shall pay the Purchase Price set forth opposite such Investor’s name in Schedule A to the Company.

## 3. CLOSING; CLOSING DELIVERIES

### 3.1 Closing.

(a) Upon the fulfillment and/or waiver of the conditions set forth in Sections 7 and 8 below:

(i) the Company shall request each Investor to subscribe for the Purchased Shares pursuant to Section 2 and deliver wire transfer instructions to such Investor as soon as practicable, but in no event later than one (1) Business Day after such fulfillment and/or waiver; and

(ii) the purchase and sale of the Purchased Shares shall take place remotely via the exchange of documents and signatures, on a date specified by the Parties, which date shall be no later than ten (10) Business Days after the fulfillment and/or waiver of the conditions set forth in Sections 7 and 8 below applicable to certain Investor, or at such other time and place as the Company and each Investor may mutually agree upon.

(b) With respect to each RMB Investor, upon the fulfillment and/or waiver of the conditions set forth in Sections 7 and 8 below (other than Sections 7.9 to 7.11 and Sections 8.5 and 8.6), and subject to any additional conditions as provided in the Convertible Loan Agreement (可转债投资协议) entered into by such RMB Investor, the Company and the Domestic Enterprise (each a “**Loan Agreement**”), such RMB Investor shall, within ten (10) Business Days thereafter, extend the loan to the Domestic Enterprise pursuant to such Loan Agreement.

3.2 Deliveries by the Company. At the Closing, in addition to any items the delivery of which is made an express condition to each Investor’s obligations at the Closing pursuant to Section 7, the Company shall deliver to each Investor:

(a) a certificate executed by a Founder and the Company as of the Closing, certifying that the conditions to the Closing set forth in Section 7 have been satisfied.

(b) a copy of the updated register of members of the Company, showing such Investor as the holder of such number of Series E Preferred Shares being purchased by such Investor at the Closing, certified by the registered agent or a director of the Company to be a true and complete copy of the original; and

(c) a copy of the share certificate, representing the issuance to such Investor of the Series E Preferred Shares being purchased by such Investor at the Closing, certified by the registered agent or a director of the Company to be a true and complete copy of the original, with the original (duly signed and sealed for and on behalf of the Company) to be delivered to such Investor within fifteen (15) Business Days after the payment of Purchase Price by such Investor.

3.3 Deliveries by each Investor. At the Closing, in addition to any items the delivery of which is made an express condition to the Company's obligations at the Closing pursuant to this Agreement, each Investor shall pay its respective portion of the Purchase Price as indicated opposite such Investor's name on Schedule A by wire transfer of immediately available funds in US Dollars to an account designated in the wire transfer instruction delivered by the Company pursuant to Section 3.1(a)(i).

3.4 Actions if Closing Conditions not Fulfilled.

(a) With respect to each Investor other than RMB Investors, if any condition set forth in Section 7 applicable to it has not been fulfilled or waived within sixty (60) days after the date hereof, such Investor is entitled to, at its own option, without prejudice to its rights hereunder and under applicable Law:

- (i) defer the Closing to a later date while such date shall be as mutually agreed between such Investor and the Company;
- (ii) proceed with the Company to the Closing so far as practicable (without limiting its rights under this Agreement); or
- (iii) terminate this Agreement with respect to itself.

(b) With respect to each RMB Investor, if any condition set forth in Section 7 applicable to it (other than Sections 7.9 to 7.11) has not been fulfilled or waived within sixty (60) days after the date hereof, such Investor is entitled to, at its own option, without prejudice to its rights hereunder and under applicable Law, terminate this Agreement with respect to itself.

4. REPRESENTATIONS AND WARRANTIES OF THE WARRANTORS

Each of the Warrantors, jointly and severally, hereby represents, warrants and undertakes to each Investor, except as set forth in the Disclosure Schedule (disclosures contained in which shall be deemed to be the exceptions to the Company Warranties to the Investors only if such disclosures are fully, specifically and accurately stated therein), as of the date hereof that each of the Company Warranties set out in this Section 4 is true, complete and accurate, and not misleading in all respects, and acknowledges that the Investors are relying on the Company Warranties made by such Warrantors in this Section 4 in entering into this Agreement. Each of the Company Warranties made by any Warrantor in Section 4 shall be construed as a separate and independent Company Warranty. The Company Warranties made by each Warrantor in Sections 4.1, 4.4 through 4.6 shall be deemed to be repeated as of the Closing as if they were made on and as of the Closing and all references therein to the date of this Agreement were references to the Closing, and the Company Warranties made by each Warrantor in Sections 4.2, 4.3, 4.7 through 4.29 shall be deemed to be repeated as of the Offshore Closing as if they were made on and as of the Offshore Closing and all references therein to the date of this Agreement were references to the Offshore Closing except in either case for those Company Warranties that address matters only as of a particular date, which Company Warranties will have been true, correct and complete as of such particular date. The Warrantors are permitted to supplement the Disclosure Schedule by way of the supplemental disclosure to be given prior to or as of the Closing, the form and substance of which shall be subject to the agreement by the Company and the applicable Investor proposed to consummate the Closing and must be agreed such Parties no less than five (5) days prior to the Closing and, failing such agreement (which shall not be unreasonably withheld or delayed), no material change or supplementation shall be made to the Disclosure Schedule.

4.1 Organization, Standing and Qualification. Each Group Company is duly organized, validly existing and in good standing (or equivalent status in the relevant jurisdiction) under, and by virtue of, the Law of the place of its incorporation or establishment and has all requisite power and authority to own its properties and assets and to carry on its business as now conducted and as proposed to be conducted, and to perform each of its obligations hereunder and under each of the Transaction Documents to which it is a party. Each Group Company is qualified to do business and is in good standing (or equivalent status in the relevant jurisdiction) in each jurisdiction where failure to be so qualified would constitute a Company Material Adverse Effect.

4.2 Capitalization.

(a) Company Shares. Schedule D sets forth the capitalization of the Company as of the execution date of this Agreement and immediately following the Closing (assuming the maximum number of Series E Preferred Shares permitted to be issued under Section 2 of this Agreement are subscribed for, and subject to any change after the Offshore Closing).

(b) Company Options. Except for the Option Shares and the conversion privileges of the Preferred Shares or as otherwise set forth in the Disclosure Schedule, there are no options, warrants, conversion privileges or other rights, or agreements with respect to the issuance thereof, presently outstanding to purchase any of the Equity Securities of the Company. Except as noted in this Section 4.2(b) and the rights provided in the Shareholders Agreement and Restated Articles, none of the Company's outstanding share capital, or shares issuable upon exercise or exchange of any outstanding options or other shares issuable by the Company, are subject to any preemptive rights, rights of first refusal or other rights to purchase such shares (whether in favor of the Company or any other Person).

(c) HK Subsidiary. The authorized share capital of the HK Subsidiary is HK\$10,000, divided into 10,000 shares of HK\$1.00 each, 1 of which is outstanding and held by the Company.

(d) PRC Group Companies. The HK Subsidiary legally and beneficially owns one hundred percent (100%) of the Equity Securities in the WFOE and all of such Equity Securities in the WFOE are duly vested in the HK Subsidiary as the owner in accordance with applicable PRC Law. Except as contemplated under the Restructuring Documents, there are no outstanding rights or commitments made by any Warrantor to sell any Equity Securities in any PRC Group Company. Except as set forth in the Restructuring Documents and the Disclosure Schedule, there are no options, warrants, conversion privileges or other rights, or agreements with respect to the issuance thereof, presently outstanding to purchase any of the Equity Securities of any PRC Group Company. Except as set forth in the Restructuring Documents and their respective Constitutional Documents or as required by applicable Law, no outstanding Equity Securities of any PRC Group Company are subject to any preemptive rights, rights of first refusal or other rights to purchase such Equity Securities (whether in favor of such PRC Group Company or any other Person).

(e) Outstanding Security Holders. A complete and current list of all outstanding shareholders and any other holders of the Equity Securities of each Major Group Company (other than the Company) as of the date hereof and immediately prior to the Offshore Closing is set forth in the Disclosure Schedule, indicating the type and number of shares, options or other Equity Securities held by each such shareholder, option holder or other holder of the Equity Securities. All outstanding share capitals or registered capitals of each Group Company have been duly and validly issued (or subscribed for), fully paid and non-assessable. Except as set forth in the Restructuring Documents and the Disclosure Schedule, all share capitals or registered capitals of each Group Company are free and clear of any Lien (except for any restrictions on transfer under applicable Law). No outstanding share, option, warrant, registered capital or other Equity Security of any Group Company was issued or subscribed to in violation of the preemptive rights of any Person, terms of any Contract or any applicable Law, including without being limited to applicable securities Law and any exemption therefrom, by which each such Group Company at the time of issuance or subscription was bound. Except as set forth in the Restructuring Documents, the Disclosure Schedule and as contemplated under the Transaction Documents,

(i) there is no resolution pending to increase the share capital or registered capital of any Group Company;

(ii) except as provided in the ESOP, there is no outstanding Contract under which any Person purchases or otherwise acquires, or has the right to purchase or otherwise acquire, any interest in the share capital or registered capital of any Group Company;

(iii) there is no dividend which has accrued or been declared but is unpaid by any Group Company;

(iv) except for the ESOP, there is no outstanding or authorized equity appreciation, phantom equity, equity plan or similar right with respect to any Group Company; and

(v) none of the Group Companies, the Founders or the Founder Holding Companies is a party or is subject to any Contract that affects or relates to the voting of any Group Company's Equity Securities.

#### 4.3 Group Structure.

(a) Group Structure. Except for the Group Companies, the Company does not presently own or Control, directly or indirectly, any interest in any other corporation, partnership, trust, joint venture, association, or other entity. Except for the branches and offices duly maintained by the Group Companies or as disclosed in the Disclosure Schedule, none of the Group Companies holds or Controls, directly or indirectly, any interest in any other corporation, partnership, trust, joint venture, association, or other entity. The capital and organizational structure of each PRC Group Company are valid and in full compliance with relevant PRC Law.

(b) Founders and Founder Holding Companies. Except for the Group Companies, the Founders and the Founder Holding Companies do not presently own or Control, directly or indirectly, any interest in any other corporation, partnership, trust, joint venture, association, or other entity.

4.4 Due Authorization. All corporate actions on the part of each applicable Group Company and, as applicable, their respective officers, directors and shareholders necessary for (i) the authorization, execution and delivery of, and the performance of all of its obligations under this Agreement or any Transaction Documents, and (ii) the authorization, issuance, reservation for issuance and delivery of all of the Purchased Shares have been taken or will be taken prior to the applicable Closing. Each Founder and his Founder Holding Company has the requisite power, capacity and authority to enter into, execute and deliver this Agreement and each of the Transaction Documents to which he or it is a party, and to perform all the obligations to be performed by such Founder and his Founder Holding Company hereunder and thereunder. Each of the Transaction Documents, when executed and delivered, will constitute valid and binding obligations of each Warrantor to the extent such Warrantor is a party to such Contract, enforceable against such Warrantor in accordance with its terms, subject, as to enforcement of remedies, to applicable bankruptcy, insolvency, moratorium, reorganization and similar Law affecting creditors' rights generally and to general equitable principles.

4.5 Consents; No Conflict. Except as disclosed in the Disclosure Schedule or otherwise disclosed to the Investors by the Warrantors in writing, no consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any Governmental Authority or other third party on the part of any Warrantor is required in connection with the execution, delivery and performance of the Transaction Documents and the consummation of the transactions contemplated hereby and thereby, other than those already secured or effected or will be secured or effected prior to applicable Closing. There is no applicable Law or legal requirement, agreement, judgment, injunction order or decree binding upon any Group Company which has or could reasonably be expected to have the effect of conflicting with or prohibiting or impairing in any material respect any of its current business practices, its acquisition of property or the conduct of its business as it is currently conducted.

4.6 Valid Issuance of Purchased Shares. The Purchased Shares, when issued, sold and delivered in accordance with the terms of this Agreement, will be duly and validly issued, fully paid, nonassessable and free and clear of any Lien, except any Lien imposed by the Transaction Documents and the applicable Law. All Ordinary Shares issuable upon conversion of the Purchased Shares will be duly and validly issued, fully paid and nonassessable. Subject to the representations and warranties made by the Investors in Sections 5.2 and 5.3, the offer and sale of the Purchased Shares to the Investors pursuant to this Agreement shall be exempt from the registration and/or qualification requirements of all applicable securities Law.

4.7 Liabilities. Except as disclosed in the Financial Statements and the Disclosure Schedule, none of the Group Companies has any indebtedness for borrowed money that it has directly or indirectly created, incurred, assumed, or guaranteed, or with respect to which such Group Company has otherwise become directly or indirectly liable. Except as disclosed in the Financial Statements and the Disclosure Schedule, none of the Warrantors is a guarantor or indemnitor of any indebtedness of any other Person.

4.8 Title to Properties and Assets. Each Group Company has good and marketable titles to, or valid rights to use, all of its material properties and assets (whether tangible or intangible) that it purports to own (including as reflected in its balance sheets of the Financial Statements) or that it currently uses (except for such assets as have been spent, sold or transferred in the ordinary course of business since the Balance Sheet Date), free and clear of any and all Liens of any party other than the lessors of such property and assets in the case that it is leased by any Group Company. Such properties and assets collectively represent in all material respects all properties and assets necessary for the conduct of the business of the Group Companies as presently conducted and as proposed to be conducted, and have been properly maintained and are in good working condition in all material respects. Each Group Company has been and is in compliance with all the leases with respect to the property and assets it leases in all material respects.

4.9 Status of Proprietary Assets.

(a) Ownership of Proprietary Assets. Each of the Group Companies owns all right, title and interest in and to, free and clear of all Liens, or has all necessary and valid rights to use, all of the material Proprietary Assets, and no item of Proprietary Assets is subject to any outstanding injunction, judgment, order, decree, ruling or charge. Each Proprietary Assets owned by the Group Companies is valid, enforceable, and subsisting, in full force and effect, and has not been cancelled, expired or abandoned. To the Knowledge of the Warrantors, none of the Warrantors is aware of any notice, claim or assertion that any item of Proprietary Assets owned by the Group Companies is invalid and is aware of any actual, threatened or pending claim, action, opposition, re-examination, interference or cancellation proceeding with respect thereto. The Disclosure Schedule sets forth a complete and accurate list of each item of material Proprietary Assets owned by the Group Companies, including without limitation the Proprietary Assets which is a patent, patent application, registered trademark or service mark (or applications and renewals thereof), material unregistered trademark or service mark (including domain name registrations), trade name, domain name, registered copyright (or applications and renewals thereof), material unregistered copyright and Software.

(b) Use of Proprietary Assets. To the Knowledge of the Warrantors, the Group Companies have not interfered with, infringed upon, misappropriated or violated any rights of third parties to the Proprietary Assets due to its use of Proprietary Assets, and the Group Companies have not received any charge, complaint, claim, demand or notice alleging any such interference, infringement, misappropriation or violation, nor is any Group Company aware of any reasonable basis therefor. To the Knowledge of the Warrantors, no third party has interfered with, infringed upon, misappropriated or violated any rights of the Group Companies to any of the material Proprietary Assets owned by the Group Companies. Except as set forth in the Disclosure Schedule, there are no outstanding options, licenses or agreements of any kind granted by any Group Company relating to the Proprietary Assets owned by any Group Company, and such Group Company is not bound by or a party to any options, licenses or agreements of any kind with respect to the Proprietary Assets owned by any other Person, except for standard end-user agreements with respect to commercially available Proprietary Assets such as "off the shelf" computer software all of which are valid and fully paid. Each Group Company has used best efforts to protect its title and ownership in the Proprietary Assets owned by such Group Company and the confidentiality of its trade secrets. To the Warrantors' best Knowledge, there has been no material disclosure of any trade secrets of any Group Company by any Person other than pursuant to the terms of a non-disclosure agreement, and, to the Warrantors' best Knowledge, no party to any non-disclosure agreement relating to the Company's trade secrets is in breach or default thereof.

(c) Work Products Owned by Group Companies. All of personnel of any Group Company, including employees, agents, consultants, and contractors, who have contributed to or participated in the conception and development of the material Proprietary Assets on behalf of such Group Company with respect to the business of such Group Company, either (i) have been a party to a “work-for-hire” arrangement or similar agreement with such Group Company, in accordance with applicable Law, that has accorded such Group Company full, effective, exclusive, and original ownership of all tangible and intangible property and related rights thereby arising, or (ii) have executed appropriate instruments of assignment in favor of such Group Company that have conveyed to such Group Company full, effective, and exclusive ownership of all tangible and intangible property and related rights thereby arising.

(d) Employees’ Invention. To the Knowledge of the Warrantors, none of the Group Companies is aware that any of Key Officers or key employees with position of vice president or higher is obligated under any agreement or contract (including licenses, covenants or commitments of any nature) or instrument, or subject to any judgment, decree or order of any court or governmental agency or instrumentality, that would interfere with the devotion of his full-time service to such Group Company or that would conflict with the business as currently conducted or as proposed to be conducted by such Group Company. Neither the execution nor delivery of this Agreement or the Transaction Documents, nor the carrying on of the business as currently conducted or as proposed to be conducted by any Group Company, will, to the Warrantors’ best Knowledge, conflict with or result in a breach of the terms, conditions or provisions of, or constitute a violation or default under, any such Contract, judgment, decree or order under which any of such officers or employees are currently obligated. None of the Group Companies believes it is or will be necessary to utilize any inventions of any of its officers or employees (or people it currently intends to hire) made prior to or outside the scope of their employment by such Group Company.

4.10 Material Contracts and Obligations. All Material Contracts are listed in the Disclosure Schedule and have been made available for inspection by or, if they are oral Contracts, have been summarized in writing for the Investors and the counsels thereof. Each Material Contract is a valid, binding and enforceable agreement of the parties thereto, the performance of which does not violate any applicable Law, and is in full force and effect, and the terms thereof have been complied with by the relevant Group Companies and, to the best Knowledge of each Warrantor, by all the other parties thereto. There are no circumstances likely to give rise to any breach of such terms, no grounds for rescission, avoidance or repudiation of any of the Material Contracts and no notices of violation, default, termination or intention to terminate (whether or not such notice is in writing) have been received in respect of any Material Contract.

#### 4.11 Litigation.

(a) General. Except as disclosed in the Disclosure Schedule, there is no Action pending or, to the best Knowledge of the Warrantors, threatened, against any Group Company or the business of the Group Companies, and each Warrantor is not aware of any event or circumstance that may form a basis for any such Action. The foregoing includes, without limitation, Actions pending or threatened against the Group Companies, the Founders or the Founder Holding Companies or the business of the Group Companies, the Founders or the Founder Holding Companies (or any basis therefor known to the Warrantors) involving the prior employment of any of the Group Companies’ employees, their use in connection with the business of the Warrantors of any information or techniques allegedly proprietary to any of their former employers, or their obligations under any agreements with former employers. None of the Group Companies, the Founders or the Founder Holding Companies is a party or subject to the provisions of any order, writ, injunction, judgment or decree of any court or Governmental Authority. There is no Action initiated by the Group Companies that is currently pending or that any Group Company intends to initiate.

(b) Action Relating to this Agreement. There is no Action pending or, to the best Knowledge of the Warrantors, threatened, that questions the validity of this Agreement, or any of the Transaction Documents, or the right of the Company to enter into such agreements, or to consummate the transactions contemplated hereby or thereby or that could, individually or in the aggregate, result in a Company Material Adverse Effect or a change in the current equity ownership of any Group Company.

(c) Anti-Corruption Law Matters. To the best Knowledge of the Warrantors, there are no Actions pending or threatened against any Group Company, Founder, Founder Holding Company or any director, officer, agent, employee or any other Person acting for or on behalf of the foregoing, alleging a violation of any Anti-Corruption Law, (i) to obtain favorable treatment in securing business, (ii) to pay for favorable treatment for business secured, or (iii) to obtain special concessions or for special concessions already obtained, for or in respect of the Group Companies.

(d) Money Laundering and Financing of Terrorism. None of the Group Companies, the Founders or the Founder Holding Companies has been charged, convicted, fined or otherwise sanctioned in any litigation, administrative, regulatory or criminal investigation or proceeding or freezing of assets by any Governmental Authority involving any aforesaid Persons or their respective director, officer, agent, employees or any other Person acting for or on behalf thereof with regard to money laundering or financing of terrorism.

#### 4.12 Compliance with Law.

(a) General Compliance. None of the Group Companies, the Founders or the Founder Holding Companies is in violation or has been in material violation of any applicable Law. All Approvals from any Governmental Authority and any third party which are required to be obtained or made by each Warrantor and each Group Company under applicable Law in connection with the due and proper establishment of each Group Company and the conduct of the business or the consummation of the transactions contemplated hereunder, the absence of which would be reasonably likely to have a Company Material Adverse Effect, have been obtained or completed in accordance with the relevant Law, are not in default, and are in full force and effect. None of the Group Companies is in receipt of any letter or notice from any Governmental Authority notifying revocation of any permits or Licenses issued to it for non-compliance or the need for compliance or remedial actions in respect of the activities carried out directly or indirectly by it. In respect of Approvals, Licenses or permits requisite for the conduct of any part of the business of the Group Companies which are subject to periodic renewal, none of the Warrantors has any reason to believe that such requisite renewals will not be timely granted by the relevant Governmental Authorities. The execution, delivery and performance of and compliance with each of the Transaction Documents will not result in any such violation, breach or default, or be in conflict with or constitute, with or without the passage of time or the giving of notice or both, either a default under the Restated Articles or similar charter documents of any Group Company, any such contract, agreement or instrument to which any Warrantor is a party or to which the assets of any Group Company is subject, an event which results in the creation of any Lien upon any asset of any Group Company, or any violation of any applicable Law.



(b) PRC Law Compliance.

(i) General. Except as disclosed in the Disclosure Schedule, each of the PRC Group Companies is and has in all material aspects been operating its business in compliance with all relevant PRC Law and with all requisite Licenses, permits and Approvals granted by the competent PRC Governmental Authorities. All Approvals from any PRC Governmental Authority and any third party which are required to be obtained or made by each Group Company under applicable PRC Law in connection with the due and proper establishment of each PRC Group Company and the conduct of the business or the consummation of the transactions contemplated hereunder, including but not limited to the registrations with the PRC Ministry of Commerce, the State Administration of Market Regulation of PRC, SAFE, tax bureau, customs authorities, environmental protection authorities, fire and rescue authorities, and product registration authorities, have been obtained or completed in accordance with the relevant PRC Law, not in default, and are in full force and effect and there exist no grounds on which any such Approval may be cancelled or revoked or any PRC Group Company or its legal representative may be subject to liability or penalties for misrepresentations or failures to disclose information to the issuing PRC Governmental Authorities.

(ii) Licenses. Unless otherwise disclosed in the Disclosure Schedule, each Group Company owns or validly holds all Licenses that are necessary to conduct its business and own and operate its assets and properties as presently conducted and operated and as proposed to be conducted and operated, the absence of which would have a Company Material Adverse Effect. All Licenses held by each Group Company are valid, binding and in full force and effect. No Group Company is or has at any time been, or has received any notice that it is or has at any time been, in default (or with the giving of notice or lapse of time or both, would be in default) under any such License. All filings and registrations with relevant Governmental Authorities required in respect of each of the Group Companies and its operations and businesses have been duly and timely completed in accordance with all applicable Law in all material respects. To the Knowledge of the Warrantors, the consummation of the transactions contemplated under the Transaction Documents will not result in a termination or revocation of any of the material Licenses of the Group Companies. Each Group Company is in compliance with all material respects of applicable requirements of the competent Governmental Authorities to which it and its business are subject.

(iii) SAFE. Except as disclosed in the Disclosure Schedule, the Founders and any other Person who is required to comply with the SAFE Rules and Regulations (other than shareholders of the Company holding any Preferred Share and their directly or indirectly beneficial owners) has obtained registration with SAFE with respect to their holdings of Equity Securities in the Company in accordance with the SAFE Rules and Regulations and none of them has received any oral or written inquiries, notifications, orders or any other forms of official correspondence from SAFE with respect to any actual or alleged non-compliance with the SAFE Rules and Regulations.

(c) Anti-Corruption Law Compliance. None of the Group Companies, the Founders or the Founder Holding Companies or, any director, officer, agent, employee, or any other Person acting for or on behalf of the foregoing, has violated the Anti-Corruption Law, nor has any of the above Persons offered, paid, promised to pay, or authorized the payment of any money, or offered, given, promised to give, or authorized the giving of anything of value, to any Government Official or to any Person under circumstances where there is a high probability that all or a portion of such money or thing of value would be offered, given or promised, directly or indirectly, to any Government Official, for the purpose of

(i) (A) influencing any act or decision of such Government Official in his official capacity, (B) inducing such Government Official to do or omit to do any act in relation to his lawful duty, (C) securing any improper advantage, or (D) inducing such Government Official to influence or affect any act or decision of any Governmental Authority, or

(ii) assisting any Group Company in obtaining or retaining business for or with, or directing business to any Group Company.

(d) Privacy Law Compliance. The Group Companies have complied in all material respects with all privacy policies, all applicable Privacy Law and all contractual commitments that the Group Companies have entered into with respect to personal information. None of the Group Companies has received any written notice of any claims, investigations (including, but not limited to, investigations by regulatory authorities or any data protection authorities), or alleged violations of Privacy Law with respect to personal information possessed by or otherwise subject to the control of the Group Companies, and, to the Knowledge of the Warrantors, there are no facts or circumstances which could form the basis for any such claim.

4.13 Compliance with Other Instruments and Agreements. The Constitutional Documents of each Group Company are valid and have been duly approved or issued (as applicable) by competent Governmental Authorities in the jurisdiction where such Group Company is incorporated. None of the Group Companies is in nor shall the business as currently conducted or proposed to be conducted result in violation, breach or default of any term or provision of the Constitutional Documents, or of any term or provision of any Contract to which such Group Company is a party or by which it may be bound, or of any provision of any Law applicable to or binding upon such Group Company in material respects. The Constitutional Documents of each Group Company are made available to the Investors. Each Group Company has been in compliance with its Constitutional Documents in material respects, to the Knowledge of the Warrantors, none of the Group Companies has violated or breached any of their respective Constitutional Documents in material respects. The register of members and directors of each Group Company (if applicable) is correct. There has been no notice of any proceedings to rectify any such register, and there are no circumstances which might lead to any application for its rectification. All Constitutional Documents required to be filed by each of the Group Companies with the applicable Governmental Authority in respect of the relevant jurisdiction in which such Group Company is being incorporated have been properly made up and filed.

4.14 Disclosure. No Warranty made by any of the Warrantors in this Agreement and no information or materials provided by any of the Warrantors to the Investors in connection with the negotiation or execution of this Agreement or any Transaction Document contains any untrue statement of a material fact, or omits to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances in which they are made, not misleading.

4.15 Registration Rights. Except as provided in the Shareholders Agreement, no Group Company has granted or agreed to grant any Person any registration rights (including piggyback registration rights) with respect to, nor is any Group Company obliged to list, any Group Company's Equity Securities on any securities exchange.

4.16 Insurance. Except as provided in the Disclosure Schedule, each Group Company has obtained and maintains the insurance coverage of the same types and at the same coverage levels as other similarly situated companies in the same industry in which such Group Company operates its business or possesses its properties and assets, in accordance with its best commercial practices. To the best Knowledge of the Warrantors, nothing has been done or omitted to be done by or on behalf of any Group Company which would make any policy of insurance void or voidable or enable the insurers to avoid the same and there is no claim outstanding under any such policy and, to the best Knowledge of the Warrantors, there are no facts or circumstances likely to give rise to such claim or result in an increased rate of premium. All information furnished in obtaining or renewing the insurance policies of each Group Company was correct, full and accurate when given and any change in that information required to be given was correctly given. No Group Company is in default under any of these policies. No Group Company has suffered any uninsured losses or waived any rights of material or substantial value or allowed any insurance to lapse. No claim under any policy of insurance taken out in connection with the business or assets of any Group Company is outstanding and, to the best Knowledge of the Warrantors, there are no facts or circumstances likely to give rise to such a claim.

4.17 Financial Statements. The Financial Statements (i) have been prepared in accordance with the books and records of each Group Company, (ii) are true, correct and complete and present fairly the financial condition of the Group Companies at the date or dates therein indicated and the results of operations for the period or periods therein specified, and (iii) have been prepared in accordance with the GAAP and the IFRS applied on a consistent basis, except as to the unaudited consolidated Financial Statements, for the omission of notes thereto and normal year-end audit adjustments. Specifically, but not by way of limitation, the most recent balance sheets included within the Financial Statements disclose all of each Group Company's debts, liabilities and obligations of any nature, whether due or to become due, as of their respective dates (including, without limitation, absolute liabilities, accrued liabilities, and contingent liabilities) to the extent such debts, liabilities and obligations are required to be disclosed on a balance sheet in accordance with the GAAP and the IFRS, other than current liabilities that were incurred after the Balance Sheet Date in the ordinary course of business consistent with its past practices that are not material in the aggregate. The Group Companies maintain a standard system of accounting established and administered in accordance with the GAAP and the IFRS.

4.18 Activities Since Balance Sheet Date. Since the Balance Sheet Date, except as contemplated in the Transaction Documents, with respect to each Group Company, there has not been:

(a) any change in the assets, liabilities, financial condition or operating results of such Group Company from that reflected in the Financial Statements, except changes in the ordinary course of business of such Group Company that have not been material adverse to such Group Company;

(b) any change in the contingent obligations of such Group Company by way of guarantee, endorsement, indemnity, warranty or otherwise, except changes in the ordinary course of business of such Group Company that have not been material adverse to such Group Company;

- (c) any damage, destruction or loss, whether or not covered by insurance, that constitutes or results in, the aggregate, a Company Material Adverse Effect;
- (d) any satisfaction or discharge of any Lien or payment of any obligation by such Group Company, except such satisfaction, discharge or payment made in the ordinary course of business of such Group Company that do not constitute or result in, the aggregate, a Company Material Adverse Effect;
- (e) any change or amendment to a Material Contract by which such Group Company or any of its assets or properties is bound or subject, except for changes or amendments which are expressly provided for or disclosed in this Agreement;
- (f) any change in any compensation arrangement or agreement with any present or prospective the Key Officers and other key employees with positions of vice presidents or higher or director;
- (g) any sale, assignment or transfer of any Proprietary Assets or other intangible assets of such Group Company, except such sale, assignment or transfer made in the ordinary course of business of such Group Company that do not constitute or result in, the aggregate, a Company Material Adverse Effect;
- (h) any resignation or termination of employment with any Key Officers;
- (i) any mortgage, pledge, transfer of a security interest in, or Lien created with respect to any of such Group Company's properties or assets, except for Liens for taxes not yet due or payable or any transfer incurred in the ordinary course of business of such Group Company that have not been material adverse to such Group Company;
- (j) any Financial Debt (as defined in the Shareholders Agreement) incurred, assumed or guaranteed by such Group Company;
- (k) any declaration, setting aside or payment or other distribution in respect of any of such Group Company's Equity Securities, or any direct or indirect redemption, purchase or other acquisition of any of such Equity Securities by such Group Company;
- (l) any failure to conduct business in the ordinary course of business;
- (m) any transactions with any of its officers, directors or employees, or any Relative of such Person, or any Person Controlled by such Person, other than the Contracts relating to employment or service of employees, directors, supervisors, advisors and consultants and accrued salaries, reimbursable expenses or other standard employee benefits;
- (n) any other event or condition of any character which could reasonably be expected to constitute or result in a Company Material Adverse Effect; or
- (o) any agreement or commitment by such Group Company, any Founder Holding Company or the Founders to do any of the things described in this [Section 4.18](#).

#### 4.19 Tax Matters.

(a) General. The provisions for Tax in the respective Financial Statement are sufficient for the payment of all accrued and unpaid applicable Tax of each Group Company, whether or not assessed or disputed as of the date of each such balance sheet. Each Group Company has duly and timely filed all Tax Returns required to have been filed by it and all such Tax Returns are true, correct, and complete in all material respects. Each Group Company has withheld and paid all Tax which are required to be withheld or due and payable (whether or not shown on any Tax Return), including the Tax in connection with any amounts due or owing to any employee, independent contractor, creditor, stockholder or other third party, and no Tax Liens are currently in effect against any of the assets of any Group Company. None of the Group Companies is subject to any waivers of applicable statutes of limitations with respect to Tax for any year. Since the Balance Sheet Date, none of the Group Companies has incurred any Tax, assessments or governmental charges other than in the ordinary course of business and each Group Company has made adequate provisions on its books of account for all Tax, assessments and governmental charges with respect to its business, properties and operations for such period. Any preferential Tax treatment enjoyed by any Group Company on or prior to the Offshore Closing has been in compliance with all applicable Law and will not be subject to any retroactive deduction or cancellation except as a result of retroactive effects of changes in applicable Law. None of the Group Companies is treated as a resident for Tax purposes of, or is otherwise subject to income Tax in, a jurisdiction other than the jurisdiction in which it has been established.

(b) Tax Authority. There have been no examinations or audits of any Tax Returns by any applicable Governmental Authority, and no issues relating to Tax of any Group Company were raised by the relevant Governmental Authorities in any completed audit or examination. No written claim has ever been made by any Governmental Authority in a jurisdiction where the Group Companies does not file Tax Returns that any Group Company is or may be subject to taxation by that jurisdiction. None of the Group Companies has received notice of any proposed or determined Tax deficiency or assessment from any Governmental Authority.

4.20 Interested Party Transactions. Except as disclosed in the Disclosure Schedule, the Transaction Documents, the Restructuring Documents and the previous financing documents of the Group Companies, no Interested Party (a) currently has or has had direct or indirect interests in (i) any Contract to which any Group Company is a party or by which it or its properties may be bound or affected, or (ii) any Person with which any Group Company Competes, is affiliated, or has a business relationship, or (b) is indebted to any Group Company nor is any Group Company indebted (or committed to make loans or extend or guarantee credit) to any Interested Party (other than the Contracts relating to employment or service of employees, directors, supervisors, advisors and consultants and accrued salaries, reimbursable expenses or other standard employee benefits).

#### 4.21 Employment Matters.

(a) General. Each Group Company (i) is in compliance in material aspects with all applicable Law respecting employment, employment practices and terms and conditions of employment, including without limitation the applicable PRC Law pertaining to welfare funds, social benefits, medical benefits, insurance, retirement benefits and pensions; (ii) has withheld and reported all amounts required by any applicable Law or any Contract to be withheld and reported with respect to wages, salaries and other payments to employees; (iii) is not liable for any arrear of wages, Tax or penalty for failure to comply with any of the foregoing; and (iv) other than as required by applicable Law, is not liable for any payment to any trust or fund governed by or maintained by or on behalf of any Governmental Authority with respect to unemployment compensation benefits, social security or other benefits or obligations for employees. There are no pending or, to the Knowledge of each Warrantor, threatened or reasonably anticipated Actions against any Group Company under any worker's compensation policy or long-term disability policy. No Group Company has direct or indirect liability with respect to any misclassification of any Person as an independent contractor rather than as an employee.

(b) Employment Relation. Each of officers (including Key Officers) and other full-time employees of the Group Companies has duly executed an Employment-Related Agreement as required by the applicable laws, which is in full force and effect and binding upon and enforceable against each such person, and to the best Knowledge of the Warrantors, none of the such person or any Group Companies is in violation thereof. None of the Warrantors is aware that any Key Officer intends to terminate his or her employment with any Group Company, or any Group Company has a present intention to terminate the employment of any Key Officer. Except for the ESOP or as required by applicable Laws, there is no share incentive, share option, profit sharing, bonus or other incentive arrangement for or affecting any current or former employee or worker of any Group Company. Except as required by applicable Law, no Group Company has or maintains any employee benefit plan, employee pension plan, medical insurance, or life insurance to which any Group Company contributed or is obligated to contribute thereunder for current or former employees of any Group Company.

#### 4.22 No Other Business.

(a) Company. The Company was formed solely to acquire and hold, directly or indirectly, the Equity Securities of other Group Companies and since its formation has not engaged in any other business and has not incurred any liability in the course of its business of acquiring and holding, directly or in its Equity Securities in the HK Subsidiary.

(b) HK Subsidiary. The HK Subsidiary was formed solely to acquire and hold Equity Securities in the WFOE and since its formation has not engaged in any other business and has not incurred any liability in the course of its business of acquiring and holding its Equity Securities in the WFOE.

(c) PRC Group Companies. The PRC Group Companies are engaged solely in the Principal Business and have no other business activities.

4.23 Minute Books. The minute books of each Group Company which have been made available to the Investors contain a complete summary of all meetings and actions taken by directors, shareholders or owners of such Group Company since its formation, and reflect all transactions referred to in such minutes accurately in all material respects.

4.24 Obligations of Management. Each of the Founders and the Key Officers is currently devoting one hundred percent (100%) of his or her working time to the conduct of the business of the Group Companies. None of the Key Officers, directly or indirectly, owns, manages, is engaged in, operates, Controls, works for, consults with, renders services for, does business with, maintains any interest in (proprietary, financial or otherwise) or participates in the ownership, management, operation, or Control of, any Restricted Business, whether in corporate, proprietorship or partnership form or otherwise, except for the acquisition by a Key Officer, directly or indirectly, of less than one percent (1%) of the outstanding shares of any publicly traded company engaged in a Restricted Business.

4.25 Insolvency. The aggregate assets of the Group Companies taken as a whole, at a fair valuation, exceeds or will exceed the aggregate debt of the Group Companies taken as a whole, as the debt becomes absolute and mature, and each Group Company does not incur or intends to incur debt beyond its ability to pay such debt as such debt becomes absolute and matures. There has not been commenced against any Group Company an involuntary case under any applicable national, provincial, city, local or foreign bankruptcy, insolvency, receivership or similar Law now or hereafter in effect, or any Action for the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of such Group Companies or for any substantial part of its property or for the winding up or liquidation of its affairs.

4.26 UN Security Council Resolutions. Neither a Group Company, a Founder, a Founder Holding Company, nor any Person acting on its or his behalf, has entered into any transaction or engaged in any activity prohibited by any resolution issued by the United Nations Security Council under Chapter VII of the UN Charter.

4.27 Criminal Offenses. Neither a Warrantor, nor any Person acting on its or his behalf whose acts could incur any Warrantor's vicarious liability, has carried out any actions or made any omissions which could result in any Warrantor incurring criminal sanctions.

4.28 Environmental Matters. There are no material social or environmental risks or issues in respect of the Company Operations. None of the Warrantors has received or is aware of (i) any existing or threatened complaint, order, directive, claim, citation or notice from any Governmental Authority, or (ii) any written communication from any Person, in either case, concerning the failure of the Company Operations to comply with any matter covered by any applicable Law.

4.29 No Immunity. Neither a Warrantor nor any of its or his properties enjoys any right of immunity from set-off, suit or execution with respect to its or his obligations under this Agreement and the Transaction Documents.

## 5. REPRESENTATIONS AND WARRANTIES OF INVESTORS

Each Investor, severally but not jointly, represents and warrants to the Company as follows:

5.1 Due Authorization. Such Investor has all requisite power, authority and capacity to enter into this Agreement and the Ancillary Agreements to which it is a party, and to perform its obligations hereunder and thereunder. This Agreement and the Ancillary Agreements to which it is a party have been duly authorized, executed and delivered by such Investor. This Agreement and the Ancillary Agreements to which it is a party, when executed and delivered by such Investor, will constitute valid and legally binding obligations of such Investor, enforceable against such Investor in accordance with its terms and subject, as to enforcement of remedies, to applicable bankruptcy, insolvency, moratorium, reorganization and similar Law affecting creditors' rights generally and to general equitable principles.

5.2 Purchase for Own Account. The applicable Purchased Shares will be acquired for such Investor's own account, and not as a nominee or agent.

5.3 Restricted Securities. Such Investor understands that the Purchased Shares being purchased by it and the shares issuable upon conversion of the Purchased Shares are restricted securities within the meaning of Rule 144 under the Securities Act; that the Purchased Shares and the shares issuable upon conversion of the Purchased Shares are not registered or listed publicly and must be held indefinitely unless they are subsequently registered or listed publicly or an exemption from such registration or listing is available.

## 6. COVENANTS

Each of the Warrantors, jointly and severally, covenants to each Investor who has completed the Closing those undertakings as provided in Sections 6.1 to 6.14, and covenants to each Investor the undertaking as provided in Section 6.15:

6.1 Use of Proceeds from the Sale of Purchased Shares. The proceeds from the issuance and sale of the Purchased Shares shall only be applied or used for the operation and development of the Principal Business, and shall in no event be applied or used to repay or settle any other indebtedness owing by any Group Company to any of its shareholders, directors, officers or any other Persons related in whatever respect with any of the foregoing parties which are not indicated in the Financial Statements and the Disclosure Schedule without the prior written consent of the Investors holding more than fifty percent (50%) of the Purchased Shares.

6.2 Business of the Company and the HK Subsidiary. Except as otherwise approved by the Board in accordance with the Restated Articles, the business of the Company shall be restricted to the direct or indirect holding, management and disposition of Equity Securities in other Group Companies and other companies or entities, and the business of the HK Subsidiary shall be restricted to the holding, management and disposition of Equity Securities in the WFOE, HK Co and other companies or entities.

6.3 Business of the PRC Group Companies. Except as otherwise approved by the Board in accordance with the Restated Articles, the business of each of the PRC Group Companies shall be restricted to the Principal Business.

6.4 Employment-Related Agreement. The Company shall cause each of all existing and future full-time employees of the Group Companies to enter into an Employment-Related Agreement in the form in compliance with the applicable Law. Each PRC Group Company shall at all times keep the minimum number of employees required by applicable Law in order to maintain all Licenses and permits necessary to conduct its any business in the manner as currently and then conducted.

### 6.5 Compliance.

(a) Compliance with Law. The Warrantors shall cause the Group Companies to, conduct their respective business as now conducted and as proposed to be conducted materially in compliance with all applicable Law on a continuing basis, including but not limited to the Law regarding foreign investments, corporate registration and filing, import and export, customs administration, foreign exchange, advertisement, telecommunication and e-commerce, intellectual property rights, taxation, labor and social welfare, welfare funds, social benefits, medical benefits, insurance, retirement benefits, and pensions or the like.



(b) SAFE Registration. Each Founder shall, and each Warrantor shall use its best efforts to cause the Founders and any other person participating the ESOP who is a PRC resident and beneficially holds any Equity Securities in the Company to, at the expense of the Founders or such person, fully comply with all requirements of the PRC Governmental Authorities with respect to his or her holding of Equity Securities in the Company on a continuing basis (including, but not limited to, all reporting obligations imposed by and all Approvals, permits, filings, registrations and updates of registration required by the SAFE Rules and Regulations and the PRC Governmental Authorities in connection therewith).

6.6 Business Permits or Licenses. Each of the Group Companies shall, and each of the Warrantors shall cause such Group Company to, at all times maintain the appropriate governmental permits or Licenses required to conduct the Principal Business and any other business conducted by the Group Companies at any given time, and shall not permit any Group Company to conduct any business for which it does not have the appropriate governmental permits or licenses. In particular, as soon as practicable following the Offshore Closing, the Warrantors shall use their commercially reasonable efforts to cause (i) all the PRC Group Companies and their branches operating the business recycling of waste or second hand materials to, add description of “recycling of waste or second hand materials (废旧物资回收)” or similar language into business scope stated in the business license of such companies; (ii) all the PRC Group Companies and their branches operating the business of renewable resources recycling to obtain the necessary Approvals according to applicable Laws; (iii) all the PRC Group Companies and their branches operating the Principal Business to complete the filings with each local public security department where they operate the recycling business once such local public security department accepts the filings from the respective PRC Group Companies and their branches; (iv) before December 31, 2020, the Shanghai Subsidiary to obtain the Value-Added Telecommunication Business Operation License with the business scope covering the online data processing and transaction processing business; and (v) the Shanghai Subsidiary to submit filing with the competent authorities for the information of all the franchisees with respect to its commercial franchising business.

6.7 Tax Matters. The Company will comply and will cause any and all Group Companies to comply on an annual basis with respect to its taxable year with all record-keeping, reporting, and other requirements necessary for the Company and any Group Companies to comply with any applicable Tax Law or to allow any direct or indirect shareholder or owner to avail itself of any applicable provision of Tax Law. The Company will also provide each Investor with necessary documentation or information requested by such Investor to allow such Investor or its direct or indirect shareholder to comply with applicable Tax Law.

6.8 Obligations of Management; Non-Compete and Non-Solicitation.

(a) Non-compete. Each Founder shall, and each Warrantor shall cause each Founder to, devote his full time and attention to the business of the Group Companies and will use his best efforts to develop the business and interests of the Group Companies. Each Founder hereby covenants and undertakes that, during the period when he is holding any office in and/or has any direct or indirect interest in any Group Company (whichever is longer) and for a further period of twenty-four (24) months thereafter, he shall not, directly or indirectly through any Affiliate or Associate, own, manage, be engaged in, operate, Control, work for, consult with, render services for, do business with, maintain any interest in (proprietary, financial or otherwise) or participate in the ownership, management, operation, or Control of, any business, whether in corporate, proprietorship or partnership form or otherwise, that is related to the Principal Business or otherwise Competes with any Group Company.

(b) Non-solicitation. Each Founder further covenants and undertakes that, he shall not cause, solicit, induce or encourage any employees of the Group Companies to leave such employment or hire, employ or otherwise engage any such individual, or cause, induce or encourage any material actual or prospective client, customer, supplier, licensee or licensor of the Group Companies or any other Person who has a material business relationship with the Group Companies, to terminate or modify to the detriment of the Group Companies any such relationship.

6.9 Keeping Records and Books of Account. Each Group Company will keep adequate records and books of account, in which complete entries will be made on a consistent basis in accordance with the GAAP and the IFRS or other accounting principles as approved pursuant to the Shareholders Agreement, reflecting all financial transactions of the Group Companies, to the extent required by the GAAP and the IFRS or such other accounting principles, and in which, for each fiscal year, all proper reserves for depreciation, depletion, obsolescence, amortization, taxes, bad debts and other purposes in connection with its business shall be made in accordance with the GAAP and the IFRS or such other accounting principles.

6.10 Cancellation of Foreign Exchange Registration. The Warrantors shall procure the Shanghai Subsidiary to complete the cancellation of foreign exchange registration for the disposal of the HK Co.

6.11 Registration of Software Copyright. The Warrantors shall procure the Group Companies to register the copyrights of “爱机汇 APP” and “机大侠 APP” as soon as practical after the Offshore Closing (in any event within nine (9) months after the Offshore Closing).

6.12 Trademark Compliance Plan. The Group Companies shall and the Warrantors shall cause the Group Companies to implement the Trademark Compliance Plan in accordance with the time schedule as provided therein.

6.13 Authorizations for Using Trademarks. The Group Companies shall and the Warrantors shall cause the Group Companies to (i) obtain the authorizations to use the registered trademarks which are set out on the Group Companies’ website (www. aihuishou.com) from the owners of such trademarks; or (ii) remove the trademarks which are set out on the foregoing website.

6.14 Repayment Plan. Within two (2) months after the Offshore Closing, the Group Companies shall and the Warrantors shall cause the Group Companies to formulate a settlement plan, and enter into definitive agreements with Beijing Xichen Technology Co., Ltd. (北京希辰科技有限公司) (“**Beijing Xichen**”) and Shanghai Yuekun Environmental Protection Technology Co., Ltd. (上海悦鲲保科技有限公司) (“**Shanghai Yuekun**”), as applicable, in respect of such settlement plan, in each case to the reasonable satisfaction of Jing Dong, regarding: (i) the repayment of outstanding loans and interests owed to certain Group Companies by Beijing Xichen and Shanghai Yuekun, including the amount which was paid by the Group Companies on behalf of Shanghai Yuekun to third-parties and has not been repaid by Shanghai Yuekun; (ii) the settlement of the amounts collected and paid pursuant to the Assets and Business Transfer Agreement entered into by and among Shanghai Yuekun, Domestic Enterprise, Shanghai Subsidiary and Changzhou Subsidiary.

6.15 Additional Covenants. Except as required by this Agreement, no resolution of the directors, owners, members, partners or shareholders of the Group Companies shall be passed, nor shall any Contract be entered into, in each case, prior to the Closing without the prior written consent of each Investor, except that each Group Company may carry on its respective business in the same manner as heretofore and may pass resolutions and enter into Contracts so long as they are effected in the ordinary course of business. If at any time before the Closing, any Warrantor comes to know of any material fact or event which:

- (a) is inconsistent with any of the Company Warranties given by any Warrantor,
- (b) suggests that any fact warranted may not be as warranted or may be misleading, or

(c) might affect the willingness of a prudent investor to purchase the Purchased Shares or the amount of consideration which any Investor would be prepared to pay for the Purchased Shares, such Warrantor shall give immediate written notice thereof to each Investor in which event any Investor may terminate this Agreement with respect to itself by written notice to the other Parties without any penalty whatsoever and without prejudice to any rights that such Investor may have under this Agreement or applicable Law.

#### 7. CONDITIONS TO INVESTORS' OBLIGATIONS AT THE CLOSING

The obligations of the Investors to consummate the transactions under Section 2 of this Agreement are subject to the fulfillment, to the satisfaction of each Investor on or prior to the Closing, or waiver by each Investor, of the following conditions:

7.1 Representations and Warranties True and Correct. The Company Warranties made by the Warrantors in Section 4 shall be, in all material respects, true and correct and complete when made, and shall be, in all material respects, true and correct and complete as of the Closing with the same force and effect as if they have been made on and as of the Closing.

7.2 Performance of Obligations. Each Warrantor shall have, in all material respects, performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before the Closing.

7.3 Proceedings and Documents. All corporate and other proceedings of the Major Group Companies and the Founder Holding Companies in connection with the transactions contemplated hereby and all documents and instruments incidental to such transactions shall be satisfactory in substance and form to the Investors.

7.4 Consents and Waivers. Each Warrantor shall have obtained any and all corporate authorizations and consents of third parties (other than any Approval which shall be obtained after the Closing pursuant to the Transaction Documents) necessary for the consummation of the transactions contemplated hereby, including but not limited to waivers of any consent rights, anti-dilution rights, rights of first refusal, preemptive rights and all similar rights in connection with the issuance of the Purchased Shares at the Closing, each of which shall be in full force and effect as of the Closing, and shall have delivered copies of the foregoing to the Investors.

7.5 Adoption of Restated Articles. The Restated Articles shall have been duly adopted by the Company by all necessary corporate actions of the Board and its shareholders and submitted for filing with competent corporate registry of the Cayman Islands as of the Offshore Closing as evidenced by an email confirmation from the registered agent of the Company, and the scanned copy of which shall have been delivered to the Investors.

7.6 Execution of Transaction Documents. At the Closing, the Company shall have delivered to applicable Investor all the Transaction Documents to which such Investor is a party, duly executed by the Company and all other parties thereto (except for the Investors) including the Shareholders Agreement in the form attached hereto as Exhibit B.

7.7 No Company Material Adverse Effect. There shall have been no Company Material Adverse Effect since the Balance Sheet Date.

7.8 Trademarks Applications and Compliance Plan. The Group Companies shall have formulated a trademark application and compliance plan for all the trademarks used by the Group Companies and having not been registered (the "**Trademark Compliance Plan**") to the reasonably satisfaction of Jing Dong.

7.9 BCA Supplementary Agreement. Solely with respect to Jing Dong's consummation of its obligations under Section 2, the Company shall have entered into the BCA Supplementary Agreement with JD Parent or an Affiliate of Jing Dong.

7.10 Repayment of the RMB Loan. With respect to each RMB Investor's consummation of its obligations under Section 2, the Company shall have repaid all of the loans provided by such RMB Investor under the Loan Agreement.

7.11 Compliance Certificate. The Warrantors shall have jointly delivered to each Investor a certificate dated as of the date on which the Company requests the Investors in accordance with Section 3.1(a)(i), certifying that the conditions to the Closing set forth in Section 7 applicable to such Investor have been satisfied.

#### 8. CONDITIONS TO COMPANY'S OBLIGATIONS AT THE CLOSING

The obligations of the Company to consummate the transactions under Section 2 of this Agreement are subject to the fulfillment, to the satisfaction of the Company on or prior to the Closing, or waiver by the Company, of the following conditions:

8.1 Representations and Warranties True and Correct. The representations and warranties made by such Investor in Section 5 shall be, in all material respects, true and correct and complete when made, and shall be, in all material respects, true and correct and complete as of the Closing with the same force and effect as if they have been made on and as of the Closing.

8.2 Performance of Obligations. Such Investor shall have, in all material respects, performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before the Closing.

8.3 Consents and Waivers. Such Investor shall have obtained any and all corporate authorizations and consents of third parties (other than any Approval which shall be obtained after the Closing pursuant to the Transaction Documents) necessary for the consummation of the transactions contemplated hereby, each of which shall be in full force and effect as of the Closing.

8.4 Execution of Transaction Documents. At the Closing, such Investor shall have delivered to applicable Warrantors all the Transaction Documents to which such Investor is a party, duly executed by such Person and all other parties thereto.

8.5 BCA Supplementary Agreement. Solely with respect to Jing Dong, JD Parent shall have entered into the BCA Supplementary Agreement with the Company.

8.6 ODI Approval. With respect to each RMB Investor, such RMB Investor shall have completed the ODI Approval, and such RMB Investor shall have delivered the documents evidencing its completion of the ODI Approval.

#### 9. INDEMNITY

The Parties hereby agree to the provisions set forth in Schedule E, which is incorporated hereby into this Agreement.

#### 10. MISCELLANEOUS

10.1 Governing Law. This Agreement shall be governed by and construed exclusively in accordance with the Law of Hong Kong without regard to its principles of conflicts of laws.

10.2 Survival. The Company Warranties shall survive the Offshore Closing for a period of twenty-four (24) months, except that the Fundamental Company Warranties shall survive until the expiration of the applicable statute of limitation under applicable Law.

10.3 Successors and Assigns. Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors and administrators of the Parties hereto whose rights or obligations hereunder are affected by such amendments. This Agreement and the rights and obligations therein may not be assigned by any Investor without the written consent of the Company except to such Investor's Affiliates. This Agreement and the rights and obligations therein may not be assigned by any Warrantor without the written consent of the Investors holding more than fifty percent (50%) of the Purchased Shares.

10.4 Entire Agreement. This Agreement and the Transaction Documents, including the schedules and exhibits hereto and thereto, which are hereby expressly incorporated herein by this reference, constitute the entire understanding and agreement between the Parties with regard to the subjects hereof and thereof; provided, however, that nothing in this Agreement or Transaction Documents shall be deemed to terminate or supersede the provisions of any confidentiality and nondisclosure agreements executed by the Parties hereto prior to the date hereof, which agreements shall continue in full force and effect until terminated in accordance with their respective terms.

10.5 Notices. Except as may be otherwise provided herein, all notices, requests, waivers and other communications made pursuant to this Agreement shall be in writing and shall be conclusively deemed to have been duly given (a) when hand delivered to the other Party, upon delivery; (b) when sent by facsimile at the number set forth in Schedule E hereto, upon receipt of confirmation of error-free transmission; (c) seven (7) Business Days after deposit in the mail as air mail or certified mail, receipt requested, postage prepaid and addressed to the other Party as set forth in Schedule E; (d) three (3) Business Days after deposit with an overnight delivery service, postage prepaid, addressed to the Parties as set forth in Schedule E with next-business day delivery guaranteed, provided that the sending Party receives a confirmation of delivery from the delivery service provider; or (e) when sent by email at the email address set forth in Schedule E hereto, upon sending by email (without errors in transmission), if sent on a Business Day and during normal business hours of the recipient, otherwise on the next Business Day. Each Person making a communication hereunder by facsimile shall promptly confirm by telephone to the Person to whom such communication was addressed each communication made by it by facsimile pursuant hereto but the absence of such confirmation shall not affect the validity of any such communication. A Party may change or supplement the addresses given above, or designate additional addresses, for purposes of this Section 10.5 by giving the other Party written notice of the new address in the manner set forth above.

10.6 Amendments. Any term of this Agreement may be amended only with the written consents of the Parties hereto.

10.7 Delays or Omissions; Waivers. No delay or omission to exercise any right, power or remedy accruing to any Party hereto, upon any breach or default of any Party hereto under this Agreement, shall impair any such right, power or remedy of such Party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of any similar breach of default thereafter occurring; nor shall any waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit or approval of any kind or character on the part of any Party of any condition or breach of default under this Agreement must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law or otherwise afforded to any Party shall be cumulative and not alternative.

10.8 Finder's Fees. Each Party represents and warrants to the others that it has retained no finder or broker in connection with the transactions contemplated by this Agreement and hereby agrees to indemnify and to hold harmless the other Parties from and against any liability for any commission or compensation in the nature of a finder's fee of any broker or other Person or firm (and the costs and expenses of defending against such liability or asserted liability) for which the indemnifying Party or any of its employees or representatives are responsible.

10.9 Interpretation; Titles and Subtitles. This Agreement shall be construed according to its fair language. The rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not be employed in interpreting this Agreement. The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement. Unless otherwise expressly provided herein, all references to Sections and Exhibits herein are to Sections and Exhibits of this Agreement. Unless a provision hereof expressly provides otherwise: (i) the term "or" is not exclusive; (ii) the terms "herein", "hereof", and other similar words refer to this Agreement as a whole and not to any particular section, subsection, paragraph, clause, or other subdivision; and (iii) the masculine, feminine, and neuter genders will each be deemed to include the others.

10.10 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

10.11 Severability. If any provision of this Agreement is found to be invalid or unenforceable, then such provision shall be construed, to the extent feasible, so as to render the provision enforceable and to provide for the consummation of the transactions contemplated hereby on substantially the same terms as originally set forth herein, and if no feasible interpretation would save such provision, it shall be severed from the remainder of this Agreement, which shall remain in full force and effect unless the severed provision is essential to the rights or benefits intended by the Parties. In such event, the Parties shall use best efforts to negotiate, in good faith, a substitute, valid and enforceable provision or agreement which most nearly affects the Parties' intent in entering into this Agreement.

10.12 Confidentiality and Non-Disclosure. None of the Warrantors may represent any Investor's views on any matter, or use any Investor's name in any written material provided to third parties, without such Investor's prior written consent. The Parties hereto agree to be bound by the confidentiality and non-disclosure provisions of Section 6 of the Shareholders Agreement. Each Warrantor shall expressly inform any Person to whom it discloses any information under this Section 10.12 of the restrictions set out herein with regards disclosure of such information and shall procure their compliance with the terms of this Section 10.12 as if they each were party to this Agreement as such Warrantor and such Warrantor shall be responsible for any breach by any such Person of the provisions of this Section 10.12.

10.13 Further Assurances. Each Party shall from time to time and at all times hereafter make, do, execute, or cause or procure to be made, done and executed such further acts, deeds, conveyances, consents and assurances without further consideration, which may reasonably be required to effect the transactions contemplated by this Agreement.

10.14 Dispute Resolution.

(a) Any dispute, controversy or claim arising out of or relating to this Agreement, or the interpretation, breach, termination or validity hereof, shall first be subject to resolution through consultation of the parties to such dispute, controversy or claim. Such consultation shall begin within seven (7) days after one Party hereto has delivered to the other Parties involved a written request for such consultation. If within thirty (30) days following the commencement of such consultation the dispute cannot be resolved, the dispute shall be submitted to arbitration upon the request of any Party with notice to the other Parties.

(b) The arbitration shall be conducted in Hong Kong under the auspices of the HKIAC. There shall be three arbitrators. The complainant and the respondent to such dispute shall each select one arbitrator within thirty (30) days after giving or receiving the demand for arbitration. Such arbitrators shall be freely selected, and the parties shall not be limited in their selection to any prescribed list. The Chairman of the HKIAC shall select the third arbitrator, who shall be qualified to practice Law in Hong Kong. If either party to the arbitration does not appoint an arbitrator who has consented to participate within thirty (30) days after selection of the first arbitrator, the relevant appointment shall be made by the Chairman of the HKIAC.

(c) The arbitration proceedings shall be conducted in English and Chinese. The arbitration tribunal shall apply the arbitration rules of the HKIAC (the "**Rules**") in effect at the time of the arbitration. However, if such Rules are in conflict with the provisions of this Section 10.14, including the provisions concerning the appointment of arbitrators, the provisions of this Section 10.14 shall prevail.

(d) The arbitrators shall decide any dispute submitted by the parties to the arbitration strictly in accordance with the substantive Law of Hong Kong and shall not apply any other substantive law.

(e) Each Party hereto shall cooperate with any party to the dispute in making full disclosure of and providing complete access to all information and documents requested by such Party in connection with such arbitration proceedings, subject to any confidentiality obligations binding on the Party receiving the request.

(f) The award of the arbitration tribunal shall be final and binding upon the disputing parties, and any party to the dispute may apply to a court of competent jurisdiction for enforcement of such award.

(g) Any party to the dispute shall be entitled to seek preliminary injunctive relief, if possible, from any court of competent jurisdiction pending the constitution of the arbitral tribunal.

(h) The costs and expenses of the arbitration, including the fees of the arbitrators, shall in the first instance be borne equally by the Parties that are the parties to the dispute, and each Party shall in the first instance pay its own fees, disbursements and other charges of its counsel, and the liability for such costs and expenses of the arbitration and the parties' fees, disbursement and counsel charges shall be borne by the party or parties as determined by the arbitrators in the award. In the case of a dispute between the Warrantors on the one hand and the Investors on the other hand, as between such Investors, the costs and expenses of the arbitration to be borne by such Investors shall be allocated on a pro rata basis in accordance with the number of Series E Preferred Shares to be subscribed by the Investors in accordance with this Agreement.

10.15 Immunity. To the extent any Warrantor may be entitled in any jurisdiction to claim for himself/itself or his/its assets immunity in respect of his/its obligations under this Agreement or any Transaction Document from any suit, execution, attachment (whether provisional or final, in aid of execution, before judgment or otherwise) or other legal process or to the extent that in any jurisdiction that immunity (whether or not claimed) may be attributed to him/it or his/its assets, such Warrantor irrevocably agrees not to claim and irrevocably waives such immunity to the fullest extent permitted now or in the future by the Law of such jurisdiction.

10.16 Expenses. Each Party shall pay all of its own costs and expenses incurred in connection with the negotiation, execution, delivery and performance of this Agreement and other Transaction Documents and the transactions contemplated hereby and thereby; provided that, within five (5) days after receipt of the full Purchase Price as indicated opposite Jing Dong's name on Schedule A, the Company shall pay or reimburse all reasonable costs and expenses incurred or to be incurred by Jing Dong up to a maximum of RMB1,200,000 which shall include all expenses and costs, including out-of-pocket expenses and third party consulting or advisory expenses incurred in connection with the transactions contemplated by this Agreement.



10.17 Termination.

(a) This Agreement may be terminated by the Company, (i) with respect to any Investor which is not an RMB Investor, by written notice to such Investor if the Closing with respect of such Investor has not occurred due to any reasons solely attributable to such Investor within sixty (60) days after the date hereof; (ii) with respect to any RMB Investor, by written notice to such RMB Investor if the Closing with respect of such RMB Investor has not occurred due to any reasons solely attributable to such RMB Investor within two hundred and seventy (270) days after the date hereof.

(b) This Agreement may be terminated by any Investor with respect to itself by written notice to the other Parties pursuant to Section 3.4.

(c) Any termination under this Section 10.17 shall be without prejudice to any claims for damages or other remedies that the Parties may have under this Agreement or applicable Law.

(d) Without prejudice to paragraph (c) above, in the case of termination, each relevant Party's further rights and obligations hereunder shall terminate immediately save that the provisions of Section 9, Section 10.1, Section 10.2, Section 10.5, Section 10.12, Section 10.14, Section 10.16 and this Section 10.17 shall survive such termination.

10.18 Several Obligations of Investors. The obligations of the Investors under this Agreement and the Transaction Documents to which any of them is a party are several.

**- REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK -**

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**COMPANY:**

**AIHUSHOU INTERNATIONAL CO. LTD.**

By: /s/ CHEN Xuefeng

Name: CHEN Xuefeng (陈雪峰)

Title: Director

**HK SUBSIDIARY:**

**AIHUSHOU INTERNATIONAL COMPANY LIMITED**

By: /s/ CHEN Xuefeng

Name: CHEN Xuefeng (陈雪峰)

Title: Director

**DOMESTIC ENTERPRISE:**

**SHANGHAI YUEYI NETWORK INFORMATION TECHNOLOGY CO., LTD. (上海悦易网络信息技术有限公司) (Seal)**

/s/ SHANGHAI YUEYI NETWORK INFORMATION TECHNOLOGY CO., LTD.

Seal of SHANGHAI YUEYI NETWORK INFORMATION TECHNOLOGY CO., LTD.

By: /s/ CHEN Xuefeng

Name: CHEN XueFENG (陈雪峰)

Title: Legal Representative

**HK CO:**

**AHS DEVICE HONG KONG LIMITED**

By: /s/ CHEN Xuefeng

Name: CHEN Xuefeng (陈雪峰)

Title: Director

**Signature Pages to Follow-On Series E Preferred Share Purchase Agreement**

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**DOMESTIC SUBSIDIARIES:**

**SHANGHAI YUEYI NETWORK INFORMATION TECHNOLOGY CO., LTD.** (上海悦亿网络信息技术有限公司) (Seal)

/s/ SHANGHAI YUEYI NETWORK INFORMATION TECHNOLOGY CO., LTD.

Seal of SHANGHAI YUEYI NETWORK INFORMATION TECHNOLOGY CO., LTD.

By: /s/ CHEN Yike

Name: CHEN Yike (陈逸轲)

Title: Legal Representative

**CHANGZHOU YUEYI NETWORK INFORMATION TECHNOLOGY CO., LTD.** (常州悦亿网络信息技术有限公司) (Seal)

/s/ CHANGZHOU YUEYI NETWORK INFORMATION TECHNOLOGY CO., LTD.

Seal of CHANGZHOU YUEYI NETWORK INFORMATION TECHNOLOGY CO., LTD.

By: /s/ CHEN Yike

Name: CHEN Yike (陈逸轲)

Title: Legal Representative

**YUEYI COMMERCIAL FACTORING (SHENZHEN) CO., LTD.** (乐易商业保理(深圳)有限公司) (Seal)

/s/ YUEYI COMMERCIAL FACTORING (SHENZHEN) CO., LTD.

Seal of YUEYI COMMERCIAL FACTORING (SHENZHEN) CO., LTD.

**Signature Pages to Follow-On Series E Preferred Share Purchase Agreement**

By: /s/ CHEN Yike  
Name: CHEN Yike (陈逸轲)  
Title: Legal Representative

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**Signature Pages to Follow-On Series E Preferred Share Purchase Agreement**

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**WFOE:**

**SHANGHAI AIHUI TRADING CO., LTD.** (上海艾  
慧商贸有限公司) (Seal)

/s/ SHANGHAI AIHUI TRADING CO., LTD.  
Seal of SHANGHAI AIHUI TRADING CO., LTD.

By: /s/ CHEN Xuefeng

Name: CHEN Xuefeng (陈雪峰)

Title: Legal Representative

**WFOE SUBSIDIARY:**

**SHANGHAI YUEOU INFORMATION TECHNOLOGY CO., LTD.**  
(上海悦欧信息技术有限  
公司) (Seal)

/s/ SHANGHAI YUEOU INFORMATION TECHNOLOGY CO., LTD.  
Seal of SHANGHAI YUEOU INFORMATION TECHNOLOGY CO.,  
LTD.

By: /s/ CHEN Xuefeng

Name: CHEN Xuefeng (陈雪峰)

Title: Director

**Signature Pages to Follow-On Series E Preferred Share Purchase Agreement**

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**FOUNDERS:**

/s/ SUN Wenjun

SUN Wenjun (孙文俊)

/s/ CHEN Xuefeng

CHEN Xuefeng (陈雪峰)

**FOUNDER HOLDING COMPANIES:**

**S&WJ GROUP LIMITED**

By: /s/ SUN Wenjun

Name: SUN Wenjun (孙文俊)

Title: Director

**C&XF GROUP LIMITED**

By: /s/ CHEN Xuefeng

Name: CHEN Xuefeng (陈雪峰)

Title: Director

**Signature Pages to Follow-On Series E Preferred Share Purchase Agreement**

IN WITNESS WHEREOF, the parties hereto have caused their respective duly . . . authorized representatives to execute this Agreement as of the date and year first above written.

**INVESTORS:**

**JD.com Development Limited**

By: /s/ WANG Nani

Name: WANG Nani (王娜妮)

Title: Director

**Signature Pages to Follow-On Series E Preferred Share Purchase Agreement**

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**INVESTORS:**

**Guotai Junan Finance (Hong Kong) Limited 国泰君安财  
务 (香港) 有限公司**

By: /s/ LI Guangjie

Name: LI Guangjie (李光杰)

Title: Director

**Signature Pages to Follow-On Series E Preferred Share Purchase Agreement**



IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**INVESTORS:**

**Tianjin Huihe Haihe Intelligent Logistics Industry Fund Partnership (Limited Partnership) (天津汇禾海河智能物流产业基金合伙企业 (有限合伙) ) (Seal)**

/s/ Tianjin Huihe Haihe Intelligent Logistics Industry Fund Partnership (Limited Partnership)

Seal of Tianjin Huihe Haihe Intelligent Logistics Industry Fund Partnership (Limited Partnership)

By: /s/ ZHANG Qi

Name: ZHANG Qi (张奇)

Title: Representative Appointed by Executive Partner

**Signature Pages to Follow-On Series E Preferred Share Purchase Agreement**

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**INVESTORS:**

**Shanghai Zhengmu Investment Center (Limited Partnership) (上海正睦投资中心(有限合伙)) (Seal)**

/s/ Shanghai Zhengmu Investment Center (Limited Partnership)

Seal of Shanghai Zhengmu Investment Center (Limited Partnership)

By: /s/ LI Li

Name: LI Li (李莉)

Title: Representative Appointed by Executive Partner

**Signature Pages to Follow-On Series E Preferred Share Purchase Agreement**

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**INVESTORS:**

**Ningbo Qingyu Investment Management Co., Ltd. (宁波清宇投资管理有限公司) (Seal)**

/s/ Ningbo Qingyu Investment Management Co., Ltd.  
Seal of Ningbo Qingyu Investment Management Co., Ltd.

By: /s/ HU Yuchen  
Name: HU Yuchen (胡宇晨)  
Title: Legal Representative

**Signature Pages to Follow-On Series E Preferred Share Purchase Agreement**

**SCHEDULE A**

<b>Name of Investors</b>	<b>Number and Type of Purchased Shares</b>	<b>Total Purchase Price</b>
Jing Dong	2,802,048	US\$50,000,000
GTJA	1,401,024	US\$25,000,000
Huihe	282,623	Equivalent US Dollars of RMB35,000,000
Guohe	403,747	Equivalent US Dollars of RMB50,000,000
Fresh Capital	403,747	Equivalent US Dollars of RMB50,000,000

The Purchase Price in US Dollars to be paid by each RMB Investor shall be calculated based on the applicable exchange rate of RMB to US Dollars on the date of foreign exchange purchase by such RMB Investor in accordance with the Loan Agreement

**Schedules to Follow-On Series E Preferred Share Purchase Agreement**

**SCHEDULE B**

**LIST OF KEY OFFICERS**

<b>Name of Key Officer</b>	<b>Passport/PRC ID Number</b>	<b>Title</b>
CHEN Xuefeng (陈雪峰)	***	CEO
SUN Wenjun (孙文俊)	***	President
QIU Jiawen (仇佳文)	***	Senior Software Engineer
WANG Dengting (王登庭)	***	Vice President
FENG Xiaohui (冯小晖)	***	Vice President
DU Xiaochen (杜晓忱)	***	Vice President
GUO Jingwei (郭经纬)	***	Vice President
LUO Taiqiang (罗泰强)	***	Vice President
WANG Yongliang (王永良)	***	President
LAI Fangxiao (赖方潇)	***	Vice President

**Schedules to Follow-On Series E Preferred Share Purchase Agreement**

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**SCHEDULE C**

**DISCLOSURE SCHEDULE**

**Schedules to Follow-On Series E Preferred Share Purchase Agreement**

**SCHEDULE D****CAPITALIZATION TABLE****AS OF THE EXECUTION DATE OF THIS AGREEMENT**

<b>Shareholders</b>	<b># of Shares</b>	<b>%</b>
<i>Ordinary Shares</i>		
S&WJ Group Limited	4,832,367	3.4006%
C&XF Group Limited	13,283,317	9.3476%
Morningside China TMT Fund II, L.P.	369,034	0.2597%
International Finance Corporation	297,902	0.2096%
<i>ESOP</i>		
ESOP	21,920,964	15.4260%
<i>Series A Preferred Shares</i>		
Morningside China TMT Fund II, L.P.	9,497,040	6.6832%
<i>Series B-1 Preferred Shares</i>		
Morningside China TMT Fund II, L.P.	1,758,711	1.2376%
<i>Series B-2 Preferred Shares</i>		
Morningside China TMT Fund II, L.P.	2,879,784	2.0265%
<i>Series B-3 Preferred Shares</i>		
International Finance Corporation	2,948,341	2.0748%
<i>Series C-1 Preferred Shares</i>		
Morningside China TMT Top Up Fund, L.P.	1,825,679	1.2847%
International Finance Corporation	921,671	0.6486%
<i>Series C-2 Preferred Shares</i>		
Tiantu China Consumer Fund I, L.P.	7,450,811	5.2432%
JD.com Development Limited	7,450,811	5.2432%
EAGLE INTELLIGENCE LIMITED	2,197,879	1.5467%
<i>Series C-3 Preferred Shares</i>		
Euro Eco Limited (欧之碧有限公司)	5,253,241	3.6968%
JD.com Development Limited	5,564,491	3.9158%
Qianhai Ark (Cayman) Investment Co. Limited	1,262,446	0.8884%
YYT CAPITAL Inc.	563,845	0.3968%
Tiantu China Consumer Fund II, L.P.	429,089	0.3020%
Generation Mu HK Investment Limited	400,293	0.2817%

**Schedules to Follow-On Series E Preferred Share Purchase Agreement**

Shenzhen Dachen Chuanglian Equity Investment Fund Partnership (Limited Partnership) (深圳市达晨创联股权投资基金合伙企业(有限合伙)) (warrant)	2,819,225	1.9839%
Ningbo Meishan Bonded Port Area Yuanxiao Investment Management Partnership (宁波梅山保税港区元晓投资管理合伙企业(有限合伙)) (warrant)	2,255,380	1.5871%
Beijing Tiantu Xingbei Investment Center (Limited Partnership) (北京天图兴北投资中心(有限合伙)) (warrant)	3,383,070	2.3807%
Shanghai Chenxi Venture Investment Center (Limited Partnership) (上海晨熹创业投资中心(有限合伙)) (warrant)	1,884,511	1.3262%
Shanghai Jinglin Jinghui Equity Investment Center (上海景林景惠股权投资中心(有限合伙)) (warrant)	563,845	0.3968%
<i>Series D-1 Preferred Shares</i>		
JD.com Development Limited	2,115,755	1.4889%
<i>Series D-2 Preferred Shares</i>		
Internet Fund IV Pte. Ltd.	7,952,405	5.5962%
<i>Series E Preferred Shares</i>		
Morningside China TMT Fund II, L.P.	840,614	0.5915%
Tiantu China Consumer Fund II, L.P.	280,205	0.1972%
Internet Fund IV Pte. Ltd.	560,410	0.3944%
Fresh Capital Fund I, L.P.	280,205	0.1972%
Generation Mu HK Investment Limited	560,410	0.3944%
JD.com Development Limited	27,500,098	19.3521%
<b>Total</b>	<b>142,103,849</b>	<b>100.0000%</b>

**Note:** CHEN Xuefeng (陈雪峰), Shanghai Jinglin Jinghui Equity Investment Center (Limited Partnership) (上海景林景惠股权投资中心(有限合伙)) (“Greenwoods”) and the Domestic Enterprise have entered into an Equity Transfer Framework Agreement («股权转让框架协议») on July 21, 2017. As confirmed in the written resolution of the shareholders of the Company on July 5, 2018, CHEN Xuefeng (陈雪峰) intends to procure C&XF Group Limited to, transfer 992,513 Ordinary Shares held by it to Greenwoods in replacement of the equity transfer as provided in Equity Transfer Framework Agreement («股权转让框架协议»).

#### Schedules to Follow-On Series E Preferred Share Purchase Agreement



## CAPITALIZATION TABLE

## AFTER THE CLOSING ASSUMING ALL THE AUTHORIZED SERIES E PREFERRED SHARES HAVING BEEN SUBSCRIBED

Shareholders	# of Shares	%
<i>Ordinary Shares</i>		
S&WJ Group Limited	4,832,367	3.2785%
C&XF Group Limited	13,283,317	9.0120%
Morningside China TMT Fund II, L.P.	369,034	0.2504%
International Finance Corporation	297,902	0.2021%
<i>ESOP</i>		
ESOP	21,920,964	14.8721%
<i>Series A Preferred Shares</i>		
Morningside China TMT Fund II, L.P.	9,497,040	6.4432%
<i>Series B-1 Preferred Shares</i>		
Morningside China TMT Fund II, L.P.	1,758,711	1.1932%
<i>Series B-2 Preferred Shares</i>		
Morningside China TMT Fund II, L.P.	2,879,784	1.9538%
<i>Series B-3 Preferred Shares</i>		
International Finance Corporation	2,948,341	2.0003%
<i>Series C-1 Preferred Shares</i>		
Morningside China TMT Top Up Fund, L.P.	1,825,679	1.2386%
International Finance Corporation	921,671	0.6253%
<i>Series C-2 Preferred Shares</i>		
Tiantu China Consumer Fund I, L.P.	7,450,811	5.0549%
JD.com Development Limited	7,450,811	5.0549%
EAGLE INTELLIGENCE LIMITED	2,197,879	1.4911%
<i>Series C-3 Preferred Shares</i>		
Euro Eco Limited (欧之碧有限公司)	5,253,241	3.5640%
JD.com Development Limited	5,564,491	3.7752%
Qianhai Ark (Cayman) Investment Co. Limited	1,262,446	0.8565%
YYT CAPITAL Inc.	563,845	0.3825%
Tiantu China Consumer Fund II, L.P.	429,089	0.2911%
Generation Mu HK Investment Limited	400,293	0.2716%
Shenzhen Dachen Chuanglian Equity Investment Fund Partnership (Limited Partnership) (深圳市達晨創聯股權投資基金合 伙企業(有限合夥)) (warrant)	2,819,225	1.9127%

## Schedules to Follow-On Series E Preferred Share Purchase Agreement

Ningbo Meishan Bonded Port Area Yuanxiao Investment Management Partnership (宁波梅山保税港区元晓投资管理合伙企业(有限合伙))(warrant)	2,255,380	1.5301%
Beijing Tiantu Xingbei Investment Center (Limited Partnership (北京天图兴北投资中心(有限合伙))(warrant)	3,383,070	2.2952%
Shanghai Chenxi Venture Investment Center (Limited Partnership) (上海晨熹创业投资中心(有限合伙))(warrant)	1,884,511	1.2785%
Shanghai Jinglin Jinghui Equity Investment Center (上海景林景惠股权投资中心(有限合伙))(warrant)	563,845	0.3825%
<i>Series D-1 Preferred Shares</i>		
JD.com Development Limited	2,115,755	1.4354%
<i>Series D-2 Preferred Shares</i>		
Internet Fund IV Pte. Ltd.	7,952,405	5.3952%
<i>Series E Preferred Shares</i>		
Morningside China TMT Fund II, L.P.	840,614	0.5703%
Tiantu China Consumer Fund II, L.P.	280,205	0.1901%
Internet Fund IV Pte. Ltd.	560,410	0.3802%
Fresh Capital Fund I, L.P.	280,205	0.1901%
Generation Mu HK Investment Limited	560,410	0.3802%
JD.com Development Limited	30,302,146	20.5582%
Guotai Junan Finance (Hong Kong) Limited 国泰君安财务(香港)有限公司	1,401,024	0.9505%
Shanghai Zhengmu Investment Center (Limited Partnership) (上海正睦投资中心(有限合伙))	403,747	0.2739%
Ningbo Qingyu Investment Management Co., Ltd. (宁波清宇投资管理有限公司)	403,747	0.2739%
Tianjin Huihe Haihe Intelligent Logistics Industry Fund Partnership (Limited Partnership) (天津汇禾海河智能物流产业基金合伙企业(有限合伙))	282,623	0.1917%
<b>Total</b>	<b>147,397,038</b>	<b>100.0000%</b>

**Note:** CHEN Xuefeng (陈雪峰), Shanghai Jinglin Jinghui Equity Investment Center (Limited Partnership) (上海景林景惠股权投资中心(有限合伙)) (“Greenwoods”) and the Domestic Enterprise have entered into an Equity Transfer Framework Agreement («股权转让框架协议») on July 21, 2017. As confirmed in the written resolution of the shareholders of the Company on July 5, 2018, CHEN Xuefeng (陈雪峰) intends to procure C&XF Group Limited to, transfer 992,513 Ordinary Shares held by it to Greenwoods in replacement of the equity transfer as provided in Equity Transfer Framework Agreement («股权转让框架协议»).

#### Schedules to Follow-On Series E Preferred Share Purchase Agreement

**SCHEDULE E**

**NOTICES**

**IF TO THE WARRANTORS:**

Attention: CHEN Xuefeng (陈雪峰)  
Address: 12/F, Tower 6, KIC Corporate Avenue, 433 Songhu Road, Yangpu District,  
Shanghai 200433, PRC  
Tel: \*\*\*  
Email: \*\*\*

**IF TO JING DONG:**

Address: 21/F, Building A, No.18 Kechuang 11th Street, Yizhuang Economic and  
Technological Development Zone, Daxing District, Beijing 101111,  
Attention: Jing Gao (高静)  
Email: \*\*\*

With a copy (which shall not constitute notice) to:

Address: 18/F, Building A, No. 18 Kechuang 11th Street, Yizhuang Economic and  
Technological Development Zone, Daxing District, Beijing 101111, PRC  
Attn.: Wang Shanshan (王珊珊)  
E-mail: \*\*\*

**IF TO GTJA:**

Address: 27/F Low Blk, 181 Queens Road, Grand Millennium Plaza Central, Hong Kong  
Attention: Yuen Chiu (赵玄)  
Email: \*\*\*

**IF TO HUIHE:**

Address: 7/F, Block A, Chaolin Plaza, Yizhuang, Beijing  
Telephone: 135 2235 8846  
Attention: - 岳鑫(YUE Xin)  
Email: \*\*\*

**IF TO GUOHE:**

Address: 22/F, Shanghai International Group Mansion, 511 Weihai Rd., Shanghai,  
200041, China  
Telephone: \*\*\*  
Fax: \*\*\*  
Attention: JI Mingqiang (季明强)  
Email: \*\*\*

**Schedules to Follow-On Series E Preferred Share Purchase Agreement**

IF TO FRESH CAPITAL:

Address: Unit 1101, No. 1699, Gubei Road, Minhang District, Shanghai  
Telephone: \*\*\*  
Attention: HU Yuchen  
Email: \*\*\*

**Schedules to Follow-On Series E Preferred Share Purchase Agreement**

## **Schedule F**

### **Indemnification**

#### **1. Indemnification by the Warrantors.**

(a) **General Indemnity.** To the fullest extent permitted by Law, each of the Warrantors covenants and agrees jointly and severally to indemnify and hold harmless each Indemnitee, from and against any and all Losses, as incurred, insofar as such Losses arise out of or are based upon: (i) any inaccuracy in or breach of any Company Warranty, covenant or agreement made by the Warrantors in the Transaction Documents; (ii) the failure of any Warrantor to perform or observe fully any covenant, agreement or other provision to be performed or observed by it pursuant to the Transaction Documents. If and to the extent that such indemnification is unenforceable for any reason, each Warrantor will make the maximum contribution to the payment and satisfaction of such indemnified liabilities permissible under applicable Law.

(b) **Tax Indemnity.** Each of the Warrantors shall jointly and severally indemnify and hold harmless each Indemnitee from and against any Loss attributable to (i) non-payment of any Tax of any Group Company for all taxable periods ending on or before the Closing and the portion through the end of the Closing for any taxable period that includes (but does not end on) the Closing, (ii) all liability for non-payment of any Tax of any other Person imposed by any Governmental Authority on any Group Company as a transferee, successor, or withholding agent in connection with an event or transaction occurring before the Closing, and (iii) all liability for Tax attributable to any misrepresentation or breach of Warranty made in Section 4.19 of this Agreement. The indemnification obligation of the Warrantors under this Section 1(b) shall not be affected, qualified or restricted in any way by any matter disclosed in the Disclosure Schedule.

(c) **SAFE Indemnity.** Each of the Warrantors shall jointly and severally indemnify and hold harmless each Indemnitee from and against any Loss attributable to any liability for any non-compliance regarding the SAFE registration according to the Circular 37 or any of the SAFE Rules and Regulations by any of the Founders or any other employee of the Group Companies who is required to comply with such SAFE Rules and Regulations with respect to their holdings of Equity Securities in the Company and round-trip investment in the PRC through the WFOE. The indemnification obligation of the Warrantors under this Section 1(c) shall not be affected, qualified or restricted in any way by any matter disclosed in the Disclosure Schedule.

(d) **Special Indemnity.** Each of the Warrantors shall jointly and severally indemnify and hold harmless each Indemnitee from and against any Loss attributable to underpayment of social insurance premiums and housing funds for all employees by the PRC Group Companies. The indemnification obligation of the Warrantors under this Section 1(d) shall not be affected, qualified or restricted in any way by any matter disclosed in the Disclosure Schedule.

### **Schedules to Follow-On Series E Preferred Share Purchase Agreement**

(e) **Procedure.** Each Indemnitee will notify the Warrantors in writing of any Action against such Indemnitee in respect of which the Warrantors are or may be obligated to provide indemnification hereunder promptly after the receipt of notice or knowledge of the commencement thereof. The failure of any Indemnitee to notify other Parties shall not relieve the Warrantors from any liability or obligation which it may have to such Indemnitee under Schedules to Follow-On Series E Preferred Share Purchase Agreement this Section 1(e) of this Schedule F or otherwise unless the failure to so notify results in the forfeiture by the Warrantors of substantial rights and defenses and will not in any event relieve the Warrantors from any obligations other than the indemnification provided for herein. The Warrantors will have the right to participate in, and, to the extent the Warrantors so desire, to assume the defense thereof, with counsel reasonably satisfactory to the Indemnitee. However, the Indemnitee will have the right to retain separate counsel and to participate in the defense thereof, with the fees and expenses of such counsel to be paid by the Warrantors, if representation of such Indemnitee by the counsel retained by the Warrantors would be, in the Indemnitee's view, inappropriate due to actual or potential differing interests between such Indemnitee and any other party represented by such counsel in such proceeding. The Warrantors will be responsible for the expenses of such defense even if the Warrantors do not elect to assume such defense. No Warrantor may, except with the consent of the Indemnitee, consent to the entry of any judgment or enter into any settlement which does not include as a term thereof the unconditional release of the Indemnitee of all liability in respect of such claim or litigation.

(f) **Limitations on Warrantors' Liability.**

(i) An Indemnitee shall not be entitled to recover from the Warrantors more than once in respect of the same damages suffered by such Indemnitee. In particular, without limitation, the foregoing shall apply where one and the same set of facts qualifies under more than one provision entitling the Indemnitee to a claim or remedy under this Agreement.

(ii) No Warrantor shall be liable for any Losses arising under this Section 1 of this Schedule F unless the aggregate amount of all such Losses exceeds RMB5,000,000, in which case the Warrantors shall be liable for the full amount of all indemnifiable Losses as provided in this Section 1 of this Schedule F.

(iii) The personal assets of the Founders (other than the Equity Securities of the Group Companies directly or indirectly held by the Founders (including the proceeds received by the Founders from the sale of any Equity Securities of the Group Companies)) shall not be used to indemnify any indemnifiable Loss.

(iv) With respect to each Investor, the maximum aggregate amount of Losses that corresponding Indemnitees will be entitled to recover pursuant to this Section 1 of this Schedule F shall be limited to Purchase Price actually paid by such Investor.

(v) Notwithstanding the foregoing or anything else to the contrary contained herein, the limitations on indemnification set forth in this Agreement (including, without limitation, the limitations set forth in this Schedule F) shall not apply to any claim based on fraud of the Warrantors.

2. **Other Rights and Remedies Not Affected.** Nothing in this Schedule F or elsewhere in this Agreement shall affect any Parties' rights to specific performance or other equitable or non-monetary remedies with respect to the covenants and agreements in the Transaction Documents or that are to be performed at or after the Closing.

**Schedules to Follow-On Series E Preferred Share Purchase Agreement**

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**EXHIBIT A**

**FORM OF RESTATED ARTICLES**

**Exhibits to Follow-On Series E Preferred Share Purchase Agreement**

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**EXHIBIT B**

**FORM OF SHAREHOLDERS AGREEMENT**

**Exhibits to Follow-On Series E Preferred Share Purchase Agreement**



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**EXHIBIT C**

**FINANCIAL STATEMENTS**

**Exhibits to Follow-On Series E Preferred Share Purchase Agreement**

**Convertible Loan Agreement**

This Convertible Loan Agreement (this “**Agreement**”) is hereby made and entered into in Shanghai, the People’s Republic of China (the “**PRC**”, for the purposes of this Agreement, excluding the Hong Kong SAR, the Macau SAR and Taiwan) as of September 4, 2020 by and among:

- A. **Shanghai Yueyee Network Information Technology Co., Ltd.**, a limited liability company duly incorporated and validly existing under the laws of the PRC, with its unified social credit code being 913101105559290751 (the “**Borrower**”);
- B. **Tianjin Huihe Haihe Intelligent Logistics Industry Fund Partnership (Limited Partnership)**, a limited partnership duly incorporated and validly existing under the laws of the PRC, with its unified social credit code being 91120118MA06JPTX9C (the “**Lender**”); and
- C. **AiHuiShou International Co., Ltd.**, an exempted limited liability company duly incorporated and validly existing under the laws of the Cayman Islands (the “**Company**”).

The Borrower, the Lender and the Company are hereinafter referred to individually as a “**Party**” and collectively as the “**Parties**”.

**WHEREAS:**

1. The Borrower is a limited liability company duly incorporated and validly existing under the laws of the PRC, over which Shanghai Aihui Trading Co., Ltd. (a company established by the Company’s Hong Kong subsidiary AiHuiShou International Company Limited) gains de facto control upon execution of a series of VIE agreements.
2. The Lender, the Company and other concerned Parties have entered into a Follow-On Series E Preferred Share Purchase Agreement (the “**Offshore Subscription Agreement**”) dated as of even date herewith. The Lender proposes to subscribe for a certain number of Series E Preferred Shares (as defined in the Offshore Subscription Agreement) pursuant to the provisions of the Offshore Subscription Agreement (the “**Proposed Offshore Investment**”). Subject to the provisions of applicable PRC laws, the Lender, as a PRC domestic entity, is required to go through the ODI Approval Procedures (as defined below) for purposes of consummating the Proposed Offshore Investment.
3. Prior to the completion of ODI Approval Procedures, the Borrower who needs funding for business development wishes to get a loan from the Lender subject to the terms and conditions contained herein, and the Borrower agrees to make available such loan to the Borrower subject to the terms and conditions contained herein.

Through amicable negotiations, the Parties hereby agree as follows:

**1. Loan**

The Lender agrees to make available to the Borrower and the Borrower agrees to accept a loan in the amount of RMB35,000,000 (the “**Loan**”) pursuant to the provisions of this Agreement.

**2. Payment and Purpose of the Loan**

2.1 The Lender shall, within ten (10) business days following the satisfaction or waiver in writing by the Lender of the conditions precedent to the payment of the Loan as hereinafter set forth, remit the Loan in one lump sum into the beneficiary account designated by the Borrower in writing (the “**Remittance**”, the date on which the Lender pays to the Borrower the entire amount of the Loan pursuant to this Clause 2.1 is hereinafter referred to as the “**Remittance Date**”):

- (1) The Offshore Subscription Agreement has been duly executed by the Company and the Lender, and all conditions precedent to closing as set forth in Clause 7 of the Offshore Subscription Agreement (except for Clauses 7.9 to 7.11) have been duly satisfied or properly waived pursuant to the provisions of the Offshore Subscription Agreement;
- (2) Each of C&XF Group Limited and S&WJ Group Limited has duly executed a Share Charge Deed (the “**Charge Deed**”) with the Lender and the Company, pursuant to which C&XF Group Limited and S&WJ Group Limited agree to pledge to the Lender 202,863 and 79,760 Ordinary Shares (as defined in the Offshore Subscription Agreement) of the Company respectively;
- (3) The organ of power of each of the Borrower, C&XF Group Limited, S&WJ Group Limited and the Company has passed a proper resolution to approve the execution, delivery and performance of this Agreement and the Charge Deed to which it is a party, and to approve the transactions contemplated hereby and thereby;
- (4) All representations and warranties made by the Borrower hereunder are true, accurate and not misleading when made, and will remain so on the Remittance Date as though they were made on the Remittance Date; any representations and warranties referring to a specific date shall be true, accurate and not misleading on such specific date;
- (5) No transaction contemplated hereby or by the Charge Deed has been restricted, prohibited or canceled by any laws or by any judgment, decree, ruling or injunction issued by or lawsuit or other dispute resolution proceeding instituted before any court, arbitral authority or other government authority.

- 2.2 The Borrower agrees that, unless otherwise agreed by the Lender in writing, the Loan shall be used solely for such purposes as described in Clause 6.1 of the Offshore Subscription Agreement.
- 2.3 During the Loan Term (as defined below), the Loan shall be interest-free. The Lender shall not request the Borrower to accelerate the Loan without the prior written consent of the Borrower, unless the acceleration of the Loan is otherwise specified herein.

### 3. **Loan Term**

- 3.1 Following the Remittance Date, the Lender and the Borrower shall make their best efforts to cooperate with each other in effecting all such offshore direct investment approval and/or filing procedures (including but not limited to obtaining the approval from the National Development and Reform Commission, the Ministry of Commerce and/or their respective local counterparts and any qualifying bank with respect to the Proposed Offshore Investment, the “**ODI Approval Procedures**”) as may be necessary for the Lender or any third Party designated by it (the “**Designated Party**”) to consummate the Proposed Offshore Investment, and the Lender shall, as soon as practicable following the completion of the ODI Approval Procedures, provide the Borrower with copies of supporting documentation of such approvals or filings, including but not limited to copies of the Notice of Project Filing, the Enterprise Offshore Investment Certificate and the Business Registration Form issued by the bank with respect to the Proposed Offshore Investment (collectively the “**ODI Approval Documents**”).
- 3.2 The term of the Loan (the “**Loan Term**”) shall commence from the Remittance Date and expire on the following (whichever is earlier):
  - (1) The Borrower’s receipt of the ODI Approval Documents, provided that the investment limit indicated in the ODI Approval Documents shall be no less than the investment amount required for the Proposed Offshore Investment;
  - (2) The Lender’s termination of the Proposed Offshore Investment under the Offshore Subscription Agreement pursuant to Clause 3.4 hereof; and
  - (3) The termination of the Offshore Subscription Agreement with respect to the Lender (or the assignee of or successor to its rights and obligations), or the time when the Proposed Offshore Investment cannot be made or is terminated pursuant to the provisions of the Offshore Subscription Agreement.

The Borrower shall, within thirty (30) business days following the expiration of the Loan Term, repay the entire Loan to the Lender. In the event that, upon completion of the ODI Approval Procedures, the competent authority requires the Share Purchase Price (as defined in the Offshore Subscription Agreement) of the Proposed Offshore Investment to be paid within a period of time shorter than the said thirty (30)-business day period, then the Borrower and the Lender shall negotiate and determine a new repayment plan to avoid any impact on the effectiveness of the ODI Approval Procedures that have been completed. The information of the Lender's bank account used to receive the repayment is provided below:

Account Name: Tianjin Huihe Haihe Intelligent Logistics Industry Fund Partnership (Limited Partnership)

Account Number: 2015 0548 0500 0201

Opening Bank: Tianjin Beichen Sub-branch of China Bohai Bank Co., Ltd.

The Lender shall, upon receipt of the Borrower's repayment of the entire Loan, assist the Borrower to execute all such legal documents and complete all such legal procedures as may be necessary to release the pledge of all shares under the Charge Deed.

- 3.3 If the Loan Term expires at such time as specified in the preceding Clause 3.2(1), the Lender or its Designated Party who has obtained the ODI Approval Documents shall, within ten (10) business days after receipt of the Borrower's repayment of the Loan or any longer period agreed upon by the Company (which period shall be subject to relevant procedures of competent foreign exchange department or other factors not attributable to the Lender and/or its Designated Party), issue relevant share purchase applications to the Company and remit into the Company's account the USD investment amount (being the Share Purchase Price) for which the Borrower's repayment of the entire Loan is exchanged at the exchange rate applicable on the date of swap. For the avoidance of doubt, in case of any inconsistency between the total amount finally paid to the Company upon the swap made by the Lender (or its Designated Party) and the USD amount (the "**Current USD Amount**") calculated and determined at the exchange rate applicable on the execution date of the Offshore Subscription Agreement as a result of any change in the exchange rate, if the USD amount (being the Share Purchase Price) for which the total amount of the Loan is exchanged at the exchange rate applicable at the time of repayment to the Company has been remitted into the Company's account, the Lender (or its Designated Party) shall be deemed to have fulfilled the obligation to pay the Share Purchase Price (that is to say, if the total amount actually paid to the Company exceeds the Current USD Amount, the Lender and its Designated Party shall not request the refund of the excess amount; if the total amount actually paid to the Company is less than the Current USD Amount, the Company shall not request making good the shortfall), provided that the number of Series E Preferred Shares subscribed for by the Lender and rights and interests attached thereto shall not be affected by such change in the exchange rate.

- 3.4 It is agreed that, notwithstanding anything contained in the Offshore Subscription Agreement to the contrary, in the event of failure to complete the ODI Approval Procedures by December 31, 2022 as a result that (i) any application filed by the Lender (or its Designated Party) subject to the provisions of applicable laws and regulations is returned, rejected or disapproved by competent government authority; (ii) there is any change in applicable laws, regulations and policies governing the ODI Approval Procedures; or (iii) the Company or any of its subsidiaries refuses to provide the Lender or its Designated Party with necessary materials and information pursuant to applicable laws and regulations, then the Lender shall have the right to terminate the Proposed Offshore Investment by giving written notice to the Company.

#### **4. Representations and Warranties**

4.1 Each of the Borrower and the Company hereby represents and warrants to the Lender as follows:

- (1) The Borrower is a limited liability company duly incorporated and registered and validly existing under the laws of the PRC, and has the legal power and authority to execute and perform this Agreement, which constitutes the valid and enforceable obligation of the Borrower, immediately upon execution hereof;
- (2) The Company is an exempted limited liability company duly incorporated and validly existing under the laws of the Cayman Islands, and has the legal power and authority to execute and perform this Agreement, which constitutes the valid and enforceable obligation of the Company, immediately upon execution hereof;
- (3) Its execution of this Agreement and performance of its obligations hereunder will not result in a violation of (i) any provision of its articles of association; (ii) any agreement, license or other document to which it is a party; (iii) any judgment or ruling issued or made by any court or government authority; or (iv) any PRC or applicable laws, rules and regulations;
- (4) It has obtained all requisite authorizations, permits and approvals with respect to effecting the transactions hereunder.

4.2 The Lender hereby represents and warrants to the Borrower as follows:

- (1) It is a limited partnership duly incorporated and registered and validly existing under the laws of the PRC, and has the legal power and authority to execute and perform this Agreement, which constitutes the valid and enforceable obligation of the Borrower, immediately upon execution hereof;

- (2) Its execution of this Agreement and performance of its obligations hereunder will not result in a violation of (i) any provision of its constitutional documents; (ii) any agreement, license or other document to which it is a party; (iii) any judgment or ruling issued or made by any court or government authority; or (iv) any PRC laws, rules and regulations;
- (3) It has obtained all requisite authorizations, permits and approvals with respect to effecting the transactions hereunder.

#### 5. **Liabilities for Breach of Contract**

In the event that any Party fails to perform or duly perform any obligation hereunder, the breaching Party shall indemnify the non-breaching Party against all losses, damages, liabilities, litigation and reasonable fees (including but not limited to litigation costs, attorneys' fees, notary fees and enforcement costs) and expenses arising as a result of its breach of this Agreement.

#### 6. **Confidentiality**

- 6.1 Notwithstanding the termination of this Agreement, each Party (the "**Receiving Party**") shall be obligated to keep confidential any and all Confidential Information (as defined below) of the other Parties and their affiliates (collectively, the "**Disclosing Party**") that it becomes aware of or receives in connection with the execution and performance hereof. The Receiving Party may use such Confidential Information solely for the purpose of performing its obligations hereunder. The Receiving Party shall not disclose any Confidential Information to any third party without the prior written permission of the Disclosing Party.
- 6.2 "**Confidential Information**" means this Agreement (including its existence and clauses) as well as all trade secrets, proprietary information, client information and other information of a confidential nature of each Party and its affiliates, but excluding any information that:
  - (1) prior to receipt thereof from the Disclosing Party, is already lawfully known by the Receiving Party from a third party without any obligation of confidentiality as evidenced by written records;
  - (2) that enters the public domain through no fault of the Receiving Party; and
  - (3) that is duly obtained by the Receiving Party through other means upon receipt of Confidential Information.
- 6.3 Following termination of this Agreement, the Receiving Party shall, at the request of the Disclosing Party, return, destroy or otherwise dispose of all documents, materials or software incorporating Confidential Information, and cease to use such Confidential Information. Notwithstanding the foregoing, the Receiving Party shall have the right to retain such copies of any Confidential Information as necessary to comply with applicable laws and regulations, the requirements of the regulatory authority or internal archiving requirements, provided that the Receiving Party shall notify the Disclosing Party of such retention and continue to assume confidentiality obligations with respect to such Confidential Information pursuant to this Clause 6.

**7. Governing Law and Dispute Resolution**

- 7.1 The execution, interpretation and performance of this Agreement shall be governed by the laws of the PRC.
- 7.2 All disputes arising from or in connection with this Agreement shall be firstly resolved by the Parties through amicable negotiations. If any such dispute cannot be resolved in a manner acceptable to the Parties within thirty (30) days following the first round of negotiations, then any Party shall have the right to submit the same to Shanghai Arbitration Commission for arbitration in accordance with its arbitration rules then in effect at the time of filing the arbitration request. The place of arbitration shall be Shanghai. The arbitration proceedings shall be conducted in Chinese.
- 7.3 The arbitral award rendered by the arbitral tribunal shall be final and binding upon the Parties. Each Party shall make its best efforts to cause the arbitral award to be enforced promptly, and shall provide any necessary assistance in that regard.

**8. Notices**

- 8.1 Any notice required or permitted to be given hereunder shall be made in writing, and shall be delivered to the following address of each Party (or any other address that may be designated by each Party by giving fifteen (15)-day written notice to the other Parties pursuant to this Clause 8.1) by personal delivery, overnight courier service, email or otherwise. For purposes of notification hereunder, the contact information of each Party is provided as follows:

**If to the Borrower and the Company:**

Contact Person: Chen Xuefeng

Correspondence Address: 12/F, Building 6, Chuangzhi Tiandi Enterprise Center, No.433 Songhu Road, Yangpu District, Shanghai, PRC

Email: \*\*\*

Tel: \*\*\*

**If to the Lender:**

Contact Person: Yue Xin

Correspondence Address: 7/F, Tower A, Chaolin Plaza, Yizhuang, Beijing

Email: \*\*\*

Tel: \*\*\*



8.2 Any notice delivered by overnight courier service, shall be deemed to have been served on the earlier of the following if the mail containing such notice has been duly delivered by an internationally recognized overnight courier service provider, postage prepaid, together with a written acknowledgment of service: (i) the date of delivery (or the date when the delivery is rejected), and (ii) the expiration date of two (2) business days following the posting of the mail containing such notice; any notice, if sent via email, shall be deemed to have been served at the time of receipt, rejection or return after being properly sent by the email system only to the extent that the date of delivery is a business day and the delivery is made within the normal working hours of the recipient, otherwise such notice shall be deemed to have been served on the next business day. Notwithstanding the foregoing, if any address for service of copies of notices is designated, then all notices, demands, consents or other correspondences hereunder shall be deemed validly served only to the extent that such notices, demands, consents or correspondences are delivered to such address and in such manner as described above.

**9. Miscellaneous**

- 9.1 This Agreement shall become effective as of the date on which it is signed or stamped by the authorized representatives of the Parties. Any modification or alteration of this Agreement may be made in the form of a supplemental agreement signed by the Parties hereto upon consensus through negotiations. Any such modification or alteration must be made in writing and shall become effective only after being duly signed by the Parties.
- 9.2 Each provision hereof shall be severable from every other provision hereof. In the event that any provision hereof is held to be invalid or unenforceable under applicable laws, the validity of the remaining provisions hereof shall not be affected, in which case the Parties shall negotiate in good faith to replace such invalid or unenforceable provision with a provision, so as to achieve the original commercial intent hereunder.
- 9.3 All taxes leviable on and all costs and expenses incurred by any Party under applicable laws arising from or in connection with the transactions contemplated hereby shall be paid by such Party.
- 9.4 Unless otherwise set forth herein, without the prior written consent of the Lender, neither this Agreement nor any right, interest or obligation hereunder shall be transferred by the Borrower or the Company in whole or in part; provided, however, that the Lender shall have the right to transfer in whole all rights, interests or obligations (including creditors' rights corresponding to the Loan) under this Agreement, the Offshore Subscription Agreement, the Charge Deed and the Shareholder Agreement of the Company without the consent or authorization of the Borrower and the Company if and to the extent that (i) the Lender shall notify the Borrower and the Company in advance of such transfer; (ii) the limitations on the transfer of the Company's Series E Preferred Shares shall also apply to such transfer; and (iii) the Designated Party to whom the relevant rights and obligations are transferred by the Lender has executed such documents as may be necessary to become a party to and bound by this Agreement, the Offshore Subscription Agreement, the Charge Deed and the Shareholder Agreement of the Company.

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9.5 This Agreement is made in six (6) original copies, with each Party holding two (2) copies and each copy having the same legal force and effect.

**(The remainder of this page is intentionally left blank)**

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first written above.

**Shanghai Yueyee Network Information Technology Co., Ltd.** (Seal)

/s/ Shanghai Yueyee Network Information Technology Co., Ltd.

Seal of Shanghai Yueyee Network Information Technology Co., Ltd.

By: /s/ Chen Xuefeng

Name: Chen Xuefeng

Job Title: Legal Representative

**AiHuiShou International Co. Ltd.**

By: /s/ Chen Xuefeng

Name: Chen Xuefeng

Job Title: Director

Signature Page to Convertible Loan Agreement  
Shanghai Yueyee Network Information Technology Co., Ltd./AiHuiShou International Co., Ltd.  
Tianjin Huihe Haihe Intelligent Logistics Enterprise Fund Partnership (Limited Partnership)

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first written above.

**Tianjin Huihe Haihe Intelligent Logistics Industry Fund Partnership (Limited Partnership) (Seal)**

/s/ Tianjin Huihe Haihe Intelligent Logistics Industry Fund Partnership (Limited Partnership)

Seal of Tianjin Huihe Haihe Intelligent Logistics Industry Fund Partnership (Limited Partnership)

By: /s/ Zhang Qi

Name: Zhang Qi

Job Title: Appointed Representative of Managing Partner

Signature Page to Convertible Loan Agreement  
Shanghai Yueyee Network Information Technology Co., Ltd./AiHuiShou International Co., Ltd.  
Tianjin Huihe Haihe Intelligent Logistics Enterprise Fund Partnership (Limited Partnership)

**Convertible Loan Agreement**

This Convertible Loan Agreement (this “**Agreement**”) is hereby made and entered into in Shanghai, the People’s Republic of China (the “**PRC**”, for the purposes of this Agreement, excluding the Hong Kong SAR, the Macau SAR and Taiwan) as of September 4, 2020 by and among:

- A. **Shanghai Yueyee Network Information Technology Co., Ltd.**, a limited liability company duly incorporated and validly existing under the laws of the PRC, with its unified social credit code being 913101105559290751 (the “**Borrower**”);
- B. **Shanghai Zhengmu Investment Center (Limited Partnership)**, a limited partnership duly incorporated and validly existing under the laws of the PRC, with its unified social credit code being 91310115324706317W (the “**Lender**”); and
- C. **AiHuiShou International Co., Ltd.**, an exempted limited liability company duly incorporated and validly existing under the laws of the Cayman Islands (the “**Company**”).

The Borrower, the Lender and the Company are hereinafter referred to individually as a “**Party**” and collectively as the “**Parties**”.

**WHEREAS:**

1. The Borrower is a limited liability company duly incorporated and validly existing under the laws of the PRC, over which Shanghai Aihui Trading Co., Ltd. (a company established by the Company’s Hong Kong subsidiary AiHuiShou International Company Limited) gains de facto control upon execution of a series of VIE agreements.
2. The Lender, the Company and other concerned Parties have entered into a Follow-On Series E Preferred Share Purchase Agreement (the “**Offshore Subscription Agreement**”) dated as of even date herewith. The Lender proposes to subscribe for a certain number of Series E Preferred Shares (as defined in the Offshore Subscription Agreement) pursuant to the provisions of the Offshore Subscription Agreement (the “**Proposed Offshore Investment**”). Subject to the provisions of applicable PRC laws, the Lender, as a PRC domestic entity, is required to go through the ODI Approval Procedures (as defined below) for purposes of consummating the Proposed Offshore Investment.
3. Prior to the completion of ODI Approval Procedures, the Borrower who needs funding for business development wishes to get a loan from the Lender subject to the terms and conditions contained herein, and the Borrower agrees to make available such loan to the Borrower subject to the terms and conditions contained herein.

Through amicable negotiations, the Parties hereby agree as follows:

**1. Borrowing**

The Lender agrees to make available to the Borrower and the Borrower agrees to accept a loan in the amount of RMB50,000,000 (the “**Loan**”) pursuant to the provisions of this Agreement.

**2. Payment and Purpose of the Loan**

2.1 The Lender shall, within ten (10) business days following the satisfaction or waiver in writing by the Lender of the conditions precedent to the payment of the Loan as hereinafter set forth, remit the Loan in one lump sum into the beneficiary account designated by the Borrower in writing (the “**Remittance**”, the date on which the Lender pays to the Borrower the entire amount of the Loan pursuant to this Clause 2.1 is hereinafter referred to as the “**Remittance Date**”):

- (1) The Offshore Subscription Agreement has been duly executed by the Company and the Lender, and all conditions precedent to closing as set forth in Clause 7 of the Offshore Subscription Agreement (except for Clauses 7.9 to 7.11) have been duly satisfied or properly waived pursuant to the provisions of the Offshore Subscription Agreement;
- (2) Each of C&XF Group Limited and S&WJ Group Limited has duly executed a Share Charge Deed (the “**Charge Deed**”) with the Lender and the Company, pursuant to which C&XF Group Limited and S&WJ Group Limited agree to pledge to the Lender 289,804 and 113,943 Ordinary Shares (as defined in the Offshore Subscription Agreement) of the Company respectively;
- (3) The organ of power of each of the Borrower, C&XF Group Limited, S&WJ Group Limited and the Company has passed a proper resolution to approve the execution, delivery and performance of this Agreement and the Charge Deed to which it is a party, and to approve the transactions contemplated hereby and thereby;
- (4) All representations and warranties made by the Borrower hereunder are true, accurate and not misleading when made, and will remain so on the Remittance Date as though they were made on the Remittance Date; any representations and warranties referring to a specific date shall be true, accurate and not misleading on such specific date;
- (5) No transaction contemplated hereby or by the Charge Deed has been restricted, prohibited or canceled by any laws or by any judgment, decree, ruling or injunction issued by or lawsuit or other dispute resolution proceeding instituted before any court, arbitral authority or other government authority.

2.2 The Borrower agrees that, unless otherwise agreed by the Lender in writing, the Loan shall be used solely for such purposes as described in Clause 6.1 of the Offshore Subscription Agreement.

2.3 During the Loan Term (as defined below), the Loan shall be interest-free. The Lender shall not request the Borrower to accelerate the Loan without the prior written consent of the Borrower, unless the acceleration of the Loan is otherwise specified herein.

### 3. Loan Term

3.1 Following the Remittance Date, the Lender and the Borrower shall make their best efforts to cooperate with each other in effecting all such offshore direct investment approval and/or filing procedures (including but not limited to obtaining the approval from the National Development and Reform Commission, the Ministry of Commerce and/or their respective local counterparts and any qualifying bank with respect to the Proposed Offshore Investment, the “**ODI Approval Procedures**”) as may be necessary for the Lender or any third Party designated by it (the “**Designated Party**”) to consummate the Proposed Offshore Investment, and the Lender shall, as soon as practicable following the completion of the ODI Approval Procedures, provide the Borrower with copies of supporting documentation of such approvals or filings, including but not limited to copies of the Notice of Project Filing, the Enterprise Offshore Investment Certificate and the Business Registration Form issued by the bank with respect to the Proposed Offshore Investment (collectively the “**ODI Approval Documents**”).

3.2 The term of the Loan (the “**Loan Term**”) shall commence from the Remittance Date and expire on the following (whichever is earlier):

- (1) The Borrower’s receipt of the ODI Approval Documents, provided that the investment limit indicated in the ODI Approval Documents shall be no less than the investment amount required for the Proposed Offshore Investment;
- (2) The Lender’s termination of the Proposed Offshore Investment under the Offshore Subscription Agreement pursuant to Clause 3.4 hereof; and
- (3) The termination of the Offshore Subscription Agreement with respect to the Lender (or the assignee of or successor to its rights and obligations), or the time when the Proposed Offshore Investment cannot be made or is terminated pursuant to the provisions of the Offshore Subscription Agreement.

The Borrower shall, within thirty (30) business days following the expiration of the Loan Term, repay the entire Loan to the Lender. In the event that, upon completion of the ODI Approval Procedures, the competent authority requires the Share Purchase Price (as defined in the Offshore Subscription Agreement) of the Proposed Offshore Investment to be paid within a period of time shorter than the said thirty (30)-business day period, then the Borrower and the Lender shall negotiate and determine a new repayment plan to avoid any impact on the effectiveness of the ODI Approval Procedures that have been completed. The information of the Lender’s bank account used to receive the repayment is provided below:

Account Name: Shanghai Zhengmu Investment Center (Limited Partnership)

Account Number: 121924714210909

Opening Bank: Banking Department of Shanghai Branch of China Merchants Bank

The Lender shall, upon receipt of the Borrower's repayment of the entire Loan, assist the Borrower to execute all such legal documents and complete all such legal procedures as may be necessary to release the pledge of all shares under the Charge Deed.

- 3.3 If the Loan Term expires at such time as specified in the preceding Clause 3.2(1), the Lender or its Designated Party who has obtained the ODI Approval Documents shall, within ten (10) business days after receipt of the Borrower's repayment of the Loan or any longer period agreed upon by the Company (which period shall be subject to relevant procedures of competent foreign exchange department or other factors not attributable to the Lender and/or its Designated Party), issue relevant share purchase applications to the Company and remit into the Company's account the USD investment amount (being the Share Purchase Price) for which the Borrower's repayment of the entire Loan is exchanged at the exchange rate applicable on the date of swap. For the avoidance of doubt, in case of any inconsistency between the total amount finally paid to the Company upon the swap made by the Lender (or its Designated Party) and the USD amount (the "**Current USD Amount**") calculated and determined at the exchange rate applicable on the execution date of the Offshore Subscription Agreement as a result of any change in the exchange rate, if the USD amount (being the Share Purchase Price) for which the total amount of the Loan is exchanged at the exchange rate applicable at the time of repayment to the Company has been remitted into the Company's account, the Lender (or its Designated Party) shall be deemed to have fulfilled the obligation to pay the Share Purchase Price (that is to say, if the total amount actually paid to the Company exceeds the Current USD Amount, the Lender and its Designated Party shall not request the refund of the excess amount; if the total amount actually paid to the Company is less than the Current USD Amount, the Company shall not request making good the shortfall), provided that the number of Series E Preferred Shares subscribed for by the Lender and rights and interests attached thereto shall not be affected by such change in the exchange rate.
- 3.4 It is agreed that, notwithstanding anything contained in the Offshore Subscription Agreement to the contrary, in the event of failure to complete the ODI Approval Procedures by December 31, 2022 as a result that (i) any application filed by the Lender (or its Designated Party) subject to the provisions of applicable laws and regulations is returned, rejected or disapproved by competent government authority; (ii) there is any change in applicable laws, regulations and policies governing the ODI Approval Procedures; or (iii) the Company or any of its subsidiaries refuses to provide the Lender or its Designated Party with necessary materials and information pursuant to applicable laws and regulations, then the Lender shall have the right to terminate the Proposed Offshore Investment by giving written notice to the Company.

#### **4. Representations and Warranties**

- 4.1 Each of the Borrower and the Company hereby represents and warrants to the Lender as follows:
- (1) The Borrower is a limited liability company duly incorporated and registered and validly existing under the laws of the PRC, and has the legal power and authority to execute and perform this Agreement, which constitutes the valid and enforceable obligation of the Borrower, immediately upon execution hereof;



- (2) The Company is an exempted limited liability company duly incorporated and validly existing under the laws of the Cayman Islands, and has the legal power and authority to execute and perform this Agreement, which constitutes the valid and enforceable obligation of the Company, immediately upon execution hereof;
  - (3) Its execution of this Agreement and performance of its obligations hereunder will not result in a violation of (i) any provision of its articles of association; (ii) any agreement, license or other document to which it is a party; (iii) any judgment or ruling issued or made by any court or government authority; or (iv) any PRC or applicable laws, rules and regulations;
  - (4) It has obtained all requisite authorizations, permits and approvals with respect to effecting the transactions hereunder.
- 4.2 The Lender hereby represents and warrants to the Borrower as follows:
- (1) It is a limited partnership duly incorporated and registered and validly existing under the laws of the PRC, and has the legal power and authority to execute and perform this Agreement, which constitutes the valid and enforceable obligation of the Borrower, immediately upon execution hereof;
  - (2) Its execution of this Agreement and performance of its obligations hereunder will not result in a violation of (i) any provision of its constitutional documents; (ii) any agreement, license or other document to which it is a party; (iii) any judgment or ruling issued or made by any court or government authority; or (iv) any PRC laws, rules and regulations;
  - (3) It has obtained all requisite authorizations, permits and approvals with respect to effecting the transactions hereunder.

**5. Liabilities for Breach of Contract**

In the event that any Party fails to perform or duly perform any obligation hereunder, the breaching Party shall indemnify the non-breaching Party against all losses, damages, liabilities, litigation and reasonable fees (including but not limited to litigation costs, attorneys' fees, notary fees and enforcement costs) and expenses arising as a result of its breach of this Agreement.

**6. Confidentiality**

- 6.1 Notwithstanding the termination of this Agreement, each Party (the "**Receiving Party**") shall be obligated to keep confidential any and all Confidential Information (as defined below) of the other Parties and their affiliates (collectively, the "**Disclosing Party**") that it becomes aware of or receives in connection with the execution and performance hereof. The Receiving Party may use such Confidential Information solely for the purpose of performing its obligations hereunder. The Receiving Party shall not disclose any Confidential Information to any third party without the prior written permission of the Disclosing Party.
- 6.2 "**Confidential Information**" means this Agreement (including its existence and clauses) as well as all trade secrets, proprietary information, client information and other information of a confidential nature of each Party and its affiliates, but excluding any information that:

- (1) prior to receipt thereof from the Disclosing Party, is already lawfully known by the Receiving Party from a third party without any obligation of confidentiality as evidenced by written records;
  - (2) that enters the public domain through no fault of the Receiving Party; and
  - (3) that is duly obtained by the Receiving Party through other means upon receipt of Confidential Information.
- 6.3 Following termination of this Agreement, the Receiving Party shall, at the request of the Disclosing Party, return, destroy or otherwise dispose of all documents, materials or software incorporating Confidential Information, and cease to use such Confidential Information. Notwithstanding the foregoing, the Receiving Party shall have the right to retain such copies of any Confidential Information as necessary to comply with applicable laws and regulations, the requirements of the regulatory authority or internal archiving requirements, provided that the Receiving Party shall notify the Disclosing Party of such retention and continue to assume confidentiality obligations with respect to such Confidential Information pursuant to this Clause 6.

#### **7. Governing Law and Dispute Resolution**

- 7.1 The execution, interpretation and performance of this Agreement shall be governed by the laws of the PRC.
- 7.2 All disputes arising from or in connection with this Agreement shall be firstly resolved by the Parties through amicable negotiations. If any such dispute cannot be resolved in a manner acceptable to the Parties within thirty (30) days following the first round of negotiations, then any Party shall have the right to submit the same to Shanghai Arbitration Commission for arbitration in accordance with its arbitration rules then in effect at the time of filing the arbitration request. The place of arbitration shall be Shanghai. The arbitration proceedings shall be conducted in Chinese.
- 7.3 The arbitral award rendered by the arbitral tribunal shall be final and binding upon the Parties. Each Party shall make its best efforts to cause the arbitral award to be promptly enforced, and shall provide any necessary assistance in that regard.

#### **8. Notices**

- 8.1 Any notice required or permitted to be given hereunder shall be made in writing, and shall be delivered to the following address of each Party (or any other address that may be designated by each Party by giving fifteen (15)-day written notice to the other Parties pursuant to this Clause 8.1) by personal delivery, overnight courier service, email or otherwise. For purposes of notification hereunder, the contact information of each Party is provided as follows:

If to **the Borrower and the Company:**

Contact Person: Chen Xuefeng

Correspondence Address: 12/F, Building 6, Chuangzhi Tiandi Enterprise Center, No.433 Songhu Road, Yangpu District, Shanghai, PRC

Email: \*\*\*

Tel: \*\*\*

If to **the Lender:**

Contact Person: Ji Mingqiang

Correspondence Address: 22/F, Shanghai International Group Mansion, No.511 Weihai Road, Jing'an District, Shanghai

Email: \*\*\*

Tel: \*\*\*

- 8.2 Any notice delivered by overnight courier service, shall be deemed to have been served on the earlier of the following if the mail containing such notice has been duly delivered by an internationally recognized overnight courier service provider, postage prepaid, together with a written acknowledgment of service: (i) the date of delivery (or the date when the delivery is rejected), and (ii) the expiration date of two (2) business days following the posting of the mail containing such notice; any notice, if sent via email, shall be deemed to have been served at the time of receipt, rejection or return after being properly sent by the email system only to the extent that the date of delivery is a business day and the delivery is made within the normal working hours of the recipient, otherwise such notice shall be deemed to have been served on the next business day. Notwithstanding the foregoing, if any address for service of copies of notices is designated, then all notices, demands, consents or other correspondences hereunder shall be deemed validly served only to the extent that such notices, demands, consents or correspondences are delivered to such address and in such manner as described above.
9. Miscellaneous
- 9.1 This Agreement shall become effective as of the date on which it is signed or stamped by the authorized representatives of the Parties. Any modification or alteration of this Agreement may be made in the form of a supplemental agreement signed by the Parties hereto upon consensus through negotiations. Any such modification or alteration must be made in writing and shall become effective only after being duly signed by the Parties.
- 9.2 Each provision hereof shall be severable from every other provision hereof. In the event that any provision hereof is held to be invalid or unenforceable under applicable laws, the validity of the remaining provisions hereof shall not be affected, in which case the Parties shall negotiate in good faith to replace such invalid or unenforceable provision with a provision, so as to achieve the original commercial intent hereunder.
- 9.3 All taxes leviable on and all costs and expenses incurred by any Party under applicable laws arising from or in connection with the transactions contemplated hereby shall be paid by such Party.

- 9.4 Unless otherwise set forth herein, without the prior written consent of the Lender, neither this Agreement nor any right, interest or obligation hereunder shall be transferred by the Borrower or the Company in whole or in part; provided, however, that the Lender shall have the right to transfer in whole all rights, interests or obligations (including creditors' rights corresponding to the Loan) under this Agreement, the Offshore Subscription Agreement, the Charge Deed and the Shareholder Agreement of the Company without the consent or authorization of the Borrower and the Company if and to the extent that (i) the Lender shall notify the Borrower and the Company in advance of such transfer; (ii) the limitations on the transfer of the Company's Series E Preferred Shares shall also apply to such transfer; and (iii) the Designated Party to whom the relevant rights and obligations are transferred by the Lender has executed such documents as may be necessary to become a party to and bound by this Agreement, the Offshore Subscription Agreement, the Charge Deed and the Shareholder Agreement of the Company.
- 9.5 This Agreement is made in six (6) original copies, with each Party holding two (2) copies and each copy having the same legal force and effect.

**(The remainder of this page is intentionally left blank)**

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first written above.

**Shanghai Yueyee Network Information Technology Co., Ltd. (Seal)**

/s/ Shanghai Yueyee Network Information Technology Co., Ltd.

Seal of Shanghai Yueyee Network Information Technology Co., Ltd.

By: /s/ Chen Xuefeng

Name: Chen Xuefeng

Job Title: Legal Representative

**AiHuiShou International Co. Ltd.**

By: /s/ Chen Xuefeng

Name: Chen Xuefeng

Job Title: Director

Signature Page to Convertible Loan Agreement  
Shanghai Yueyee Network Information Technology Co., Ltd./AiHuiShou International Co., Ltd.  
Shanghai Zhengmu Investment Center (Limited Partnership)

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first written above.

**Shanghai Zhengmu Investment Center (Limited Partnership) (Seal)**

/s/ Shanghai Zhengmu Investment Center (Limited Partnership)

Seal of Shanghai Zhengmu Investment Center (Limited Partnership)

By: /s/ Li Li

Name: Li Li

Job Title: Appointed Representative of Managing Partner

Signature Page to Convertible Loan Agreement  
Shanghai Yueyee Network Information Technology Co., Ltd./AiHuiShou International Co., Ltd.  
Shanghai Zhengmu Investment Center (Limited Partnership)

This Convertible Loan Agreement (this “**Agreement**”) is hereby made and entered into in Shanghai, the People’s Republic of China (the “**PRC**”, for the purposes of this Agreement, excluding the Hong Kong SAR, the Macau SAR and Taiwan) as of September 4, 2020 by and among:

- A. **Shanghai Yueyee Network Information Technology Co., Ltd.**, a limited liability company duly incorporated and validly existing under the laws of the PRC, with its unified social credit code being 913101105559290751 (the “**Borrower**”);
- B. **Ningbo Fresh Investment Management Co., Ltd.**, a limited liability company duly incorporated and validly existing under the laws of the PRC, with its unified social credit code being 91330201MA292N7P1L (the “**Lender**”); and
- C. **AiHuiShou International Co., Ltd.**, an exempted limited liability company duly incorporated and validly existing under the laws of the Cayman Islands (the “**Company**”).

The Borrower, the Lender and the Company are hereinafter referred to individually as a “**Party**” and collectively as the “**Parties**”.

**WHEREAS:**

1. The Borrower is a limited liability company duly incorporated and validly existing under the laws of the PRC, over which Shanghai Aihui Trading Co., Ltd. (a company established by the Company’s Hong Kong subsidiary AiHuiShou International Company Limited) gains de facto control upon execution of a series of VIE agreements.
2. The Lender, the Company and other concerned Parties have entered into a Follow-On Series E Preferred Share Purchase Agreement (the “**Offshore Subscription Agreement**”) dated as of even date herewith. The Lender proposes to subscribe for a certain number of Series E Preferred Shares (as defined in the Offshore Subscription Agreement) pursuant to the provisions of the Offshore Subscription Agreement (the “**Proposed Offshore Investment**”). Subject to the provisions of applicable PRC laws, the Lender, as a PRC domestic entity, is required to go through the ODI Approval Procedures (as defined below) for purposes of consummating the Proposed Offshore Investment.
3. Prior to the completion of ODI Approval Procedures, the Borrower who needs funding for business development wishes to get a loan from the Lender subject to the terms and conditions contained herein, and the Borrower agrees to make available such loan to the Borrower subject to the terms and conditions contained herein.

Through amicable negotiations, the Parties hereby agree as follows:

**1. Borrowing**

The Lender agrees to make available to the Borrower and the Borrower agrees to accept a loan in the amount of RMB50,000,000 (the "**Loan**") pursuant to the provisions of this Agreement.

**2. Payment and Purpose of the Loan**

2.1 The Lender shall, within ten (10) business days following the satisfaction or waiver in writing by the Lender of the conditions precedent to the payment of the Loan as hereinafter set forth, remit the Loan in one lump sum into the beneficiary account designated by the Borrower in writing (the "**Remittance**", the date on which the Lender pays to the Borrower the entire amount of the Loan pursuant to this Clause 2.1 is hereinafter referred to as the "**Remittance Date**"):

- (1) The Offshore Subscription Agreement has been duly executed by the Company and the Lender, and all conditions precedent to closing as set forth in Clause 7 of the Offshore Subscription Agreement (except for Clauses 7.9 to 7.11) have been duly satisfied or properly waived pursuant to the provisions of the Offshore Subscription Agreement;
- (2) Each of C&XF Group Limited and S&WJ Group Limited has duly executed a Share Charge Deed (the "**Charge Deed**") with the Lender and the Company, pursuant to which C&XF Group Limited and S&WJ Group Limited agree to pledge to the Lender 289,804 and 113,943 Ordinary Shares (as defined in the Offshore Subscription Agreement) of the Company respectively;
- (3) The organ of power of each of the Borrower, C&XF Group Limited, S&WJ Group Limited and the Company has passed a proper resolution to approve the execution, delivery and performance of this Agreement and the Charge Deed to which it is a party, and to approve the transactions contemplated hereby and thereby;
- (4) All representations and warranties made by the Borrower hereunder are true, accurate and not misleading when made, and will remain so on the Remittance Date as though they were made on the Remittance Date; any representations and warranties referring to a specific date shall be true, accurate and not misleading on such specific date;
- (5) No transaction contemplated hereby or by the Charge Deed has been restricted, prohibited or canceled by any laws or by any judgment, decree, ruling or injunction issued by or lawsuit or other dispute resolution proceeding instituted before any court, arbitral authority or other government authority.



- 2.2 The Borrower agrees that, unless otherwise agreed by the Lender in writing, the Loan shall be used solely for such purposes as described in Clause 6.1 of the Offshore Subscription Agreement.
- 2.3 During the Loan Term (as defined below), the Loan shall be interest-free. The Lender shall not request the Borrower to accelerate the Loan without the prior written consent of the Borrower, unless the acceleration of the Loan is otherwise specified herein.

**3. Loan Term**

- 3.1 Following the Remittance Date, the Lender and the Borrower shall make their best efforts to cooperate with each other in effecting all such offshore direct investment approval and/or filing procedures (including but not limited to obtaining the approval from the National Development and Reform Commission, the Ministry of Commerce and/or their respective local counterparts and any qualifying bank with respect to the Proposed Offshore Investment, the “**ODI Approval Procedures**”) as may be necessary for the Lender or any third Party designated by it (the “**Designated Party**”) to consummate the Proposed Offshore Investment, and the Lender shall, as soon as practicable following the completion of the ODI Approval Procedures, provide the Borrower with copies of supporting documentation of such approvals or filings, including but not limited to copies of the Notice of Project Filing, the Enterprise Offshore Investment Certificate and the Business Registration Form issued by the bank with respect to the Proposed Offshore Investment (collectively the “**ODI Approval Documents**”).
- 3.2 The term of the Loan (the “**Loan Term**”) shall commence from the Remittance Date and expire on the following (whichever is earlier):
- (1) The Borrower’s receipt of the ODI Approval Documents, provided that the investment limit indicated in the ODI Approval Documents shall be no less than the investment amount required for the Proposed Offshore Investment;
  - (2) The Lender’s termination of the Proposed Offshore Investment under the Offshore Subscription Agreement pursuant to Clause 3.4 hereof; and
  - (3) The termination of the Offshore Subscription Agreement with respect to the Lender (or the assignee of or successor to its rights and obligations), or the time when the Proposed Offshore Investment cannot be made or is terminated pursuant to the provisions of the Offshore Subscription Agreement.

The Borrower shall, within thirty (30) business days following the expiration of the Loan Term, repay the entire Loan to the Lender. In the event that, upon completion of the ODI Approval Procedures, the competent authority requires the Share Purchase Price (as defined in the Offshore Subscription Agreement) of the Proposed Offshore Investment to be paid within a period of time shorter than the said thirty (30)-business day period, then the Borrower and the Lender shall negotiate and determine a new repayment plan to avoid any impact on the effectiveness of the ODI Approval Procedures that have been completed. The information of the Lender's bank account used to receive the repayment is provided below:

Account Name: Ningbo Fresh Investment Partnership (Limited Partnership)

Account Number: 512907139710803

Opening Bank: Kunshan Sub-branch of Suzhou Branch of China Merchants Bank

The Lender shall, upon receipt of the Borrower's repayment of the entire Loan, assist the Borrower to execute all such legal documents and complete all such legal procedures as may be necessary to release the pledge of all shares under the Charge Deed.

- 3.3 If the Loan Term expires at such time as specified in the preceding Clause 3.2(1), the Lender or its Designated Party who has obtained the ODI Approval Documents shall, within ten (10) business days after receipt of the Borrower's repayment of the Loan or any longer period agreed upon by the Company (which period shall be subject to relevant procedures of competent foreign exchange department or other factors not attributable to the Lender and/or its Designated Party), issue relevant share purchase applications to the Company and remit into the Company's account the USD investment amount (being the Share Purchase Price) for which the Borrower's repayment of the entire Loan is exchanged at the exchange rate applicable on the date of swap. For the avoidance of doubt, in case of any inconsistency between the total amount finally paid to the Company upon the swap made by the Lender (or its Designated Party) and the USD amount (the "**Current USD Amount**") calculated and determined at the exchange rate applicable on the execution date of the Offshore Subscription Agreement as a result of any change in the exchange rate, if the USD amount (being the Share Purchase Price) for which the total amount of the Loan is exchanged at the exchange rate applicable at the time of repayment to the Company has been remitted into the Company's account, the Lender (or its Designated Party) shall be deemed to have fulfilled the obligation to pay the Share Purchase Price (that is to say, if the total amount actually paid to the Company exceeds the Current USD Amount, the Lender and its Designated Party shall not request the refund of the excess amount; if the total amount actually paid to the Company is less than the Current USD Amount, the Company shall not request making good the shortfall), provided that the number of Series E Preferred Shares subscribed for by the Lender and rights and interests attached thereto shall not be affected by such change in the exchange rate.

- 3.4 It is agreed that, notwithstanding anything contained in the Offshore Subscription Agreement to the contrary, in the event of failure to complete the ODI Approval Procedures by December 31, 2022 as a result that (i) any application filed by the Lender (or its Designated Party) subject to the provisions of applicable laws and regulations is returned, rejected or disapproved by competent government authority; (ii) there is any change in applicable laws, regulations and policies governing the ODI Approval Procedures; or (iii) the Company or any of its subsidiaries refuses to provide the Lender or its Designated Party with necessary materials and information pursuant to applicable laws and regulations, then the Lender shall have the right to terminate the Proposed Offshore Investment by giving written notice to the Company.

#### **4. Representations and Warranties**

4.1 Each of the Borrower and the Company hereby represents and warrants to the Lender as follows:

- (1) The Borrower is a limited liability company duly incorporated and registered and validly existing under the laws of the PRC, and has the legal power and authority to execute and perform this Agreement, which constitutes the valid and enforceable obligation of the Borrower, immediately upon execution hereof;
- (2) The Company is an exempted limited liability company duly incorporated and validly existing under the laws of the Cayman Islands, and has the legal power and authority to execute and perform this Agreement, which constitutes the valid and enforceable obligation of the Company, immediately upon execution hereof;
- (3) Its execution of this Agreement and performance of its obligations hereunder will not result in a violation of (i) any provision of its articles of association; (ii) any agreement, license or other document to which it is a party; (iii) any judgment or ruling issued or made by any court or government authority; or (iv) any PRC or applicable laws, rules and regulations;
- (4) It has obtained all requisite authorizations, permits and approvals with respect to effecting the transactions hereunder.

4.2 The Lender hereby represents and warrants to the Borrower as follows:

- (1) It is a limited partnership duly incorporated and registered and validly existing under the laws of the PRC, and has the legal power and authority to execute and perform this Agreement, which constitutes the valid and enforceable obligation of the Borrower, immediately upon execution hereof;
- (2) Its execution of this Agreement and performance of its obligations hereunder will not result in a violation of (i) any provision of its constitutional documents; (ii) any agreement, license or other document to which it is a party; (iii) any judgment or ruling issued or made by any court or government authority; or (iv) any PRC laws, rules and regulations;

(3) It has obtained all requisite authorizations, permits and approvals with respect to effecting the transactions hereunder.

**5. Liabilities for Breach of Contract**

In the event that any Party fails to perform or duly perform any obligation hereunder, the breaching Party shall indemnify the non-breaching Party against all losses, damages, liabilities, litigation and reasonable fees (including but not limited to litigation costs, attorneys' fees, notary fees and enforcement costs) and expenses arising as a result of its breach of this Agreement.

**6. Confidentiality**

6.1 Notwithstanding the termination of this Agreement, each Party (the "**Receiving Party**") shall be obligated to keep confidential any and all Confidential Information (as defined below) of the other Parties and their affiliates (collectively, the "**Disclosing Party**") that it becomes aware of or receives in connection with the execution and performance hereof. The Receiving Party may use such Confidential Information solely for the purpose of performing its obligations hereunder. The Receiving Party shall not disclose any Confidential Information to any third party without the prior written permission of the Disclosing Party.

6.2 "**Confidential Information**" means this Agreement (including its existence and clauses) as well as all trade secrets, proprietary information, client information and other information of a confidential nature of each Party and its affiliates, but excluding any information that:

- (1) prior to receipt thereof from the Disclosing Party, is already lawfully known by the Receiving Party from a third party without any obligation of confidentiality as evidenced by written records;
- (2) that enters the public domain through no fault of the Receiving Party; and
- (3) that is duly obtained by the Receiving Party through other means upon receipt of Confidential Information.

6.3 Following termination of this Agreement, the Receiving Party shall, at the request of the Disclosing Party, return, destroy or otherwise dispose of all documents, materials or software incorporating Confidential Information, and cease to use such Confidential Information. Notwithstanding the foregoing, the Receiving Party shall have the right to retain such copies of any Confidential Information as necessary to comply with applicable laws and regulations, the requirements of the regulatory authority or internal archiving requirements, provided that the Receiving Party shall notify the Disclosing Party of such retention and continue to assume confidentiality obligations with respect to such Confidential Information pursuant to this Clause 6.

**7. Governing Law and Dispute Resolution**

- 7.1 The execution, interpretation and performance of this Agreement shall be governed by the laws of the PRC.
- 7.2 All disputes arising from or in connection with this Agreement shall be firstly resolved by the Parties through amicable negotiations. If any such dispute cannot be resolved in a manner acceptable to the Parties within thirty (30) days following the first round of negotiations, then any Party shall have the right to submit the same to Shanghai Arbitration Commission for arbitration in accordance with its arbitration rules then in effect at the time of filing the arbitration request. The place of arbitration shall be Shanghai. The arbitration proceedings shall be conducted in Chinese.
- 7.3 The arbitral award rendered by the arbitral tribunal shall be final and binding upon the Parties. Each Party shall make its best efforts to cause the arbitral award to be enforced promptly, and shall provide any necessary assistance in that regard.

**8. Notices**

- 8.1 Any notice required or permitted to be given hereunder shall be made in writing, and shall be delivered to the following address of each Party (or any other address that may be designated by each Party by giving fifteen (15)-day written notice to the other Parties pursuant to this Clause 8.1) by personal delivery, overnight courier service, email or otherwise. For purposes of notification hereunder, the contact information of each Party is provided as follows:

**If to the Borrower and the Company:**

Contact Person: Chen Xuefeng  
Correspondence Address: 12/F, Building 6, Chuangzhi Tiandi Enterprise Center,  
No.433 Songhu Road, Yangpu District, Shanghai, PRC  
Email: \*\*\*  
Tel: \*\*\*

**If to the Lender:**

Contact Person: Hu Yuchen  
Correspondence Address: Room 1101, No.1699 Gubei Road, Minhang District,  
Shanghai  
Email: \*\*\*  
Tel: \*\*\*

8.2 Any notice delivered by overnight courier service, shall be deemed to have been served on the earlier of the following if the mail containing such notice has been duly delivered by an internationally recognized overnight courier service provider, postage prepaid, together with a written acknowledgment of service: (i) the date of delivery (or the date when the delivery is rejected), and (ii) the expiration date of two (2) business days following the posting of the mail containing such notice; any notice, if sent via email, shall be deemed to have been served at the time of receipt, rejection or return after being properly sent by the email system only to the extent that the date of delivery is a business day and the delivery is made within the normal working hours of the recipient, otherwise such notice shall be deemed to have been served on the next business day. Notwithstanding the foregoing, if any address for service of copies of notices is designated, then all notices, demands, consents or other correspondences hereunder shall be deemed validly served only to the extent that such notices, demands, consents or correspondences are delivered to such address and in such manner as described above.

**9. Miscellaneous**

9.1 This Agreement shall become effective as of the date on which it is signed or stamped by the authorized representatives of the Parties. Any modification or alteration of this Agreement may be made in the form of a supplemental agreement signed by the Parties hereto upon consensus through negotiations. Any such modification or alteration must be made in writing and shall become effective only after being duly signed by the Parties.

9.2 Each provision hereof shall be severable from every other provision hereof. In the event that any provision hereof is held to be invalid or unenforceable under applicable laws, the validity of the remaining provisions hereof shall not be affected, in which case the Parties shall negotiate in good faith to replace such invalid or unenforceable provision with a provision, so as to achieve the original commercial intent hereunder.

9.3 All taxes leviable on and all costs and expenses incurred by any Party under applicable laws arising from or in connection with the transactions contemplated hereby shall be paid by such Party.

9.4 Unless otherwise set forth herein, without the prior written consent of the Lender, neither this Agreement nor any right, interest or obligation hereunder shall be transferred by the Borrower or the Company in whole or in part; provided, however, that the Lender shall have the right to transfer in whole all rights, interests or obligations (including creditors' rights corresponding to the Loan) under this Agreement, the Offshore Subscription Agreement, the Charge Deed and the Shareholder Agreement of the Company without the consent or authorization of the Borrower and the Company if and to the extent that (i) the Lender shall notify the Borrower and the Company in advance of such transfer; (ii) the limitations on the transfer of the Company's Series E Preferred Shares shall also apply to such transfer; and (iii) the Designated Party to whom the relevant rights and obligations are transferred by the Lender has executed such documents as may be necessary to become a party to and bound by this Agreement, the Offshore Subscription Agreement, the Charge Deed and the Shareholder Agreement of the Company.

**(The remainder of this page is intentionally left blank)**

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first written above.

**Shanghai Yueyee Network Information Technology Co., Ltd.** (Seal)

/s/ Shanghai Yueyee Network Information Technology Co., Ltd.

Seal of Shanghai Yueyee Network Information Technology Co., Ltd.

By: /s/ Chen Xuefeng

Name: Chen Xuefeng

Job Title: Legal Representative

**AiHuiShou International Co. Ltd.**

By: /s/ Chen Xuefeng

Name: Chen Xuefeng

Job Title: Director

Signature Page to Convertible Loan Agreement  
Shanghai Yueyee Network Information Technology Co., Ltd./AiHuiShou International Co., Ltd.  
Ningbo Fresh Investment Management Co., Ltd.



IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first written above.

**Ningbo Fresh Investment Management Co., Ltd.** (Seal)

/s/ Ningbo Fresh Investment Management Co., Ltd.  
Seal of Ningbo Fresh Investment Management Co., Ltd.

By: /s/ Hu Yuchen  
Name: Hu Yuchen  
Job Title: Legal Representative

Signature Page to Convertible Loan Agreement  
Shanghai Yueyee Network Information Technology Co., Ltd./AiHuiShou International Co., Ltd.  
Ningbo Fresh Investment Management Co., Ltd.

**AMENDMENT TO THE FOLLOW-ON SERIES E PREFERRED  
SHARE PURCHASE AGREEMENT**

This Amendment to the Follow-On Series E Preferred Share Purchase Agreement, dated as of November 19, 2020 (this “**Amendment**”), is entered into by and among:

- (1) **AiHuiShou International Co. Ltd.**, a company limited by shares incorporated under Cayman Islands Law on November 22, 2011 (the “**Company**”),
- (2) **AiHuiShou International Company Limited**, a company limited by shares incorporated under the Hong Kong Law,
- (3) **Shanghai Aihui Trading Co., Ltd.** (上海艾慧商贸有限公司), a wholly foreign-owned enterprise organized under the PRC Law,
- (4) **Shanghai Yueou Information Technology Co., Ltd.** (上海悦欧信息技术有限公司), a limited liability company organized under the PRC Law,
- (5) **Shanghai Yueyi Network Information Technology Co., Ltd.** (上海悦易网络信息技术有限公司), a limited liability company organized under the PRC Law,
- (6) **Shanghai Yueyi Network Information Technology Co., Ltd.** (上海悦亿网络信息技术有限公司), a limited liability company organized under the PRC Law,
- (7) **Yueyi Commercial Factoring (Shenzhen) Co., Ltd.** (乐易商业保理(深圳)有限公司), a limited liability company organized under the PRC Law,
- (8) **Changzhou Yueyi Network Information Technology Co., Ltd.** (常州悦亿网络信息技术有限公司), a limited liability company organized under the PRC Law,
- (9) **AHS DEVICE HONG KONG LIMITED**, a company limited by shares incorporated under the Hong Kong Law,
- (10) **SUN Wenjun** (孙文俊), a citizen of the PRC whose PRC identification card number is \*\*\*,
- (11) **CHEN Xuefeng** (陈雪峰), a citizen of the PRC whose PRC identification card number is \*\*\*,
- (12) **S&WJ Group Limited**, a company limited by shares incorporated under the Law of the British Virgin Islands,
- (13) **C&XF Group Limited**, a company limited by shares incorporated under the Law of the British Virgin Islands,
- (14) **JD.com Development Limited**, a company duly incorporated and validly existing under the Law of the British Virgin Islands (“**Jing Dong**”),

- (15) **Guotai Junan Finance (Hong Kong) Limited 國泰君安財務 (香港) 有限公司**, a company duly incorporated and validly existing under the Law of Hong Kong (“GTJA”),
- (16) **Tianjin Huihe Haihe Intelligent Logistics Industry Fund Partnership (Limited Partnership) (天津汇禾海河智能物流产业基金合伙企业 (有限合伙))**, a partnership duly incorporated and validly existing under the Law of the PRC (“Huihe”),
- (17) **Ningbo Qingyu Investment Management Co., Ltd. (宁波清宇投资管理有限公司)**, a limited liability company duly incorporated and validly existing under the Law of the PRC (“Fresh Capital”),
- (18) **Shanghai Zhengmu Investment Center (Limited Partnership) (上海正睦投资中心 (有限合伙))**, a partnership duly incorporated and validly existing under the Law of the PRC (“Guohe”), and
- (19) **Zibo Minsheng Ouming Equity Investment Partnership (Limited Partnership) (淄博民生欧明股权投资合伙企业 (有限合伙))**, a partnership duly incorporated and validly existing under the Law of the PRC (“Minsheng”).

All parties mentioned above shall hereinafter be referred to collectively as the “Parties” and individually as a “Party”.

WHEREAS, the Parties (other than Minsheng) have entered into a Follow-On Series E Preferred Share Purchase Agreement, dated as of September 4, 2020 (the “Purchase Agreement”), pursuant to which the Company has agreed to sell certain number of Series E Preferred Shares to the Investors (other than Minsheng);

WHEREAS, in addition to the transactions contemplated by the Purchase Agreement, the Company wishes to additionally issue and sell to Minsheng and Minsheng desires to subscribe for and purchase from the Company a certain number of Series E Preferred Shares pursuant to the terms and subject to the conditions of the Purchase Agreement;

WHEREAS, pursuant to Section 10.6 of the Purchase Agreement, any term of the Purchase Agreement may be amended only with the written consent of all the parties thereto (the “Requisite Parties”); and

WHEREAS, the Parties to this Amendment represent the Requisite Parties.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby amend the Purchase Agreement as follows:

1. Definitions. Capitalized terms used but not otherwise defined herein shall have the meaning assigned to them in the Purchase Agreement. The term “this Agreement” as used in the Purchase Agreement shall at all times refer to the Purchase Agreement as modified by this Amendment.

2. Amendment to the Purchase Agreement.

2.1 Joining of the Purchase Agreement by Minsheng. By respectively executing and delivering a signature page to this Amendment, the Parties hereby acknowledge, agree and confirm that Minsheng shall be deemed, as is hereby as, an “RMB Investor” to the Purchase Agreement, and shall have all of the rights, and be bound by all the duties and obligations, of an RMB Investor thereunder as of the date hereof, and each existing party to the Purchase Agreement shall be entitled to enforce the Purchase Agreement against Minsheng, as if Minsheng had executed the Purchase Agreement from the date thereof and as though an original party hereto. For the foregoing purposes, (a) Schedule A and Schedule D of the Purchase Agreement shall be updated as Schedule A and Schedule B attached to this Amendment; and (b) the term “Loan Agreement” shall mean, with respect to Minsheng, the Convertible Loan Agreement (可转债协议) entered into by and among Minsheng, the Company and the Domestic Enterprise on the date hereof.

2.2 Sale and Purchase of Additional Series E Preferred Shares. The Company will have authorized the additional issuance, pursuant to the terms and conditions of the Purchase Agreement, of up to 807,494 Series E Preferred Shares (the “**Additional Preferred Shares**”), and Minsheng hereby agrees to subscribe for and purchase such Additional Preferred Shares on the date of the Closing. With respect to Minsheng’s consummation of its obligations under Section 2 of the Purchase Agreement shall be subject to the fulfillment of the following additional conditions:

(a) as additionally agreed by the Company and Minsheng regarding the conditions provided in Section 7.5 of the Purchase Agreement, the Restated Articles shall be further amended and restated and shall have been duly adopted by the Company after such amendment and restatement by all necessary corporate actions of the Board and its shareholders and submitted for filing with the competent corporate registry of the Cayman Islands as evidenced by an email confirmation from the registered agent of the Company, and the scanned copy of which shall have been delivered to Minsheng;

(b) as additionally agreed by the Company and Minsheng regarding the conditions provided in Section 7.6 of the Purchase Agreement, Minsheng shall have entered into a Joinder Agreement (instead of the Shareholders Agreement itself) with the Company and became a party to the Shareholders Agreement.

3. Continued Validity of Purchase Agreement. Unless otherwise modified or supplemented by the terms of this Amendment, all terms and conditions of the Purchase Agreement shall continue in full force and effect.

4. Successors and Assigns. Except as otherwise provided herein, the terms and conditions of this Amendment shall inure to the benefit of and be binding upon the respective transferees, heirs, successors and assigns of the parties.

5. Governing Law. This Amendment shall be governed by and construed exclusively in accordance with the Law of Hong Kong without regard to its principles of conflicts of laws.

6. Counterparts. This Amendment may be executed and delivered in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered by facsimile, electronic mail (including, without limitation, pdf or similar format methods) or other transmission method, and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

*[Remainder of page intentionally left blank]*

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Amendment as of the date and year first above written.

**COMPANY:** **AIHUISHOU INTERNATIONAL CO. LTD.**

By: /s/ CHEN Xuefeng  
Name: CHEN Xuefeng (陈雪峰)  
Title: Director

**HK SUBSIDIARY:** **AIHUISHOU INTERNATIONAL COMPANY LIMITED**

By: /s/ CHEN Xuefeng  
Name: CHEN Xuefeng (陈雪峰)  
Title: Director

**DOMESTIC ENTERPRISE:** **SHANGHAI YUEYI NETWORK INFORMATION TECHNOLOGY CO., LTD. (上海悦易网络信息技术有限公司) (Seal)**

/s/ SHANGHAI YUEYI NETWORK INFORMATION TECHNOLOGY CO., LTD.  
Seal of SHANGHAI YUEYI NETWORK INFORMATION TECHNOLOGY CO., LTD.

By: /s/ CHEN Xuefeng  
Name: CHEN Xuefeng (陈雪峰)  
Title: Legal Representative

**HK CO:** **AHS DEVICE HONG KONG LIMITED**

By: /s/ CHEN Xuefeng  
Name: CHEN Xuefeng (陈雪峰)  
Title: Director

Signature Page to Amendment to the Follow-On Series E Preferred Share Purchase Agreement

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Amendment as of the date and year first above written.

**DOMESTIC SUBSIDIARIES:**

**SHANGHAI YUEYI NETWORK INFORMATION TECHNOLOGY CO., LTD. (上海悦亿网络信息技术有限公司) (Seal)**

/s/ SHANGHAI YUEYI NETWORK INFORMATION TECHNOLOGY CO., LTD.  
Seal of SHANGHAI YUEYI NETWORK INFORMATION TECHNOLOGY CO., LTD.

By: /s/ CHEN Yike  
Name: CHEN Yike (陈逸轲)  
Title: Legal Representative

**CHANGZHOU YUEI NETWORK INFORMATION TECHNOLOGY CO., LTD. (常州悦亿网络信息技术有限公司) (Seal)**

/s/ CHANGZHOU YUEI NETWORK INFORMATION TECHNOLOGY CO., LTD.  
Seal of CHANGZHOU YUEI NETWORK INFORMATION TECHNOLOGY CO., LTD.

By: /s/ CHEN Yike  
Name: CHEN Yike (陈逸轲)  
Title: Legal Representative

**YUEYI COMMERCIAL FACTORING (SHENZHEN) CO., LTD. (乐易商业保理(深圳)有限公司) (Seal)**

/s/ YUEYI COMMERCIAL FACTORING (SHENZHEN) CO., LTD.  
Seal of YUEYI COMMERCIAL FACTORING (SHENZHEN) CO., LTD.

By: /s/ CHEN Yike  
Name: CHEN Yike (陈逸轲)  
Title: Legal Representative

Signature Page to Amendment to the Follow-On Series E Preferred Share Purchase Agreement

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Amendment as of the date and year first above written.

**WFOE:** **SHANGHAI AIHUI TRADING CO., LTD. (上海艾慧商贸有限公司) (Seal)**

/s/ SHANGHAI AIHUI TRADING CO., LTD.  
Seal of SHANGHAI AIHUI TRADING CO., LTD.

By: /s/ CHEN Xuefeng  
Name: CHEN Xuefeng (陈雪峰)  
Title: Legal Representative

**WFOE SUBSIDIARY:** **SHANGHAI YUEOU INFORMATION TECHNOLOGY CO., LTD. (上海悦欧信息技术有限公司) (Seal)**

/s/ SHANGHAI YUEOU INFORMATION TECHNOLOGY CO., LTD.  
Seal of SHANGHAI YUEOU INFORMATION TECHNOLOGY CO., LTD.

By: /s/ CHEN Xuefeng  
Name: CHEN Xuefeng (陈雪峰)  
Title: Legal Representative

Signature Page to Amendment to the Follow-On Series E Preferred Share Purchase Agreement

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Amendment as of the date and year first above written.

**FOUNDERS**

/s/ SUN Wenjun

SUN Wenjun (孙文俊)

/s/ CHEN Xuefeng

CHEN Xuefeng (陈雪峰)

**FOUNDER HOLDING COMPANIES:**

**S&WJ GROUP LIMITED**

By: /s/ SUN Wenjun

Name: SUN Wenjun (孙文俊)

Title: Director

**C&XF GROUP LIMITED**

By: /s/ CHEN Xuefeng

Name: CHEN Xuefeng (陈雪峰)

Title: Director

Signature Page to Amendment to the Follow-On Series E Preferred Share Purchase Agreement



IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Amendment as of the date and year first above written.

**INVESTORS:**

**JD.com Development Limited**

By: /s/ WANG Nani

Name: WANG Nani (王娜妮)

Title: Director

Signature Page to Amendment to the Follow-On Series E Preferred Share Purchase Agreement

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Amendment as of the date and year first above written.

**INVESTORS:**

**Guotai Junan Finance (Hong Kong) Limited**  
**(国泰君安财务(香港)有限公司)**

By: /s/ WANG George Ka Kui  
Name: WANG George Ka Kui (王家驹)  
Title: Director

Signature Page to Amendment to the Follow-On Series E Preferred Share Purchase Agreement

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Amendment as of the date and year first above written.

**INVESTORS:**

**Tianjin Huihe Haihe Intelligent Logistics Industry Fund Partnership (Limited Partnership)** (天津汇禾海河智能物流产业基金合伙企业 (有限合伙) ) (Seal)

/s/ Tianjin Huihe Haihe Intelligent Logistics Industry Fund Partnership (Limited Partnership)

Seal of Tianjin Huihe Haihe Intelligent Logistics Industry Fund Partnership (Limited Partnership)

By: /s/ ZHANG Qi

Name: ZHANG Qi (张奇)

Title: Representative Appointed by Executive Partner

Signature Page to Amendment to the Follow-On Series E Preferred Share Purchase Agreement

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Amendment as of the date and year first above written.

**INVESTORS:**

**Shanghai Zhengmu Investment Center (Limited Partnership) (上海正睦投资中心 (有限合伙)) (Seal)**

/s/ Shanghai Zhengmu Investment Center (Limited Partnership)

Seal of Shanghai Zhengmu Investment Center (Limited Partnership)

By: /s/ L Li

Name: LI Li (李莉)

Title: Representative Appointed by Executive Partner

Signature Page to Amendment to the Follow-On Series E Preferred Share Purchase Agreement

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Amendment as of the date and year first above written.

**INVESTORS:**

**Ningbo Qingyu Investment Management Co., Ltd. (宁波清宇投资管理有限公司) (Seal)**

/s/ Ningbo Qingyu Investment Management Co., Ltd.

Seal of Ningbo Qingyu Investment Management Co., Ltd.

By: /s/ HU Yuchen

Name: HU Yuchen (胡宇晨)

Title: Legal Representative

Signature Page to Amendment to the Follow-On Series E Preferred Share Purchase Agreement

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Amendment as of the date and year first above written.

**INVESTORS:**

**Zibo Minsheng Ouming Equity Investment Partnership  
(Limited Partnership)** (淄博民生欧明股权投资合伙企业 (有限合伙) ) (Seal)

/s/ Zibo Minsheng Ouming Equity Investment Partnership  
(Limited Partnership)

Seal of Zibo Minsheng Ouming Equity Investment  
Partnership (Limited Partnership)

By: /s/ YANG Ting

Name: YANG Ting (杨婷)

Title: Representative Appointed by Executive Partner

Signature Page to Amendment to the Follow-On Series E Preferred Share Purchase Agreement

**Schedule A**

<b><u>Name of Investors</u></b>	<b><u>Number and Type of Purchased Shares</u></b>	<b><u>Total Purchase Price</u></b>
Jing Dong	2,802,048	US\$50,000,000
GTJA	1,401,024	US\$25,000,000
Huihe	282,623	Equivalent US Dollars of RMB35,000,000
Guohe	403,747	Equivalent US Dollars of RMB50,000,000
Fresh Capital	403,747	Equivalent US Dollars of RMB50,000,000
Minsheng	807,494	Equivalent US Dollars of RMB100,000,000

The Purchase Price in US Dollars to be paid by each RMB Investor shall be calculated based on the applicable exchange rate of RMB to US Dollars on the date of foreign exchange purchase by such RMB Investor in accordance with the Loan Agreement which such RMB Investor is a party to.

Signature Page to Amendment to the Follow-On Series E Preferred Share Purchase Agreement

**SCHEDULE B****CAPITALIZATION TABLE****AS OF THE EXECUTION DATE OF THE PURCHASE AGREEMENT**

<u>Shareholders</u>	<u># of Shares</u>	<u>%</u>
<i>Ordinary Shares</i>		
S&WJ Group Limited	4,832,367	3.4006%
C&XF Group Limited	13,283,317	9.3476%
Morningside China TMT Fund II, L.P.	369,034	0.2597%
International Finance Corporation	297,902	0.2096%
<i>ESOP</i>		
ESOP	21,920,964	15.4260%
<i>Series A Preferred Shares</i>		
Morningside China TMT Fund II, L.P.	9,497,040	6.6832%
<i>Series B-1 Preferred Shares</i>		
Morningside China TMT Fund II, L.P.	1,758,711	1.2376%
<i>Series B-2 Preferred Shares</i>		
Morningside China TMT Fund II, L.P.	2,879,784	2.0265%
<i>Series B-3 Preferred Shares</i>		
International Finance Corporation	2,948,341	2.0748%
<i>Series C-1 Preferred Shares</i>		
Morningside China TMT Top Up Fund, L.P.	1,825,679	1.2847%
International Finance Corporation	921,671	0.6486%
<i>Series C-2 Preferred Shares</i>		
Tiantu China Consumer Fund I, L.P.	7,450,811	5.2432%
<u>JD.com</u> Development Limited	7,450,811	5.2432%
EAGLE INTELLIGENCE LIMITED	2,197,879	1.5467%
<i>Series C-3 Preferred Shares</i>		
Euro Eco Limited (欧之碧有限公司)	5,253,241	3.6968%
JD.com Development Limited	5,564,491	3.9158%
Qianhai Ark (Cayman) Investment Co. Limited	1,262,446	0.8884%
YYT CAPITAL Inc.	563,845	0.3968%
Tiantu China Consumer Fund II, L.P.	429,089	0.3020%
Generation Mu HK Investment Limited	400,293	0.2817%
Shenzhen Dachen Chuanglian Equity Investment Fund Partnership (Limited Partnership) (深圳市达晨创联股权投资基金合伙企业(有限合伙)) (warrant)	2,819,225	1.9839%



Shareholders	# of Shares	%
Ningbo Meishan Bonded Port Area Yuanxiao Investment Management Partnership (宁波梅山保税港区元晓投资管理合伙企业 (有限合伙)) (warrant)	2,255,380	1.5871%
Beijing Tiantu Xingbei Investment Center (Limited Partnership (北京天图兴北投资中心 (有限合伙)) (warrant)	3,383,070	2.3807%
Shanghai Chenxi Venture Investment Center(Limited Partnership) (上海晨熹创业投资中心 (有限合伙)) (warrant)	1,884,511	1.3262%
Shanghai Jinglin Jinghui Equity Investment Center (上海景林景惠股权投资中心 (有限合伙)) (warrant)	563,845	0.3968%
<i>Series D-1 Preferred Shares</i>		
JD.com Development Limited	2,115,755	1.4889%
<i>Series D-2 Preferred Shares</i>		
Internet Fund IV Pte. Ltd.	7,952,405	5.5962%
<i>Series E Preferred Shares</i>		
Morningside China TMT Fund II, L.P.	840,614	0.5915%
Tiantu China Consumer Fund II, L.P.	280,205	0.1972%
Internet Fund IV Pte. Ltd.	560,410	0.3944%
Fresh Capital Fund I, L.P.	280,205	0.1972%
Generation Mu HK Investment Limited	560,410	0.3944%
JD.com Development Limited	27,500,098	19.3521%
<b>Total</b>	<b>142,103,849</b>	<b>100.0000%</b>

**Note:** CHEN Xuefeng (陈雪峰), Shanghai Jinglin Jinghui Equity Investment Center (Limited Partnership) (上海景林景惠股权投资中心(有限合伙)) (“Greenwoods”) and the Domestic Enterprise have entered into an Equity Transfer Framework Agreement (《股权转让框架协议》) on July 21, 2017. As confirmed in the written resolution of the shareholders of the Company on July 5, 2018, CHEN Xuefeng (陈雪峰) intends to procure C&XF Group Limited to, transfer 992,513 Ordinary Shares held by it to Greenwoods in replacement of the equity transfer as provided in Equity Transfer Framework Agreement (《股权转让框架协议》).

Signature Page to Amendment to the Follow-On Series E Preferred Share Purchase Agreement

## CAPITALIZATION TABLE

## AFTER THE CLOSING ASSUMING ALL THE AUTHORIZED SERIES E

## PREFERRED SHARES HAVING BEEN SUBSCRIBED

Shareholders	# of Shares	%
<i>Ordinary Shares</i>		
S&WJ Group Limited	4,832,367	3.2605%
C&XF Group Limited	13,283,317	8.9628%
Morningside China TMT Fund II, L.P.	369,034	0.2490%
International Finance Corporation	297,902	0.2010%
<i>ESOP</i>		
ESOP	21,920,964	14.7910%
<i>Series A Preferred Shares</i>		
Morningside China TMT Fund II, L.P.	9,497,040	6.4081%
<i>Series B-1 Preferred Shares</i>		
Morningside China TMT Fund II, L.P.	1,758,711	1.1867%
<i>Series B-2 Preferred Shares</i>		
Morningside China TMT Fund II, L.P.	2,879,784	1.9431%
<i>Series B-3 Preferred Shares</i>		
International Finance Corporation	2,948,341	1.9894%
<i>Series C-1 Preferred Shares</i>		
Morningside China TMT Top Up Fund, L.P.	1,825,679	1.2319%
International Finance Corporation	921,671	0.6219%
<i>Series C-2 Preferred Shares</i>		
Tiantu China Consumer Fund I, L.P.	7,450,811	5.0274%
JD.com Development Limited	7,450,811	5.0274%
EAGLE INTELLIGENCE LIMITED	2,197,879	1.4830%
<i>Series C-3 Preferred Shares</i>		
Euro Eco Limited (欧之碧有限公司)	5,253,241	3.5446%
JD.com Development Limited	5,564,491	3.7546%
Qianhai Ark (Cayman) Investment Co. Limited	1,262,446	0.8518%
YYT CAPITAL Inc.	563,845	0.3805%
Tiantu China Consumer Fund II, L.P.	429,089	0.2895%
Generation Mu HK Investment Limited	400,293	0.2701%
Shenzhen Dachen Chuanglian Equity Investment Fund Partnership (Limited Partnership) (深圳市达晨创联股权投资基金合伙企业 (有限合伙)) (warrant)	2,819,225	1.9023%
Ningbo Meishan Bonded Port Area Yuanxiao Investment	2,255,380	1.5218%

Signature Page to Amendment to the Follow-On Series E Preferred Share Purchase Agreement

Shareholders	# of Shares	%
Management Partnership (宁波梅山保税港区元晓投资管理合伙企业 (有限合伙)) (warrant)		
Beijing Tiantu Xingbei Investment Center (Limited Partnership (北京天图兴北投资中心 (有限合伙)) (warrant)	3,383,070	2.2827%
Shanghai Chenxi Venture Investment Center (Limited Partnership) (上海晨熹创业投资中心 (有限合伙)) (warrant)	1,884,511	1.2716%
Shanghai Jinglin Jinghui Equity Investment Center (上海景林景惠股权投资中心 (有限合伙)) (warrant)	563,845	0.3805%
<b>Series D-1 Preferred Shares</b>		
JD.com Development Limited	2,115,755	1.4276%
<b>Series D-2 Preferred Shares</b>		
Internet Fund IV Pte. Ltd.	7,952,405	5.3658%
<b>Series E Preferred Shares</b>		
Morningside China TMT Fund II, L.P.	840,614	0.5672%
Tiantu China Consumer Fund II, L.P.	280,205	0.1891%
Internet Fund IV Pte. Ltd.	560,410	0.3781%
Fresh Capital Fund I, L.P.	280,205	0.1891%
Generation Mu HK Investment Limited	560,410	0.3781%
JD.com Development Limited	30,302,146	20.4462%
Guotai Junan Finance (Hong Kong) Limited 国泰君安月财务 (香港) 有限公司	1,401,024	0.9453%
Shanghai Zhengmu Investment Center (Limited Partnership) (上海正睦投资中心 (有限合伙))	403,747	0.2724%
Ningbo Qingyu Investment Management Co., Ltd. (宁波清宇投资管理有限公司)	403,747	0.2724%
Tianjin Huihe Haihe Intelligent Logistics Industry Fund Partnership (Limited Partnership) (天津汇禾海河智能物流产业基金合伙企业 (有限合伙))	282,623	0.1907%
Zibo Minsheng Ouming Equity Investment Partnership (Limited Partnership) (淄博民生欧明股权投资合伙企业 (有限合伙))	807,494	0.5448%
<b>Total</b>	<b>148,204,532</b>	<b>100.0000%</b>

**Note:** CHEN Xuefeng (陈雪峰), Shanghai Jinglin Jinghui Equity Investment Center (Limited Partnership) (上海景林景惠股权投资中心(有限合伙)) (“Greenwoods”) and the Domestic Enterprise have entered into an Equity Transfer Framework Agreement (《股权转让框架协议》) on July 21, 2017. As confirmed in the written resolution of the shareholders of the Company on July 5, 2018, CHEN Xuefeng (陈雪峰) intends to procure C&XF Group Limited to, transfer 992,513 Ordinary Shares held by it to Greenwoods in replacement of the equity transfer as provided in Equity Transfer Framework Agreement (《股权转让框架协议》).

Signature Page to Amendment to the Follow-On Series E Preferred Share Purchase Agreement

### Convertible Loan Agreement

This Convertible Loan Agreement (this “**Agreement**”) is hereby made and entered into in Shanghai, the People’s Republic of China (the “**PRC**”, for the purposes of this Agreement, excluding the Hong Kong SAR, the Macau SAR and Taiwan) as of November 19, 2020 by and among:

- A. **Shanghai Yueyee Network Information Technology Co., Ltd.**, a limited liability company duly incorporated and validly existing under the laws of the PRC, with its unified social credit code being 913101105559290751 (the “**Borrower**”);
- B. **Zibo Minsheng Ouming Equity Investment Partnership (Limited Partnership)**, a limited partnership duly incorporated and validly existing under the laws of the PRC, with its unified social credit code being 91370303MA3U4KXXKX5 (the “**Lender**”); and
- C. **AiHuiShou International Co. Ltd.**, an exempted limited liability company duly incorporated and validly existing under the laws of the Cayman Islands (the “**Company**”).

The Borrower, the Lender and the Company are hereinafter referred to individually as a “**Party**” and collectively as the “**Parties**”.

#### WHEREAS:

1. The Company, JD.com Development Limited, Guotai Junan Finance (Hong Kong) Limited, Tianjin Huihe Haihe Intelligent Logistics Industry Fund Partnership (Limited Partnership), Ningbo Fresh Investment Management Co., Ltd., Shanghai Zhengmu Investment Center (Limited Partnership) and other concerned parties have entered into a Follow-On Series E Preferred Share Purchase Agreement (the “**Master Offshore Subscription Agreement**”) dated as of September 4, 2020.
2. The Lender proposes to subscribe for a certain number of Series E Preferred Shares (as defined in the Offshore Subscription Agreement) pursuant to the provisions of the Offshore Subscription Agreement (the “**Proposed Offshore Investment**”). The Lender, the Company and other concerned Parties have entered into an Amendment to Follow-On Series E Preferred Share Purchase Agreement (the “**Supplemental Offshore Subscription Agreement**”, together with the Master Offshore Subscription Agreement, collectively the “**Offshore Subscription Agreement**”) dated as of even date herewith.
3. Subject to the provisions of applicable PRC laws, the Lender, as a PRC domestic entity, is required to go through the ODI Approval Procedures (as defined below) for purposes of consummating the Proposed Offshore Investment. The Borrower wishes to get a loan from the Lender, as a condition precedent to the Proposed Offshore Investment, subject to the terms and conditions contained herein prior to the Lender’s completion of the ODI Approval Procedures, and the Lender agrees to make available such loan to the Borrower subject to the terms and conditions contained herein, and to convert the loan into the price of the subscribed Series E Preferred Shares at the time of satisfaction of all conditions set forth herein.

4. The Borrower is a limited liability company duly incorporated and validly existing under the laws of the PRC, over which Shanghai Aihui Trading Co., Ltd. (a company established by the Company's Hong Kong subsidiary AiHuiShou International Company Limited) gains de facto control upon execution of a series of VIE agreements.

Through amicable negotiations, the Parties hereby agree as follows:

#### **1. Loan**

The Lender agrees to make available to the Borrower and the Borrower agrees to accept a loan in the amount of RMB 100,000,000 (the "**Loan**") pursuant to the provisions of this Agreement.

#### **2. Payment and Purpose of the Loan**

- 2.1 The Lender shall, within ten (10) business days following the satisfaction or waiver in writing by the Lender of the conditions precedent to the payment of the Loan as hereinafter set forth, remit the Loan in one lump sum into the beneficiary account designated by the Borrower in writing (the "**Remittance**", the date on which the Lender pays to the Borrower the entire amount of the Loan pursuant to this Clause 2.1 is hereinafter referred to as the "**Remittance Date**"):
  - (1) The Supplemental Offshore Subscription Agreement has been duly executed by the Company and the Lender, and all conditions precedent to closing as set forth in Clause 7 of the Offshore Subscription Agreement (except for Clauses 7.9 to 7.11) have been duly satisfied or properly waived pursuant to the provisions of the Offshore Subscription Agreement;
  - (2) Each of C&XF Group Limited and S&WJ Group Limited has duly executed a Share Charge Deed (the "Charge Deed") with the Lender and the Company, pursuant to which C&XF Group Limited and S&WJ Group Limited agree to pledge to the Lender 579,608 and 227,886 Ordinary Shares (as defined in the Offshore Subscription Agreement) of the Company respectively;
  - (3) The organ of power of each of the Borrower, C&XF Group Limited, S&WJ Group Limited and the Company has passed a proper resolution to approve the execution, delivery and performance of this Agreement and the Charge Deed to which it is a party, and to approve the transactions contemplated hereby and thereby;
  - (4) All representations and warranties made by the Borrower hereunder are true, accurate and not misleading when made, and will remain so on the Remittance Date as though they were made on the Remittance Date; any representations and warranties referring to a specific date shall be true, accurate and not misleading on such specific date;
  - (5) No transaction contemplated hereby or by the Charge Deed has been restricted, prohibited or canceled by any laws or by any judgment, decree, ruling or injunction issued by or lawsuit or other dispute resolution proceeding instituted before any court, arbitral authority or other government authority.
- 2.2 The Borrower agrees that, unless otherwise agreed by the Lender in writing, the Loan shall be used solely for such purposes as described in Clause 6.1 of the Offshore Subscription Agreement.

- 2.3 During the Loan Term (as defined below), the Loan shall be interest-free. The Lender shall not request the Borrower to accelerate the Loan without the prior written consent of the Borrower, unless the acceleration of the Loan is otherwise specified herein.

### 3. Loan Term

- 3.1 Following the Remittance Date, the Lender and the Borrower shall make their best efforts to cooperate with each other in effecting all such offshore direct investment approval and/or filing procedures (including but not limited to obtaining the approval from the National Development and Reform Commission, the Ministry of Commerce and/or their respective local counterparts and any qualifying bank with respect to the Proposed Offshore Investment, the “**ODI Approval Procedures**”) as may be necessary for the Lender or any third Party designated by it (the “**Designated Party**”) to consummate the Proposed Offshore Investment, and the Lender shall, as soon as practicable following the completion of the ODI Approval Procedures, provide the Borrower with copies of supporting documentation of such approvals or filings, including but not limited to copies of the Notice of Project Filing, the Enterprise Offshore Investment Certificate and the Business Registration Form issued by the bank with respect to the Proposed Offshore Investment (collectively the “**ODI Approval Documents**”).
- 3.2 The term of the Loan (the “**Loan Term**”) shall commence from the Remittance Date and expire on the following (whichever is earlier):
- (1) The Borrower’s receipt of the ODI Approval Documents, provided that the investment limit indicated in the ODI Approval Documents shall be no less than the investment amount required for the Proposed Offshore Investment;
  - (2) The Lender’s termination of the Proposed Offshore Investment under the Offshore Subscription Agreement pursuant to Clause 3.4 hereof; and
  - (3) The termination of the Offshore Subscription Agreement with respect to the Lender (or the assignee of or successor to its rights and obligations), or the time when the Proposed Offshore Investment cannot be made or is terminated pursuant to the provisions of the Offshore Subscription Agreement.

The Borrower shall, within thirty (30) business days following the expiration of the Loan Term, repay the entire Loan to the Lender. In the event that, upon completion of the ODI Approval Procedures, the competent authority requires the Share Purchase Price (as defined in the Offshore Subscription Agreement) of the Proposed Offshore Investment to be paid within a period of time shorter than the said thirty (30)-business day period, then the Borrower and the Lender shall negotiate and determine a new repayment plan to avoid any impact on the effectiveness of the ODI Approval Procedures that have been completed. The information of the Lender’s bank account used to receive the repayment is provided below:

Account Name: Zibo Minsheng Ouming Equity Investment Partnership (Limited Partnership)

Account Number:\*\*\*

Opening Bank: Banking Department of Shanghai Branch of China CITIC Bank

The Lender shall, upon receipt of the Borrower's repayment of the entire Loan, assist the Borrower to execute all such legal documents and complete all such legal procedures as may be necessary to release the pledge of all shares under the Charge Deed.

- 3.3 If the Loan Term expires at such time as specified in the preceding Clause 3.2(1), the Lender or its Designated Party who has obtained the ODI Approval Documents shall, within ten (10) business days after receipt of the Borrower's repayment of the Loan or any longer period agreed upon by the Company (which period shall be subject to relevant procedures of competent foreign exchange department or other factors not attributable to the Lender and/or its Designated Party), issue relevant share purchase applications to the Company and remit into the Company's account the USD investment amount (being the Share Purchase Price) for which the Borrower's repayment of the entire Loan is exchanged at the exchange rate applicable on the date of swap. For the avoidance of doubt, in case of any inconsistency between the total amount finally paid to the Company upon the swap made by the Lender (or its Designated Party) and the USD amount (the "**Current USD Amount**") calculated and determined at the exchange rate applicable on the execution date of the Offshore Subscription Agreement as a result of any change in the exchange rate, if the USD amount (being the Share Purchase Price) for which the total amount of the Loan is exchanged at the exchange rate applicable at the time of repayment to the Company has been remitted into the Company's account, the Lender (or its Designated Party) shall be deemed to have fulfilled the obligation to pay the Share Purchase Price (that is to say, if the total amount actually paid to the Company exceeds the Current USD Amount, the Lender and its Designated Party shall not request the refund of the excess amount; if the total amount actually paid to the Company is less than the Current USD Amount, the Company shall not request making good the shortfall), provided that the number of Series E Preferred Shares subscribed for by the Lender and rights and interests attached thereto shall not be affected by such change in the exchange rate.
- 3.4 It is agreed that, notwithstanding anything contained in the Offshore Subscription Agreement to the contrary, in the event of failure to complete the ODI Approval Procedures by December 31, 2022 as a result that (i) any application filed by the Lender (or its Designated Party) subject to the provisions of applicable laws and regulations is returned, rejected or disapproved by competent government authority; (ii) there is any change in applicable laws, regulations and policies governing the ODI Approval Procedures; or (iii) the Company or any of its subsidiaries refuses to provide the Lender or its Designated Party with necessary materials and information pursuant to applicable laws and regulations, then the Lender shall have the right to terminate the Proposed Offshore Investment by giving written notice to the Company.

#### **4. Representations and Warranties**

- 4.1 Each of the Borrower and the Company hereby represents and warrants to the Lender as follows:
- (1) The Borrower is a limited liability company duly incorporated and registered and validly existing under the laws of the PRC, and has the legal power and authority to execute and perform this Agreement, which constitutes the valid and enforceable obligation of the Borrower, immediately upon execution hereof;

- (2) The Company is an exempted limited liability company duly incorporated and validly existing under the laws of the Cayman Islands, and has the legal power and authority to execute and perform this Agreement, which constitutes the valid and enforceable obligation of the Company, immediately upon execution hereof;
  - (3) Its execution of this Agreement and performance of its obligations hereunder will not result in a violation of (i) any provision of its articles of association; (ii) any agreement, license or other document to which it is a party; (iii) any judgment or ruling issued or made by any court or government authority; or (iv) any PRC or applicable laws, rules and regulations;
  - (4) It has obtained all requisite authorizations, permits and approvals with respect to effecting the transactions hereunder.
- 4.2 The Lender hereby represents and warrants to the Borrower as follows:
- (1) It is a limited partnership duly incorporated and registered and validly existing under the laws of the PRC, and has the legal power and authority to execute and perform this Agreement, which constitutes the valid and enforceable obligation of the Borrower, immediately upon execution hereof;
  - (2) Its execution of this Agreement and performance of its obligations hereunder will not result in a violation of (i) any provision of its constitutional documents; (ii) any agreement, license or other document to which it is a party; (iii) any judgment or ruling issued or made by any court or government authority; or (iv) any PRC laws, rules and regulations;
  - (3) It has obtained all requisite authorizations, permits and approvals with respect to effecting the transactions hereunder.

#### 5. **Liabilities for Breach of Contract**

In the event that any Party fails to perform or duly perform any obligation hereunder, the breaching Party shall indemnify the non-breaching Party against all losses, damages, liabilities, litigation and reasonable fees (including but not limited to litigation costs, attorneys' fees, notary fees and enforcement costs) and expenses arising as a result of its breach of this Agreement.

#### 6. **Confidentiality**

- 6.1 Notwithstanding the termination of this Agreement, each Party (the "**Receiving Party**") shall be obligated to keep confidential any and all Confidential Information (as defined below) of the other Parties and their affiliates (collectively, the "**Disclosing Party**") that it becomes aware of or receives in connection with the execution and performance hereof. The Receiving Party may use such Confidential Information solely for the purpose of performing its obligations hereunder. The Receiving Party shall not disclose any Confidential Information to any third party without the prior written permission of the Disclosing Party.
- 6.2 "**Confidential Information**" means this Agreement (including its existence and clauses) as well as all trade secrets, proprietary information, client information and other information of a confidential nature of each Party and its affiliates, but excluding any information that:



- (1) prior to receipt thereof from the Disclosing Party, is already lawfully known by the Receiving Party from a third party without any obligation of confidentiality as evidenced by written records;
  - (2) that enters the public domain through no fault of the Receiving Party; and
  - (3) that is duly obtained by the Receiving Party through other means upon receipt of Confidential Information.
- 6.3 Following termination of this Agreement, the Receiving Party shall, at the request of the Disclosing Party, return, destroy or otherwise dispose of all documents, materials or software incorporating Confidential Information, and cease to use such Confidential Information. Notwithstanding the foregoing, the Receiving Party shall have the right to retain such copies of any Confidential Information as necessary to comply with applicable laws and regulations, the requirements of the regulatory authority or internal archiving requirements, provided that the Receiving Party shall notify the Disclosing Party of such retention and continue to assume confidentiality obligations with respect to such Confidential Information pursuant to this Clause 6.

## 7. Governing Law and Dispute Resolution

- 7.1 The execution, interpretation and performance of this Agreement shall be governed by the laws of the PRC.
- 7.2 All disputes arising from or in connection with this Agreement shall be firstly resolved by the Parties through amicable negotiations. If any such dispute cannot be resolved in a manner acceptable to the Parties within thirty (30) days following the first round of negotiations, then any Party shall have the right to submit the same to Shanghai Arbitration Commission for arbitration in accordance with its arbitration rules then in effect at the time of filing the arbitration request. The place of arbitration shall be Shanghai. The arbitration proceedings shall be conducted in Chinese.
- 7.3 The arbitral award rendered by the arbitral tribunal shall be final and binding upon the Parties. Each Party shall make its best efforts to cause the arbitral award to be promptly enforced, and shall provide any necessary assistance in that regard.

## 8. Notices

- 8.1 Any notice required or permitted to be given hereunder shall be made in writing, and shall be delivered to the following address of each Party (or any other address that may be designated by each Party by giving fifteen (15)-day written notice to the other Parties pursuant to this Clause ) by personal delivery, overnight courier service, email or otherwise. For purposes of notification hereunder, the contact information of each Party is provided as follows:

If to **the Borrower and the Company**:

Contact Person: Chen Xuefeng

Correspondence Address: 12/F, Building 6, Chuangzhi Tiandi Enterprise Center, No.433 Songhu Road, Yangpu District, Shanghai, PRC

Email: \*\*\*

Tel: \*\*\*

If to **the Lender:**

Contact Person: Lu Xun

Correspondence Address: 16/F, Tower A, Minsheng Financial Center, Dongcheng District, Beijing

Email: \*\*\*

Tel: \*\*\*

- 8.2 Any notice delivered by overnight courier service, shall be deemed to have been served on the earlier of the following if the mail containing such notice has been duly delivered by an internationally recognized overnight courier service provider, postage prepaid, together with a written acknowledgment of service: (i) the date of delivery (or the date when the delivery is rejected), and (ii) the expiration date of two (2) business days following the posting of the mail containing such notice; any notice, if sent via email, shall be deemed to have been served at the time of receipt, rejection or return after being properly sent by the email system only to the extent that the date of delivery is a business day and the delivery is made within the normal working hours of the recipient, otherwise such notice shall be deemed to have been served on the next business day. Notwithstanding the foregoing, if any address for service of copies of notices is designated, then all notices, demands, consents or other correspondences hereunder shall be deemed validly served only to the extent that such notices, demands, consents or correspondences are delivered to such address and in such manner as described above.

**9. Miscellaneous**

- 9.1 This Agreement shall become effective as of the date on which it is signed or stamped by the authorized representatives of the Parties. Any modification or alteration of this Agreement may be made in the form of a supplemental agreement signed by the Parties hereto upon consensus through negotiations. Any such modification or alteration must be made in writing and shall become effective only after being duly signed by the Parties.
- 9.2 Each provision hereof shall be severable from every other provision hereof. In the event that any provision hereof is held to be invalid or unenforceable under applicable laws, the validity of the remaining provisions hereof shall not be affected, in which case the Parties shall negotiate in good faith to replace such invalid or unenforceable provision with a provision, so as to achieve the original commercial intent hereunder.
- 9.3 All taxes leviable on and all costs and expenses incurred by any Party under applicable laws arising from or in connection with the transactions contemplated hereby shall be paid by such Party.

- 9.4 Unless otherwise set forth herein, without the prior written consent of the Lender, neither this Agreement nor any right, interest or obligation hereunder shall be transferred by the Borrower or the Company in whole or in part; provided, however, that the Lender shall have the right to transfer in whole all rights, interests or obligations (including creditors' rights corresponding to the Loan) under this Agreement, the Offshore Subscription Agreement, the Charge Deed and the Shareholder Agreement of the Company without the consent or authorization of the Borrower and the Company if and to the extent that (i) the Lender shall notify the Borrower and the Company in advance of such transfer; (ii) the limitations on the transfer of the Company's Series E Preferred Shares shall also apply to such transfer; and (iii) the Designated Party to whom the relevant rights and obligations are transferred by the Lender has executed such documents as may be necessary to become a party to and bound by this Agreement, the Offshore Subscription Agreement, the Charge Deed and the Shareholder Agreement of the Company.
- 9.5 This Agreement is made in six (6) original copies, with each Party holding two (2) copies and each copy having the same legal force and effect.

**(The remainder of this page is intentionally left blank)**

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first written above.

**Shanghai Yueyee Network Information Technology Co., Ltd. (Seal)**

/s/ Shanghai Yueyee Network Information Technology Co., Ltd.  
Seal of Shanghai Yueyee Network Information Technology Co., Ltd.

By: /s/ Chen Xuefeng  
Name: Chen Xuefeng  
Job Title: Legal Representative

**AiHuiShou International Co. Ltd.**

By: /s/ Chen Xuefeng  
Name: Chen Xuefeng  
Job Title: Director

Signature Page to Convertible Loan Agreement  
Shanghai Yueyee Network Information Technology Co., Ltd./AiHuiShou International Co., Ltd.  
Zibo Minsheng Ouming Equity Investment Partnership (Limited Partnership)

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first written above.

**Zibo Minsheng Ouming Equity Investment Partnership (Limited Partnership) (Seal)**

/s/ Zibo Minsheng Ouming Equity Investment Partnership (Limited Partnership)

Seal of Zibo Minsheng Ouming Equity Investment Partnership (Limited Partnership)

By: /s/ Yang Ting

Name: Yang Ting

Job Title: Appointed Representative of Managing Partner

Signature Page to Convertible Loan Agreement  
Shanghai Yueyee Network Information Technology Co., Ltd./AiHuiShou International Co., Ltd.  
Zibo Minsheng Ouming Equity Investment Partnership (Limited Partnership)

DATED THE 19TH DAY OF NOVEMBER, 2020

WARRANTS INSTRUMENT

INSTRUMENT CONSTITUTING AND REGULATING WARRANTS TO  
SUBSCRIBE FOR SHARES IN  
AIHUSHOU INTERNATIONAL CO. LTD.

THIS WARRANTS INSTRUMENT is executed as a deed on the 19th day of November, 2020

BY:

AIHUSHOU INTERNATIONAL CO. LTD., a company incorporated in the Cayman Islands (with company registration number: 264412) with its registered office at the offices of Vistra (Cayman) Limited, P. O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1 - 1205 Cayman Islands (the "Company").

This Warrants Instrument witnesses as follows:

**1. Definitions and Interpretation**

1.1 In this Warrants Instrument, unless the context otherwise requires, terms used in the Facility Agreement have the same meaning and in addition thereto, the following words and expressions shall have the following meaning:

"**Affiliate**" means, in relation to any person, any person that (directly or indirectly), owns or controls or is owned or controlled by or is under common ownership or control with, such person, and each of such person's officers, directors, joint venture parties or partners, as applicable; and for this purpose, a person shall be treated as being controlled by another person if that other person is able to direct its affairs and/or control the composition of its board of directors or equivalent body and/or vote (or control the voting of) more than 25% of its voting shares, in each case, whether by way of ownership of shares, proxy, contract, agency or otherwise. In the case of the Holder, the term "Affiliate" shall include all persons that form part of the Holder's group on the relevant date.

"**Approved Reconstruction**" means any reconstruction approved in accordance with the Constitution (including but not limited to any inversion that results in the Company becoming the subsidiary of a holding company whereby the current shareholders of the Company hold shares in such holding company) whereby the Holder(s) are granted substitute warrants over the equity share capital of the restructured company of a value no less than the value of the Warrants in issue immediately prior to the reconstruction.

"**Business Day**" means a day (other than a Saturday, Sunday or a public holiday) on which banks are open for general business in Singapore, the People's Republic of China, the Cayman Islands and (in relation to any date for payment or purchase of a currency) the principal financial centre of the country of that currency.

"**Competitors**" shall bear the same meaning with "Competitors of the Company" and "**Competitors of Jing Dong**" (or substitutional or supplemental terms of the foregoing for purpose of limiting the transfer of any equity securities of the Company) as provided in the provisions of the Six Amended and Restated Shareholders Agreement of the Company dated as of June 3, 2019, as amended and restated from time to time.

"**Conditions**" means the conditions attaching to the Warrants set out in **Schedule 2** as may be amended from time to time.

"**Constitution**" means the memorandum of association and articles of association of the Company as amended or restated from time to time.

"**Directors**" means the board of directors of the Company for the time being.

"**Disposal**" means the sale of all or substantially all or most of the Company's business, assets and/or undertaking.

"**Exercise Value**" means, with respect of an exercise of the Warrant(s): (i) the aggregate Warrant Price for such exercise of the Warrant(s); (ii) if the Warrant Shares under such exercise of the Warrant(s) are issued on a net issuance basis as provided in Condition 3.2(b), the amount which be calculated using the following formula:

$X = Y \times Z$ , where:

- (i) X = the Exercise Value of such exercise of the Warrant(s);
- (ii) Y = the number of Warrant Shares to be issued to the Holder if the Warrant is exercised by the Holder in accordance with Condition 3.2(a) (that is, Y shall bear the same meaning ascribed to it in the formula set forth in Condition 3.2(b)); and
- (iii) Z = the applicable Warrant Price.

“**Exit Event**” means a Disposal, Listing or Share Sale.

“**Expiration Date**” means in relation to a Warrant, the earlier of: (i) the fifth anniversary of the date of the issuance of such Warrant; and (ii) the date of Listing of the Company, subject to adjustment as provided herein.

“**Facility Agreement**” means the facility agreement, dated on or about the date of this Warrants Instrument, between the Company as borrower and INNOVEN CAPITAL CHINA PTE. LTD. as lender, as the same may be amended, supplemented, extended, modified or restated from time to time.

“**Fair Market Value**” means:

- (a) **if the Subscription Rights are exercised in connection with a Listing**, and the admission of such shares to trading pursuant to such Listing has become effective, then the fair market value for the Warrant Shares shall be the initial “price per share” specified in the final prospectus, listing particulars or circular (or its equivalent meaning in relation to any stock exchange other than the Stock Exchange) published in connection with the Listing;
- (b) **if the Subscription Rights are exercised after, and not in connection with a Listing**, and the securities are traded on a Stock Exchange, the fair market value of the Warrant Shares shall be the average of the middle market quotations of the Shares of the Company which are listed over a five day period ending three days before the date the current fair market value of the Warrant Shares is being determined; or
- (c) **if the Subscription Rights are exercised prior to a Listing**, and none of the securities issued by the Company are listed on any Stock Exchange, the fair market value for the Warrant Shares shall be the Fair Price.

“**Fair Price**” means the higher of (i) the issue price per preference share issued and allotted in the round of financing of the Company occurring immediately before the date the Notice of Exercise or the Notice of Waive (as applicable), subject to adjustment as provided herein; (ii) only in relation to Condition 3.6, the price or value per Preference Share reflected in or applicable to the relevant Disposal or Share Sale, subject to adjustment as provided herein.

“**Holder(s)**” means all the registered holders of Warrants for the time being (and “**Holder**” shall be construed accordingly).

“**Listing**” means the becoming effective of a listing of the Company’s securities on a Stock Exchange or the granting of permission for any of the Company’s securities to be traded on a Stock Exchange and the listing shall be treated as occurring on the day on which trading in the securities commences.

“**Notice of Exercise**” means in relation to a Warrant, a duly completed notice to the Company substantially in the form set out in the schedule to the relevant Warrant Certificate.



“**Notice of Waive**” has the meaning given to it set forth in Condition 3.6.

“**Ordinary Shares**” means ordinary shares in the capital of the Company having the rights and privileges set out in the Constitution.

“**Preference Shares**” means the series E preferred shares of the Company (or if such class is replaced or superseded by a new class of preference shares then that class of shares) in the capital of the Company having the rights and privileges set out in the Constitution.

“**Register**” has the meaning given to it set forth in Condition 1.

“**Share Sale**” means:

- (a) a sale of fifty per cent. (50%) or more of the Company’s issued share capital; or
- (b) an Approved Reconstruction which results in shareholders of the Company’s issued share capital beneficially owning less than fifty per cent. (50%) of the voting interests of the surviving entity immediately after the Approved Reconstruction takes place.

“**Shares**” means shares in the capital of the Company (of whatever class).

“**Stock Exchange**” means the Singapore Exchange Securities Trading Limited or any other “approved exchange”(as defined by Section 2 of the Securities and Futures Act (Chapter 289) of Singapore) and their respective share dealing markets, or any other stock exchange.

“**Subscription Price**” means: (a) the Warrant Price; or (b) if the Warrant Shares are issued on a net issuance basis, the price satisfied in accordance with Condition 3.2(b).

“**Subscription Rights**” means the rights for the time being conferred by all the Warrants to subscribe for Warrant Shares as constituted by this Warrants Instrument (and in relation to a particular Warrant or particular Warrants, as a reference to that proportion of such rights as are conferred by the Warrant or those Warrants).

“**US Dollars**” or “**US\$**” means the lawful currency from time to time of the United States of America.

“**Warrant Certificate**” means a warrant certificate substantially in the form set out in **Schedule 1**.

“**Warrants**” means warrants of the Company entitling the Holder(s) to subscribe for Warrant Shares as constituted by this Warrants Instrument.

“**Warrant Price**” means the per-share exercise price equal to US\$ 17.8441 per share, subject to adjustment as provided herein.

“**Warrant Shares**” means the Preference Shares, and with respect of an exercise of the Warrant(s), such number of Warrant Shares to be issued under such exercise of the Warrant(s) shall be calculated using the following formula:

$$X = \frac{Y}{Z}, \text{ where:}$$

- (i) X = the number of Warrant Shares to be issued under such exercise of the Warrant(s);
- (ii) Y = the amount to be paid for such exercise of the Warrant(s), as determined by the Holder exercising the Warrant(s); and
- (iii) Z = the applicable Warrant Price,

subject to Condition 3.2 if the Warrant Shares under such exercise of the Warrant(s) are issued on a net issuance basis.

1.2 Clause headings are used in this Warrants Instrument for convenience only and shall be ignored in its interpretation.

1.3 In this Warrants Instrument, unless the context otherwise requires:

- (a) reference to Clauses, Conditions and Schedules is to clauses and conditions of and schedules to this Warrants Instrument and references to sub-clauses are references to sub-clauses of the clause or condition which they appear; and references to this Warrants Instrument include the Schedules to it;
- (b) reference to (or to any specified provision of) this Warrants Instrument or any other document or Warrants Instrument shall be construed as a reference to this Warrants Instrument, that provision or that document or Warrants Instrument as in force for the time being and as amended in accordance with the terms thereof and (where such consent is required by the terms of this Warrants Instrument as a condition to such amendment being made) with the prior sanction of the Holder(s);
- (c) words in the singular include the plural and vice versa and words in one gender include any other gender;
- (d) a “**person**” includes any individual, firm, body corporate, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium, partnership or other entity (whether or not having separate legal personality);
- (e) references to statutory provisions shall be construed as references to those provisions as replaced, amended or re-enacted from time to time.

## 2. Constitution of Warrants

2.1 The Warrants issued under this Warrants Instrument together, inter alia, confer the rights (but not the obligation) to the Holder to subscribe at the Subscription Price for all or some of the Warrant Shares.

2.2 Entitlement to all rights attaching to the Warrants shall be evidenced by the issue to a Holder of a Warrant Certificate in all material respects in the form set out in Schedule 1. The Company shall issue a copy of this Warrants Instrument with each Warrant Certificate.

2.3 The Company undertakes to comply with the terms and conditions of this Warrants Instrument and the Conditions (which are incorporated by reference herein) and specifically to do all such things and execute all such documents to the extent necessary in order to give effect to the Subscription Rights in accordance with the terms of this Warrants Instrument and the Conditions.

## 3. Conditions

The Warrants are issued subject to the Conditions (which are incorporated by reference herein), which are binding upon the Company and each Holder and all persons claiming through them.

## 4. Register and Warrant Certificates

4.1 The Company shall maintain a Register in accordance with the provisions of Condition 1.

4.2 The Company shall, upon entering the name of a Holder in the Register, issue to the Holder a Warrant Certificate setting out the number of Warrant Shares in respect of which that Holder is entitled, at the relevant time, to exercise Subscription Rights.

**5. Issuance of Warrants**

The Company hereby undertakes to, no later than the first Utilisation Date (as defined in the Facility Agreement), issue to INNOVEN CAPITAL CHINA PTE. LTD. (“**InnoVen Capital**”) certain Warrants, under which the aggregate amount of the Exercise Value under all exercises of such Warrants can be up to US\$1,000,000 (subject to adjustment as set out herein), and duly execute, and deliver to InnoVen Capital, the Warrants Certificate in respect of such Warrants. The Warrants shall be effective upon the first Utilisation Date.

**6. Exercise**

All the Warrants are exercisable in whole at any time prior to the Expiration Date by a Holder delivering a Notice of Exercise and satisfying the Subscription Price.

**7. Benefit of the Warrants Instrument**

- 7.1 The Company hereby acknowledges and covenants that the benefit of the covenants, obligations and conditions on the part of or binding upon it contained in this Warrants Instrument hereto shall enure to the benefit of each and every Holder from time to time.
- 7.2 Each Holder shall be entitled severally to enforce the covenants, obligations and conditions referred to in this Warrants Instrument against the Company insofar as each such Holder’s Warrants are concerned without the need to join the allottee of any such Warrant or any intervening or other Holder in the proceedings for such enforcement.

Warrant Certificate

Certificate No. \_\_\_\_\_

Transfer No. \_\_\_\_\_

Issue Date: \_\_\_\_\_

**Total Exercise Value: United States Dollars 1,000,000 (US\$1,000,000)**

**AIHUI SHOU INTERNATIONAL CO. LTD.**, (incorporated in the Cayman Islands with registration number: 264412) (the “**Company**”)

This Warrant Certificate is issued pursuant to the warrants instrument issued by the Company on November 19, 2020 the “**Warrants Instrument**”). Words and expressions used in this Warrant Certificate which are defined in the Warrants Instrument have the meanings given to them in the Warrants Instrument.

This is to certify that: **INNOVEN CAPITAL CHINA PTE. LTD.** (incorporated in Singapore with registration number: 201633108K) with its address at 138 MARKET STREET #27-01 CAPITAGREEN SINGAPORE (048946) is the registered holder of the Warrants which entitle it to subscribe, up to the total Exercise Value stated above, for Warrant Shares in the Company in accordance with the provisions of the Warrants Instrument and the terms and conditions attached to this Warrant Certificate.

**EXECUTED** as a **DEED** and delivered this 9<sup>th</sup> day of December 2020

The **COMMON SEAL** of )

**AIHUI SHOU INTERNATIONAL CO. LTD.** )

was hereunto affixed )

in accordance with its constitution )

/s/ AiHuiShou International Co. Ltd.  
Seal of AiHuiShou International Co. Ltd.  
[place common seal here]

/s/ CHEN Xuefeng  
Director

/s/ WANG Yongliang  
Witness' name: WANG Yongliang (王永良)  
Address: NO. 433, Songhu Road, Yangpu District, Shanghai

Occupation: Director

**Schedule to the Warrant Certificate  
(The Warrants Instrument)**

The Warrants of **AIHUSHOU INTERNATIONAL CO. LTD.** (the “**Company**”) comprised in this Warrant Certificate are part of an issue of Warrants to subscribe for Warrant Shares and have been issued subject to and with the benefit of the Warrants Instrument dated November 19, 2020 (which may from time to time be amended) (the “**Warrants Instrument**”), executed by the Company, which is enforceable severally by each Holder (as defined in the Warrants Instrument) against the Company insofar as each such Holder’s Warrants are concerned, subject as provided in the Warrants Instrument. The Warrants Instrument (together with any Warrants Instruments supplemental thereto and copies of the Constitution) is and will be available for inspection by Holder(s) at the registered office of the Company. Where the context permits, words and expressions defined in the Warrants Instrument have the same meaning in this Warrant Certificate.

**Notice of Exercise**

Upon the exercise of Subscription Rights, this Warrant Certificate together with the Notice of Exercise properly completed and signed should be submitted, together with the payment referred to below, to the Company at its registered office for the attention of the Company Secretary or such other person or persons appointed by the Company as its registrars in connection with the Warrants from time to time.

**To AIHUSHOU INTERNATIONAL CO. LTD.**

**Part A**

The undersigned, the registered holder(s) of the Warrants comprised in this Warrant Certificate (and the several Warrant Certificates, if any, enclosed) (Note (A)), hereby gives notice of its/their wish to exercise [ ] Warrant(s) (Note (B)) to subscribe for [ ] Preference Shares, in accordance with the provisions of the Warrants Instrument referred to above. We wish to satisfy the aggregate Subscription Price for the Warrant Shares in respect of the Warrants that we are exercising as follows:

1. [by paying the Warrant Price to **AIHUSHOU INTERNATIONAL CO. LTD.** (Note (C)); OR]
2. [by satisfying the aggregate Subscription Price by electing to receive a reduced number of Warrant Shares, in accordance with Condition 3.2(b) of the Warrants Instrument.]

**Part B**

We hereby direct you to allot the Warrant Shares in the Company to be issued pursuant to the Warrant Certificate(s) attached to us and we agree to accept such shares, subject to the Constitution. We hereby authorise and request the entry of our name in the register of members of the Company in respect thereof upon the satisfaction of the Subscription Price.

We hereby authorise the despatch of Share Certificates in respect of the Warrant Shares to be allotted to us, by post to my/our address set out in Condition 11 of the Warrants Instrument or such other address notified by us to the Company.

Dated

Signature .....  
For and on behalf of **INNOVEN CAPITAL CHINA PTE. LTD.**

**Notes:**

- (A) Exercise of the Warrants represented by this Warrant Certificate may be consolidated with the exercise of Warrants represented by other Warrant Certificates by the use of one Notice of Exercise provided that the other Warrant Certificates are attached to the Notice of Exercise.

- (B) At the date of issue of the Warrants, one Warrant entitles the Holder to subscribe for one Preference Share in the Company at the price per share indicated in the Warrants Instrument subject to adjustment in accordance with the provisions of the Warrants Instrument. Holder(s) will be notified of any such adjustment.
- (C) Payments to the Company should be in United States Dollars by cheque drawn on a bank in Singapore or by electronic transfer to an account notified by the Company, or such other manner as may be designated by the Holder(s) and agreed by the Company.

## Schedule 2

### Conditions

#### **1. Register**

- 1.1 An accurate register of members (the “**Register**”) will be kept by the Company and there shall be entered in the Register:
  - (a) the number of Warrants or the Exercise Value of Warrants held by every such Holder;
  - (b) the date on which the name of every such Holder is entered in the Register in respect of the Warrants standing to its name; and
  - (c) the date on which each Warrant is exercised.
- 1.2 Any change in the name or address of any Holder shall be notified to the Company which shall cause the Register to be altered accordingly. Each Holder (or any person authorised by such Holder) shall be at liberty at all reasonable times during office hours to inspect the Register and to take copies of or extracts from the same of any part thereof.
- 1.3 The Company shall be entitled to treat the relevant Holder as the absolute owner of a Warrant and accordingly shall not (except as ordered by a court of competent jurisdiction or as required by law) be bound to recognise any equitable or other claim to or interest in such Warrant on the part of any other person whether or not it shall have express or other notice thereof.
- 1.4 Each Holder will be recognised by the Company as entitled to his Warrants free from any equity, set-off or cross-claim on the part of the Company against the original or any intermediate holder of such Warrants.

#### **2. Transfer of Warrants**

- 2.1 All the Warrants may be transferred in whole by any Holder to any Affiliate or any other person (excluding the Competitors) without the prior written consent from the Company but with a written notice delivered to the Company concurrently with such transfer.
- 2.2 Every transfer of a Warrant shall be made by an instrument of transfer in the usual or common form.
- 2.3 The instrument of transfer of a Warrant shall be signed by or on behalf of the transferor but need not be signed by or on behalf of the transferee. The transferor shall be deemed to remain the holder of the Warrant until the name of the transferee is entered in the Register in respect thereof.
- 2.4 The Directors shall recognise any instrument of transfer of a Warrant which is signed by both of the transferor and transferee and is deposited at the registered office of the Company accompanied by the Warrant Certificate for the Warrant to which it relates. The Directors may waive production of any certificate upon production to them of satisfactory evidence of the loss or destruction of such Warrant Certificate together with such indemnity as they may require.
- 2.5 No fee shall be charged by the Company for any registration of a transfer of the Warrant or for the registration of any other documents which in the opinion of the Directors require registration.
- 2.6 The registration of a transfer shall be conclusive evidence of the approval by the Directors of such transfer.

#### **3. Exercise of Subscription Rights**

- 3.1 Subscription Rights may be exercised in whole by the relevant Holder:

- (a) completing the Notice of Exercise;
  - (b) lodging the relevant Warrant Certificate at the registered office of the Company for the time being or other place as the Company may reasonably instruct; and
  - (c) in the case of Condition 3.2(a) below, remitting the aggregate price payable for the Warrant Shares in respect of which Subscription Rights are to be exercised.
- 3.2 The aggregate Subscription Price for the Warrant Shares to be issued upon exercise of this Warrant shall, at the absolute discretion of the Holder, be satisfied either:
- (a) by the payment in cash for each of the Warrant Shares at the Warrant Price; or
  - (b) in the event that the Fair Market Value of the Warrant Share is equal to or higher than one hundred and thirty percent (130%) of the Warrant Price at the date of the relevant Notice of Exercise, on a net issuance basis, whereby the Holder will receive a reduced number of Warrant Shares fully paid up in lieu of paying the aggregate Warrant Price for the Warrant Shares. The number of Warrant Shares the Holder shall receive shall be determined as follows:  
$$X = Y (A-B)/A$$
where:  
X = the number of Warrant Shares to be issued to the Holder  
Y = the number of Warrant Shares to be issued to the Holder if the Warrant is exercised by the Holder in accordance with Condition 3.2(a)  
A = the Fair Market Value of one Warrant Share  
B = the Warrant Price
- The Company shall procure that the Warrant Shares to be issued upon the exercise of Subscription Rights shall be validly allotted and issued credited as fully paid to the relevant Holder upon receipt of the relevant Warrant Certificate (together with the Notice of Exercise duly completed and in the case of Condition 3.2(a) above, accompanied by the requisite remittance for subscription monies) lodged at the registered office of the Company or other place as the Company may reasonably instruct in accordance with Condition 3.1. Share certificates shall be issued (free of charge) in respect of such shares no later than 14 days after the date of such lodging and the relevant Holder(s) shall be entered into the register of members of the Company as holder(s) of the relevant Warrant Shares.
- 3.3 No fraction of a Warrant Share will be issued following exercise of a Warrant and the Company will make payment to the relevant Holder of the Fair Market Value of any fractional entitlement.
- 3.4 Shares allotted pursuant to the exercise of Subscription Rights will rank *pari passu* in all respects with the fully paid Preference Shares then in issue and shall rank for all dividends and distributions paid on any date or by reference to any record date on or after the date on which the relevant Notice of Exercise is lodged at the registered office and the Subscription Price has been fully satisfied.
- 3.5 The Warrants Instrument (including these Conditions) and the Warrants shall, subject to the Expiration Date, survive any Listing, any Share Sale, any drawdown and/or repayment of the Facility (or any part thereof) and/or the termination or cessation of the Facility Agreement.



- 3.6 Without prejudice to any rights of the Holder(s) in accordance with other provisions of this Warrants Instrument, if a Share Sale or Disposal is planned to be carried out, at least fifteen (15) Business Days prior to the closing of such Share Sale or Disposal, the Company shall give each of the Holders a written notice specifying the details of the plan of such Share Sale or Disposal, and any Holder, before the closing of such Share Sale or Disposal, shall be entitled to (but shall not be obliged to) issue one or more written notice (the “**Notice of Waive**”) to the Company to waive all or part of the Warrant(s) held by such Holder and request the Company to pay a sum (the “**Waive Compensation Amount**”) determined as follows to such Holder in respect of the Warrant(s) (the “**Waived Warrant**”) to be waived by such Holder:

$$X = Y (A-B)$$

where:

X = the Waive Compensation Amount shall be paid to relevant Holder in respect of the Waived Warrant under a Notice of Waive in accordance with this Condition 3.6

Y = the number of Warrant Shares to be issued to the Holder if the Waived Warrant under such Notice of Waive is exercised by the Holder in accordance with Condition 3.2(a)

A = the Fair Market Value of one Warrant Share (at the date of such calculation)

B = the Warrant Price

The Company shall pay relevant Waive Compensation Amount to relevant Holder in US Dollars within five (5) Business Days after its receipt of each Notice of Waive and the occurrence of the Share Sale or Disposal, and the waiver of relevant Waived Warrant shall only be effective after the full receipt of Waive Compensation Amount by relevant Holder.

- 3.7 Notwithstanding any other provision stipulated hereunder, (i) if the Company is intending to list on a Stock Exchange, at least thirty (30) days prior to the proposed date of the final prospectus relating to such Listing, the Company shall give each of the Holders a written notice specifying the details of the plan of such Listing. In the event that the Company breaches or violates the provisions of this paragraph, the Warrants of Holder(s) shall survive any Listing and the “**Expiration Date**” in relation to a Warrant, shall be adjusted to be the fifth anniversary of the date of the issuance of such Warrant.

#### 4. Adjustment Events

- 4.1 Upon the occurrence of any of the following (an “**Adjustment Event**”) after the date of this Warrants Instrument but prior to the Expiration Date:

- (a) any allotment or issue of Shares by way of capitalisation of profits or reserves (including share premium account and any capital redemption reserve fund); or
- (b) any sub-division, reclassification, redenomination or consolidation of Shares;

the number and/or nominal value of Warrant Shares to be, or capable of being subscribed on any subsequent exercise of the Subscription Rights conferred by each Warrant and/or the Warrant Price will be adjusted in such manner so that the Warrants shall, after such adjustment, entitle the Holder(s) on exercise to receive the same percentage of the share capital of the Company in issue or capable of being issued following the implementation of the Adjustment Event, carrying the same proportion of votes exercisable at a general meeting of shareholders, for the same price, in each case as nearly as practicable, and carrying the same entitlement to participate in the profits and assets of the Company and to receive value on the occurrence of an Exit Event, as would have been the case if no Adjustment Event had occurred, provided that the Warrant Price shall not in any event be reduced so that upon exercise of the Subscription Rights, the Warrant Shares would fall to be issued at a discount to their nominal value.

- 4.2 Within seven (7) days after an Adjustment Event, notice of such adjustments will be given to the Holder(s) detailing the number of Warrant Shares for which the Holder(s) are entitled to subscribe in consequence of any such adjustment, the Register shall be updated by the Company and replacement Warrant Certificates shall be sent accordingly.

## 5. **Insolvency Event**

5.1 The Borrower shall notify each Holder of any Insolvency Event relevant details promptly upon becoming aware of its occurrence.

5.2 For the purpose of these Conditions, “**Insolvency Event**” means any of the following events:

- (a) a meeting of creditors of the Company being held or an arrangement, assignment or composition with or for the benefit of its creditors being proposed by or in relation to the Company;
- (b) a security holder, receiver, liquidator, trustee, judicial manager, administrator, administrative receiver, compulsory manager, provisional supervisor or other similar person taking possession of or being appointed over, or any distress, execution or other process being levied or enforced (and not being discharged within seven days) on the whole or a material part of the assets of the Company;
- (c) the Company ceasing to carry on business or being deemed to be unable to pay its debts;
- (d) the Company or the Directors or a creditor of the Company giving notice of their intention to appoint, appointing or making an application to the court for the appointment of, an administrator or judicial manager;
- (e) a petition being presented or a resolution being passed or an order being made for the administration or the winding-up, bankruptcy or dissolution of the Company; or
- (f) the happening in relation to that person of an event analogous to any of the above in any jurisdiction in which it is incorporated or resident or in which it carries on business or has assets.

## 6. **Exit**

If before the Expiration Date, the Company undertakes a redemption of shares of its share capital upon the exercise of redemption rights as provided in the Constitution, declares a dividend or other distribution on any shares, it shall give each Holder at least five (5) days’ notice of such expected occurrence and other related information. Without prejudice to any liabilities or obligations of the Company under this Warrants Instrument, the Company shall promptly send to each Holder the further information relating to the progress of any expected Exit Event, including any the material anticipated terms of the Exit Event and/or the failure or lapse (whether temporary or permanent) of the expected occurrence or Exit Event, to the extent reasonably required for the Holder(s) to be kept informed promptly of any changes or other circumstances which are material to the expected occurrence or Exit Event.

## 7. **Conversion of Warrant Shares**

If all of the Preference Shares in the Company are converted into Ordinary Shares pursuant to the Constitution (including, without limitation, in connection with a Listing), then from and after the date on which all outstanding Preference Shares have been so converted, the Warrant shall be exercisable for such number of Ordinary Shares into which the Warrant Shares would have been converted had the Warrant Shares been issued and outstanding on the date of such conversion, and the Warrant Price shall equal the Warrant Price in effect immediately prior to such conversion divided by the number of Ordinary Shares into which one Warrant Share would have been converted, subject always to any further adjustment thereafter from time to time in accordance with the provisions of Warrants Instrument.

## **8. Restrictions on the Company**

Whilst the Warrants are outstanding the Company will:

- 8.1 ensure that the Directors have all necessary authorisations (including under the Companies Law of the Cayman Islands and waivers of pre-emption to allot such number of Warrant Shares (and Ordinary Shares issuable upon conversion of such Warrant Shares (as may be applicable))) as will enable the Subscription Rights of the Holder(s) to be satisfied in full at any time;
- 8.2 procure in the event of a Listing or a Share Sale that the Holder(s) are not required for the purpose of, or in connection with, such event to give any warranties or indemnities (other than as to title to shares registered in its/their respective name(s) or the names of their nominees, and as to their capacity and authority to effect the relevant event), or to appoint any party (including the sponsor to the Listing) to act as their agent or make any contribution to the costs (including legal and accountancy fees and disbursements) incurred by any other party in connection with such Share Sale or Listing;
- 8.3 not make any issue, grant or distribution or take any other action the effect of which would be that on exercise of any of the Subscription Rights it would be required to issue Warrant Shares at a discount to their nominal value;
- 8.4 not buy any Warrants unless it offers to buy Warrants from all Holder(s) in proportion to their respective holdings of Warrants;
- 8.5 not, by amendment to the Constitution or through any reorganisation, transfer of assets, consolidation, merger, dissolution, issue, or sale of securities or otherwise, avoid or seek to avoid the observance or performance of any of the terms of this Warrants Instrument.
- 8.6 not effects any Disposal or Share Sale unless the Company does not beach or violate Condition 3.6.

## **9. Modification of Rights**

- 9.1 Any modification to this Warrants Instrument may be effected only by an instrument by way of deed poll executed by the Company expressed to be supplemental to the Warrants Instrument and with the prior sanction of the Holder(s). Any alteration, variation or modification of the Warrants Instrument that is not made in compliance with the provisions of Condition 9 shall be null and void.
- 9.2 All or any of the rights for the time being attached to the Warrants (including the Subscription Rights) may from time to time (whether or not the Company is being wound up) be altered or abrogated with the prior sanction of the Holder(s) and with the consent of the Company and shall only be effected by an instrument by way of deed poll executed by the Company expressed to be supplemental to the Warrants Instrument.

## **10. Replacement of Warrant Certificates**

If a Warrant Certificate is mutilated, defaced, lost, stolen or destroyed it will be replaced at the registered office of the Company for the time being upon payment by the claimant of such reasonable costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Company may reasonably require. Mutilated or defaced Warrant Certificates must be surrendered before replacements will be issued.

## **11. Notices**

All notices to the Holder and the Company shall be addressed as follows unless notified otherwise and any communication to be made under or in connection with the Warrants Instrument shall be made in accordance with paragraph 17 (*Notices*) of Annex 2 (*Standard Terms*) to the Facility Agreement:

Holder

INNOVEN CAPITAL CHINA PTE. LTD.  
Attn: Yingxue Cao  
Address: 138 MARKET STREET #27-01 CAPITAGREEN SINGAPORE (048946)  
Tel: \*\*\*  
Email address: \*\*\*

Company

AIHUI SHOU INTERNATIONAL CO. LTD.  
Attn: CHEN Xuefeng (陈雪峰)  
Address: 12/F, Tower 6, KIC Corporate Avenue, 433 Songhu Road, Yangpu District, Shanghai 200433, PRC  
Tel: \*\*\*  
Email address: \*\*\*

**12. Third party rights**

No term of this Warrants Instrument (whether express or implied) is enforceable pursuant to the Contracts (Rights of Third Parties) Act (Chapter 53B) of Singapore or otherwise by any person who is not a party to it other than InnoVen Capital (for so long as it is a Holder) or a Holder.

**13. Governing law and jurisdiction**

- 13.1 This Warrants Instrument and any dispute, claim or obligation (whether contractual or non-contractual) arising out of or in connection with it, its subject matter or formation shall be governed by Singapore law.
- 13.2 Each Party agrees that any dispute arising out of or in connection with this Warrants Instrument or any document or transaction in connection with this Warrants Instrument and the Warrants (including any dispute or claim relating to any non-contractual obligations arising out of or in connection with this Warrants Instrument) shall be referred to and finally resolved by arbitration in Singapore to the exclusion of the ordinary courts, in accordance with the arbitration rules of the Singapore International Arbitration Centre (“SIAC”) for the time being in force (“**Arbitration Rules**”) which rules are deemed to be incorporated by reference in this Condition. The place of arbitration shall be in Singapore and the language of the arbitration shall be English. The arbitration tribunal shall consist of one arbitrator to be appointed by the Holder. The arbitral award made and granted by the arbitrator shall be final, binding and incontestable, may be enforced by the Parties against the assets of the other Party wherever those assets are located or may be found and may be used as a basis for judgement thereon in Singapore or elsewhere.

In witness whereof this Warrants Instrument has been executed as a deed poll and delivered on the date appearing at the head of page 1.

**THE COMPANY**

The COMMON SEAL of )  
AIHUISHOU INTERNATIONAL CO. LTD. )  
was hereunto affixed )  
in accordance with its constitution )

/s/ AiHuiShou International Co.  
Ltd.  
Seal of AiHuiShou International  
Co. Ltd.  
[place common seal here]

/s/ CHEN Xuefeng  
Director

/s/ WANG Yongliang  
Witness' name: WANG Yongliang (王永良)  
Address: NO. 433, Songhu Road, Yangpu District, Shanghai  
Occupation: Director

**SHARE REPURCHASE AGREEMENT**

THIS SHARE REPURCHASE AGREEMENT (the "Agreement") is made on February 8, 2021 by and between:

- (1) **AIHUI SHOU INTERNATIONAL CO. LTD.**, a company limited by shares incorporated under Cayman Islands Law on November 22, 2011 (the "Company"); and
- (2) **C&XF Group Limited**, a company limited by shares incorporated under the Law of the British Virgin Islands (the "Selling Shareholder").

The Company and the Selling Shareholder may hereinafter respectively be referred to as a "Party" and collectively be referred to as the "Parties".

**RECITALS**

- (A) The Company is a business company organized under the laws of the Cayman Islands.
- (B) The Selling Shareholder is the existing shareholder of the Company and currently legally and beneficially owns such number of Shares (the "Repurchased Shares") in the issued share capital of the Company as set forth opposite such Selling Shareholder's name in Schedule 1 hereto.
- (C) The Selling Shareholder wishes to sell the Repurchased Shares to the Company and the Company wish to repurchase the Repurchased Shares from the Selling Shareholder for the consideration and upon the terms and subject to the conditions set out in this Agreement.

**NOW IT IS AGREED BY THE PARTIES AS FOLLOWS:****1. DEFINITION**

1.1 Certain Defined Terms. For purposes of this Agreement, the following terms shall have the following meanings:

"Action" means any notice, charge, claim, action, complaint, petition, investigation, suit or other proceeding, whether administrative, civil or criminal, whether at law or in equity, and whether or not before any mediator, arbitrator or Government Authority.

"Affiliate" means, with respect to any Person, any other Person which, directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with such Person, and without limiting the generality of the foregoing, in the case of a natural Person, "Affiliate" shall include, without limitation, such Person's spouse, parents, children and siblings. For the avoidance of doubt, the Selling Shareholder shall not be deemed to be an Affiliate of the Company.

“Agreement” has the meaning ascribed to it in the Preamble.

“Business Day” means any day that is not a Saturday, a Sunday, legal holiday or other day on which commercial banks are required or authorized by applicable laws or executive order to be closed in the PRC, the British Virgin Islands, the Cayman Islands or Hong Kong.

“Closing” has the meaning ascribed to it in Section 2.2.

“Closing Date” has the meaning ascribed to it in Section 2.2.

“Control” of a given Person means the power or authority, whether exercised or not, to direct the business, management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, which power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such Person or power to control the composition of more than fifty percent (50%) of the board of directors of such Person; the term “Controlled” has the meaning correlative to the foregoing.

“Government Authority” means any nation or government, or any federation, province or state or any other political subdivision thereof; any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission or instrumentality of the PRC, the Cayman Islands, the British Virgin Islands, Hong Kong or any other country, or any political subdivision thereof, any court, tribunal or arbitrator, and any self-regulatory organization.

“Hong Kong” means the Hong Kong Special Administrative Region of the People’s Republic of China.

“Indemnifiable Loss” means, with respect to any Person, any action, claim, cost, damage, deficiency, diminution in value, disbursement, expense, liability, loss, obligation, penalty, settlement, suit, or Tax of any kind or nature, together with all interest, penalties, legal, accounting and other professional fees and expenses reasonably incurred in the investigation, collection, prosecution and defense of claims and amounts paid in settlement, that may be imposed on or otherwise incurred or suffered by such Person, whether directly or indirectly.

“Indemnified Party” and “Indemnified Parties” each have the meaning ascribed thereto in Section 5.5(a).

“Law” or “Laws” means any constitutional provision, statute or other law, rule, regulation, official policy or interpretation of any Government Authority and any Order.

“Liability” or “Liabilities” means, with respect to any Person, all debts, obligations, liabilities owed by such Person of any nature, whether accrued, absolute, contingent or otherwise, and whether due or to become due.

“Lien” means any mortgage, pledge, claim, security interest, encumbrance, title defect, lien, charge, easement, adverse claim, restrictive covenant, right of first refusal, preemptive right, option to purchase or other restriction or limitation of any kind whatsoever, including any restriction on the use, voting, transfer, receipt of income, or exercise of any attributes of ownership.

“Order” means any written order, injunction, judgment, decree, legally binding notice, ruling, writ, assessment or arbitration award of a Government Authority.

“Party” or “Parties” each has the meaning ascribed to it in the Preamble.

“Person” means any individual, corporation, partnership, limited partnership, proprietorship, association, limited liability company, firm, trust, estate or other enterprise or entity.

“PRC” means the People’s Republic of China but solely for purposes of this Agreement, does not include Hong Kong, the Special Administrative Region of Macau and the territory of Taiwan.

“Repurchase” has the meaning ascribed to it in Section 2.1.

“Repurchase Price” has the meaning ascribed to it in Section 2.1. “Repurchased Shares” has the meaning ascribed to it in the Recital.

“Representatives” means, with respect to any Person, such Person and its Affiliates’ respective directors, officers, employees, investors, investment bankers, lenders, accountants, auditors, insurers, business or financial advisors, attorneys and other agents.

“Shares” means all preferred shares and ordinary shares of the Company.

“Tax” means any national, provincial or local income, sales and use, excise, franchise, real and personal property, gross receipt, capital stock, production, business and occupation, disability, employment, payroll, severance or withholding tax or any other type of tax, levy, assessment, custom duty or charge imposed by any Government Authority, any interest, fines and penalties (civil or criminal) related thereto or to the non-payment thereof, and any loss or tax Liability incurred in connection with the determination, settlement or litigation of any Liability arising therefrom.

“US\$” means the United States dollar, the lawful currency of the United States of the America.

1.2 Interpretation and Rules of Construction. In this Agreement, except to the extent otherwise provided or that the context otherwise requires:

(i) when a reference is made in this Agreement to an Article, Section, Exhibit or Schedule, such reference is to an Article or Section of, or an Exhibit or Schedule to, this Agreement unless otherwise indicated;



(ii) the table of contents and headings for this Agreement are for reference purposes only and do not affect in any way the meaning or interpretation of this Agreement;

(iii) whenever the words “include,” “includes” or “including” are used in this Agreement, they are deemed to be followed by the words “without limitation”;

(iv) the words “hereof,” “herein” and “hereunder” and words of similar import, when used in this Agreement, refer to this Agreement as a whole and not to any particular provision of this Agreement;

(v) all terms defined in this Agreement have the defined meanings when used in any certificate or other document made or delivered pursuant hereto, unless otherwise defined therein;

(vi) the definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms;

(vii) references to a Person are also to its successors and permitted assigns; and

(viii) the use of “or” is not intended to be exclusive unless expressly indicated otherwise.

## 2. REPURCHASE

2.1 Repurchase. The Selling Shareholder agrees to sell to the Company, and the Company agrees to purchase from such Selling Shareholder, the Repurchased Shares and all rights attached thereto, free of any security, Liens (other than those provided under the shareholders agreement and the memorandum and articles of association of the Company), for a repurchase price (the “Repurchase Price”) as set forth opposite such Selling Shareholder’s name in Schedule 1 hereto, in accordance with the terms and conditions set forth herein (the “Repurchase”) at the Closing (as defined hereinafter).

2.2 Closing Date. The Closing of the Repurchase in accordance with Section (the “Closing”) shall take place remotely via exchange of documents and signatures within five (5) Business Days after satisfaction (or waiver by the Company in writing) of all of the conditions precedent as set forth in Section 3 or the later date agreed between the Company and the Selling Shareholder (the date on which the Closing occurs, the “Closing Date”).

2.3 Closing Deliveries by the Selling Shareholder. At the Closing, the Selling Shareholder shall (i) surrender the certificate(s) representing all of the Repurchased Shares it holds to the Company; and (ii) deliver all other documents and instruments reasonably necessary for completion of such Repurchase.

2.4 Closing Deliveries by the Company. At the Closing, all the certificate(s) representing all of the Repurchased Shares shall be cancelled by the Company. The Company shall (i) update the register of the members of the Company on the Closing Date accordingly and (ii) provide the Selling Shareholder with such additional information and documents as may reasonably be requested in connection with the Repurchase.

2.5 Payment of the Repurchase Price. The Repurchase Price shall be paid by the Company to the Selling Shareholder by wire transfer of immediately available funds, to the Selling Shareholder's bank account designated in writing by such Selling Shareholder, on a date after the Closing as designated by the Selling Shareholder.

### 3. CONDITIONS PRECEDENT TO THE CLOSING

3.1 Conditions Precedent. The obligation of the Company to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, on or prior to the Closing Date, of each of the following conditions (any or all of which may be waived by the Company, in its sole discretion, in whole or in part to the extent permitted by applicable Law):

(a) all corporate and other proceedings of the Parties hereto, if applicable, in connection with the transactions to be completed as of the Closing and all documents incident thereto, with respect to this Agreement and the transactions contemplated hereby and thereby, shall have been completed.

### 4. REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of Each Party. Each Party, severally but not jointly, hereby represents and warrants to the other Party that the following representations and warranties with such Party are true and complete as of the date hereof and as of the Closing:

(a) Due Organization and Good Standing. It is duly incorporated and organized, and is validly existing and in good standing under the applicable law of its jurisdiction;

(b) Authorization. It has the power and authority to execute, deliver and perform this Agreement. All actions on the part of itself necessary for the authorization, execution, delivery of and the performance of all of its/his obligations under this Agreement have been taken;

(c) Enforceability. This Agreement constitutes the valid and legally binding obligation of such Party, enforceable against such Party in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally, and (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies;

(d) Consents and Approvals. All consents, approvals, waivers, orders or authorizations of, or registrations, qualifications, designations, declarations or filings with, any Government Authority or any other competent corporate authority required in connection with the execution, delivery and performance by such Party of this Agreement or the consummation of the transactions contemplated hereby have been obtained; and

(e) No Breach. The execution and delivery by such Party and the performance by such Party of all the transactions contemplated under this Agreement do not and will not (aa) breach or constitute a default under any charter document of such Party, (bb) result in a material breach of, or constitute a default under, any contract to which it is a party or by which or its/his property or assets is bound, or (cc) result in a violation, breach of or default under any judgment, order, writ or decree applicable to such Party or result in a material violation or breach of any applicable law.

4.2 Representations and Warranties of the Selling Shareholder. The Selling Shareholder further represents and warrants to the Company that the following representations and warranties are true and complete as of the date hereof and as of the Closing:

(a) It is the sole legal and beneficial owner of the Repurchased Shares registered under its name, which are free and clear of any Liens, any restrictions on transfer and other encumbrances, other than those provided under the shareholders agreement and the memorandum and articles of association of the Company and the applicable securities Laws; and

(b) It has not granted any Person any option or rights with respect to the Repurchased Shares or any interest therein and has not pledged, collaterally assigned or otherwise hypothecated any interest therein.

## 5. ADDITIONAL AGREEMENTS

5.1 Further Assurances. Upon the terms and subject to the conditions herein, each of the Parties hereto agrees to use its commercially reasonable efforts to take or cause to be taken all action, to do or cause to be done, to execute such further instruments, and to assist and cooperate with the other Parties hereto in doing, all things necessary, proper or advisable under applicable laws or otherwise to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement and, to the extent reasonably requested by another party, to enforce rights and obligations pursuant hereto.

5.2 Expenses. Each of the Parties shall bear and pay its own legal, accountancy and other fees and expenses incurred in and incidental to the preparation and implementation of this Agreement.

5.3 Tax. Each Party shall be responsible for any and all of its own taxes, including, without limitation, sales taxes, income taxes, business taxes, capital gains taxes, stamp duties, value added taxes, use taxes, transfer taxes, documentary charges, recording fees or similar taxes, charges, fees or expenses, together with any and all penalties, fines, surcharges, additions to tax and interest thereon, whether disputed or not.

5.4 Confidentiality. Each Party agrees to, and shall cause its directors, officers, employees and other controlled agents to: (i) treat and hold all confidential or proprietary information with respect to the other Party or relating to the transactions contemplated hereby as confidential (and not disclose or provide access to any Person); (ii) in the event that such Party (or such directors, officers, employees and other controlled agents of such Party) becomes legally compelled to disclose any such information, provide the other Party with prompt written notice of such requirement so that the other Party may seek a protective order or other remedy or waive compliance with this Section 5.4; and (iii) in the event that such protective order or other remedy is not obtained, or the other Party waives compliance with this Section 5.4, furnish (or cause to be furnished) only that portion of such confidential information which is legally required to be provided and exercise its commercially reasonable efforts to obtain assurances that confidential treatment will be accorded such information; provided, however, that this Section 5.4 shall not apply to any information that, at the time of disclosure, is in the public domain and was not disclosed in breach of this Agreement by the disclosing Party, or that is provided to an applicable Government Authority with respect to Tax matters; provided, further, that each Party may disclose the contents of this Agreement to its Representatives who (1) are informed of the confidential nature of the information, and (2) are under an appropriate duty of confidentiality to the disclosing Party with respect to such information.

5.5 Indemnity. Each party hereby agrees to indemnify and hold harmless the other Party, its/their Affiliates and its/ their respective Representatives (collectively, the “Indemnified Parties” and each, an “Indemnified Party”) from and against any and all Indemnifiable Losses suffered by the Indemnified Parties, directly or indirectly, as a result of, or based upon or arising from any inaccuracy in or breach or nonperformance of any of the representations, warranties, covenants or agreements made by such indemnifying party in or pursuant to this Agreement.

## 6. TERMINATION

6.1 Grounds for Termination. This Agreement may be terminated at any time prior to the Closing Date by mutual written consent of both of the Parties.

6.2 Any termination of this Agreement shall be without prejudice to any claims for damages or other remedies that the Parties may have under this Agreement or applicable Law. The Section 5.4, Section 5.5, this Section 6, Section 7 and Section 8.1 hereof shall survive any termination of this Agreement.

## 7. GOVERNING LAW AND DISPUTE RESOLUTION

7.1 Governing Law. Unless otherwise expressly provided for herein, this Agreement and any and all claims arising out of or in connection with this Agreement shall be governed by and construed in accordance with the Laws of Hong Kong without regard to principles of conflict of law.

7.2 Dispute Resolution. Each of the Parties hereto irrevocably (i) agrees that any dispute or controversy arising out of, relating to, or concerning any interpretation, construction, performance or breach of this Agreement, shall be settled by arbitration to be held in Hong Kong which shall be administered by the Hong Kong International Arbitration Centre ("HKIAC") in accordance with the Hong Kong International Arbitration Centre Administered Arbitration Rules in force at the time of the commencement of the arbitration, (ii) waives, to the fullest extent it may effectively do so, any objection which it may now or hereafter have to the laying of venue of any such arbitration, and (iii) submits to the exclusive jurisdiction of Hong Kong in any such arbitration. There shall be three (3) arbitrators. The complainant and the respondent to such dispute shall each select one arbitrator within thirty (30) days after giving or receiving the demand for arbitration. Such arbitrators shall be freely selected, and the Parties shall not be limited in their selection to any prescribed list. The Chairman of the HKIAC shall select the third arbitrator, who shall be qualified to practice law in Hong Kong. If either party to the arbitration does not appoint an arbitrator who has consented to participate within thirty (30) days after selection of the first arbitrator, the relevant appointment shall be made by the Chairman of the HKIAC. The arbitration shall be conducted in English. The decision of the arbitration tribunal shall be final, conclusive and binding on the Parties to the arbitration. Judgment may be entered on the arbitration tribunal's decision in any court having jurisdiction. The Parties to the arbitration shall each pay an equal share of the costs and expenses of such arbitration, and each Party shall separately pay for its respective counsel fees and expenses; provided, however, that the prevailing Party in any such arbitration shall be entitled to recover from the non-prevailing Party its reasonable costs and attorney fees. The Parties acknowledge and agree that, in addition to contract damages, the arbitrator may award provisional and final equitable relief, including injunctions, specific performance, and lost profits.

## 8. MISCELLANEOUS

8.1 Notices. All notices and other communications provided for herein shall be dated and in writing and shall be deemed to have been duly given when delivered, if delivered personally or sent by registered or certified mail, return receipt requested, postage prepaid and when received if delivered otherwise, to the party to whom it is directed to the address as shown under its name on the signature page.

8.2 Entire Agreement; Amendments and Waivers. This Agreement (including the schedules and exhibits hereto) represents the entire understanding and agreement among the Parties with respect to the subject matter hereof. This Agreement may be amended, supplemented or changed only by written instrument making specific reference to this Agreement signed by the Parties, and any provision of this Agreement may be waived only by written instrument making specific reference to such provision signed by the Party against whom such waiver is effective. No Action taken pursuant to this Agreement, including any investigation by or on behalf of any Party, shall be deemed to constitute a waiver by the Party taking such Action of compliance with any representation, warranty, covenant or agreement contained herein. The waiver by any Party hereto of a breach of any provision of this Agreement shall not operate or be construed as a further or continuing waiver of such breach or as a waiver of any other or subsequent breach. No failure on the part of any Party to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of such right, power or remedy by such Party preclude any other or further exercise thereof or the exercise of any other right, power or remedy. Notwithstanding any term of this Agreement, the consent of any person who is not a Party is not required to rescind or vary this Agreement at any time.

8.3 Binding Effect; Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. Except as expressly provided herein, nothing in this Agreement shall create or be deemed to create any third party beneficiary rights in any Person or entity not a Party to this Agreement. Except as expressly provided hereunder, a Person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the Laws of Hong Kong) to enforce any term of, or to enjoy any benefit under, this Agreement. No assignment of this Agreement or of any rights or obligations hereunder may be made by any Party without the prior written consent of the other Party, and any attempted assignment in violation of this Section 8.3 shall be void, except that the Company may assign its rights or obligations hereunder to its Affiliates without the prior written consent of the Selling Shareholder; provided that as a condition of such assignment, each successor or assignee shall agree in writing to be subject to each of the terms of this Agreement by execution of a deed of adherence and shall be deemed to be a party hereto as if the signature of such successor or assignee appeared on the signature pages of this Agreement.

8.4 Severability. If any provision of this Agreement or the application of any such provision to any person or circumstance shall be held invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

8.5 Counterparts; Facsimile Signatures. This Agreement may be executed in any number of counterparts, each of which when executed, shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument binding upon all of the parties notwithstanding the fact that all of the parties are not signatory to the original or the same counterpart. For the avoidance of doubt, where this Agreement is executed and delivered by any Party (or its authorized agent) by electronic mail to other Parties, this Agreement shall be deemed as effective and binding among all those Parties which have duly executed, either sequentially or concurrently, copies of this Agreement.

*[Signature Pages Follow]*

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the date and year first above written.

**THE COMPANY**

**AIHUI SHOU INTERNATIONAL CO. LTD.**

By: /s/ CHEN Xuefeng \_\_\_\_\_

Name: CHEN Xuefeng

Title: Director

Attn:

Address:

Tel:

Email:

[Signature page to Share Repurchase Agreement]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the date and year first above written.

**THE SELLING SHAREHOLDER**

**C&XF Group Limited**

By: /s/ CHEN Xuefeng \_\_\_\_\_

Name: CHEN Xuefeng

Title: Director

Attn:

Address:

Tel:

Email:

[Signature page to Share Repurchase Agreement]



**SCHEDULE 1**

**Shares Repurchase Particulars**

<u>Selling Shareholder</u>	<u>Type of Shares</u>	<u>Number of Repurchased Shares</u>	<u>Repurchase Price Payable by the Company</u>
C&XF Group Limited	Ordinary Shares	992,513	Equivalent US Dollars of RMB30,000,000

## SHARE REPURCHASE AGREEMENT

THIS SHARE REPURCHASE AGREEMENT (the "Agreement") is made on February 8, 2020 by and between

- (1) **AIHUI SHOU INTERNATIONAL CO. LTD.**, a company limited by shares incorporated under Cayman Islands Law on November 22, 2011 (the "Company"); and
- (2) **Qianhai Ark (Cayman) Investment Co. Limited**, a company limited by shares incorporated under Cayman Islands Law (the "Selling Shareholder").

The Company and the Selling Shareholder may hereinafter respectively be referred to as a "Party," and collectively be referred to as the "Parties".

## RECITALS

- (A) The Company is a business company organized under the laws of the Cayman Islands.
- (B) The Selling Shareholder is the existing shareholder of the Company and currently legally and beneficially owns such number of Shares (the "Repurchased Shares") in the issued share capital of the Company as set forth opposite such Selling Shareholder's name in Schedule 1 hereto.
- (C) The Selling Shareholder wishes to sell the Repurchased Shares to the Company and the Company wish to repurchase the Repurchased Shares from the Selling Shareholder for the consideration and upon the terms and subject to the conditions set out in this Agreement.

## NOW IT IS AGREED BY THE PARTIES AS FOLLOWS:

1. DEFINITION

1.1 Certain Defined Terms. For purposes of this Agreement, the following terms shall have the following meanings:

"Action" means any notice, charge, claim, action, complaint, petition, investigation, suit or other proceeding, whether administrative, civil or criminal, whether at law or in equity, and whether or not before any mediator, arbitrator or Government Authority.

"Affiliate" means, with respect to any Person, any other Person which, directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with such Person, and without limiting the generality of the foregoing, in the case of a natural Person, "Affiliate" shall include, without limitation, such Person's spouse, parents, children and siblings. For the avoidance of doubt, the Selling Shareholder shall not be deemed to be an Affiliate of the Company.

“Agreement” has the meaning ascribed to it in the Preamble.

“Business Day” means any day that is not a Saturday, a Sunday, legal holiday or other day on which commercial banks are required or authorized by applicable laws or executive order to be closed in the PRC, the British Virgin Islands, the Cayman Islands or Hong Kong.

“Closing” has the meaning ascribed to it in Section 2.2.

“Closing Date” has the meaning ascribed to it in Section 2.2.

“Control” of a given Person means the power or authority, whether exercised or not, to direct the business, management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, which power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such Person or power to control the composition of more than fifty percent (50%) of the board of directors of such Person; the term “Controlled” has the meaning correlative to the foregoing.

“Government Authority” means any nation or government, or any federation, province or state or any other political subdivision thereof; any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission or instrumentality of the PRC, the Cayman Islands, the British Virgin Islands, Hong Kong or any other country, or any political subdivision thereof, any court, tribunal or arbitrator, and any self-regulatory organization.

“Hong Kong” means the Hong Kong Special Administrative Region of the People’s Republic of China.

“Indemnifiable Loss” means, with respect to any Person, any action, claim, cost, damage, deficiency, diminution in value, disbursement, expense, liability, loss, obligation, penalty, settlement, suit, or Tax of any kind or nature, together with all interest, penalties, legal, accounting and other professional fees and expenses reasonably incurred in the investigation, collection, prosecution and defense of claims and amounts paid in settlement, that may be imposed on or otherwise incurred or suffered by such Person, whether directly or indirectly.

“Indemnified Party” and “Indemnified Parties” each have the meaning ascribed thereto in Section 5.5(a).

“Law” or “Laws” means any constitutional provision, statute or other law, rule, regulation, official policy or interpretation of any Government Authority and any Order.

“Liability” or “Liabilities” means, with respect to any Person, all debts, obligations, liabilities owed by such Person of any nature, whether accrued, absolute, contingent or otherwise, and whether due or to become due.

“Lien” means any mortgage, pledge, claim, security interest, encumbrance, title defect, lien, charge, easement, adverse claim, restrictive covenant, right of first refusal, preemptive right, option to purchase or other restriction or limitation of any kind whatsoever, including any restriction on the use, voting, transfer, receipt of income, or exercise of any attributes of ownership.

“Order” means any written order, injunction, judgment, decree, legally binding notice, ruling, writ, assessment or arbitration award of a Government Authority.

“Party” or “Parties” each has the meaning ascribed to it in the Preamble.

“Person” means any individual, corporation, partnership, limited partnership, proprietorship, association, limited liability company, firm, trust, estate or other enterprise or entity.

“PRC” means the People’s Republic of China but solely for purposes of this Agreement, does not include Hong Kong, the Special Administrative Region of Macau and the territory of Taiwan.

“Repurchase” has the meaning ascribed to it in Section 2.1.

“Repurchase Price” has the meaning ascribed to it in Section 2.1.

“Repurchased Shares” has the meaning ascribed to it in the Recital.

“Representatives” means, with respect to any Person, such Person and its Affiliates’ respective directors, officers, employees, investors, investment bankers, lenders, accountants, auditors, insurers, business or financial advisors, attorneys and other agents.

“Shares” means all preferred shares and ordinary shares of the Company.

“Tax” means any national, provincial or local income, sales and use, excise, franchise, real and personal property, gross receipt, capital stock, production, business and occupation, disability, employment, payroll, severance or withholding tax or any other type of tax, levy, assessment, custom duty or charge imposed by any Government Authority, any interest, fines and penalties (civil or criminal) related thereto or to the non-payment thereof, and any loss or tax Liability incurred in connection with the determination, settlement or litigation of any Liability arising therefrom.

“US\$” means the United States dollar, the lawful currency of the United States of the America.

1.2 Interpretation and Rules of Construction. In this Agreement, except to the extent otherwise provided or that the context otherwise requires:

(i) when a reference is made in this Agreement to an Article, Section, Exhibit or Schedule, such reference is to an Article or Section of, or an Exhibit or Schedule to, this Agreement unless otherwise indicated;

(ii) the table of contents and headings for this Agreement are for reference purposes only and do not affect in any way the meaning or interpretation of this Agreement;

(iii) whenever the words “include,” “includes” or “including” are used in this Agreement, they are deemed to be followed by the words “without limitation”;

(iv) the words “hereof,” “herein” and “hereunder” and words of similar import, when used in this Agreement, refer to this Agreement as a whole and not to any particular provision of this Agreement;

(v) all terms defined in this Agreement have the defined meanings when used in any certificate or other document made or delivered pursuant hereto, unless otherwise defined therein;

(vi) the definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms;

(vii) references to a Person are also to its successors and permitted assigns; and

(viii) the use of “or” is not intended to be exclusive unless expressly indicated otherwise.

## 2. **REPURCHASE**

2.1 **Repurchase.** The Selling Shareholder agrees to sell to the Company, and the Company agrees to purchase from such Selling Shareholder, the Repurchased Shares and all rights attached thereto, free of any security, Liens (other than those provided under the shareholders agreement and the memorandum and articles of association of the Company), for a repurchase price (the “**Repurchase Price**”) as set forth opposite such Selling Shareholder’s name in **Schedule 1** hereto, in accordance with the terms and conditions set forth herein (the “**Repurchase**”) at the Closing (as defined hereinafter).

2.2 **Closing Date.** The Closing of the Repurchase in accordance with **Section** (the “**Closing**”) shall take place remotely via exchange of documents and signatures within five (5) Business Days after satisfaction (or waiver by the Company in writing) of all of the conditions precedent as set forth in **Section 3** or the later date agreed between the Company and the Selling Shareholder (the date on which the Closing occurs, the “**Closing Date**”).

2.3 **Closing Deliveries by the Selling Shareholder.** At the Closing, the Selling Shareholder shall (i) surrender the certificate(s) representing all of the Repurchased Shares it holds to the Company; and (ii) deliver all other documents and instruments reasonably necessary for completion of such Repurchase.

2.4 **Closing Deliveries by the Company.** At the Closing, all the certificate(s) representing all of the Repurchased Shares shall be cancelled by the Company. The Company shall (i) update the register of the members of the Company on the Closing Date accordingly and (ii) provide the Selling Shareholder with such additional information and documents as may reasonably be requested in connection with the Repurchase.

2.5 Payment of the Repurchase Price. The Repurchase Price shall be paid by the Company to the Selling Shareholder by wire transfer of immediately available funds, to the Selling Shareholder's bank account designated in writing by such Selling Shareholder, subject to the completion of the Closing, (i) within [ten (10)] Business Days after Company's receipt in full of the subscription price of equivalent US Dollars of RMB22,389,948 by Qianhai Fund of Fund Equity Investment (Shenzhen) Co., Ltd. (前海母基金股权投资(深圳)有限公司) for subscribing certain Series C-3 Preferred Shares of the Company, or (ii) such other date as agreed by the Parties.

### 3. CONDITIONS PRECEDENT TO THE CLOSING

3.1 Conditions Precedent. The obligation of the Company to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, on or prior to the Closing Date, of each of the following conditions (any or all of which may be waived by the Company, in its sole discretion, in whole or in part to the extent permitted by applicable Law):

(a) all corporate and other proceedings of the Parties hereto, if applicable, in connection with the transactions to be completed as of the Closing and all documents incident thereto, with respect to this Agreement and the transactions contemplated hereby and thereby, shall have been completed.

### 4. REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of Each Party. Each Party, severally but not jointly, hereby represents and warrants to the other Party that the following representations and warranties with such Party are true and complete as of the date hereof and as of the Closing:

(a) Due Organization and Good Standing. It is duly incorporated and organized, and is validly existing and in good standing under the applicable law of its jurisdiction;

(b) Authorization. It has the power and authority to execute, deliver and perform this Agreement. All actions on the part of itself necessary for the authorization, execution, delivery of and the performance of all of its/his obligations under this Agreement have been taken;

(c) Enforceability. This Agreement constitutes the valid and legally binding obligation of such Party, enforceable against such Party in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally, and (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies;

(d) Consents and Approvals. All consents, approvals, waivers, orders or authorizations of, or registrations, qualifications, designations, declarations or filings with, any Government Authority or any other competent corporate authority required in connection with the execution, delivery and performance by such Party of this Agreement or the consummation of the transactions contemplated hereby have been obtained; and

(e) No Breach. The execution and delivery by such Party and the performance by such Party of all the transactions contemplated under this Agreement do not and will not (aa) breach or constitute a default under any charter document of such Party, (bb) result in a material breach of, or constitute a default under, any contract to which it is a party or by which or its/his property or assets is bound, or (cc) result in a violation, breach of or default under any judgment, order, writ or decree applicable to such Party or result in a material violation or breach of any applicable law.

4.2 Representations and Warranties of the Selling Shareholder. The Selling Shareholder further represents and warrants to the Company that the following representations and warranties are true and complete as of the date hereof and as of the Closing:

(a) It is the sole legal and beneficial owner of the Repurchased Shares registered under its name, which are free and clear of any Liens, any restrictions on transfer and other encumbrances, other than those provided under the shareholders agreement and the memorandum and articles of association of the Company and the applicable securities Laws; and

(b) It has not granted any Person any option or rights with respect to the Repurchased Shares or any interest therein and has not pledged, collaterally assigned or otherwise hypothecated any interest therein.

## 5. ADDITIONAL AGREEMENTS

5.1 Further Assurances. Upon the terms and subject to the conditions herein, each of the Parties hereto agrees to use its commercially reasonable efforts to take or cause to be taken all action, to do or cause to be done, to execute such further instruments, and to assist and cooperate with the other Parties hereto in doing, all things necessary, proper or advisable under applicable laws or otherwise to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement and, to the extent reasonably requested by another party, to enforce rights and obligations pursuant hereto.

5.2 Expenses. Each of the Parties shall bear and pay its own legal, accountancy and other fees and expenses incurred in and incidental to the preparation and implementation of this Agreement.

5.3 Tax. Each Party shall be responsible for any and all of its own taxes, including, without limitation, sales taxes, income taxes, business taxes, capital gains taxes, stamp duties, value added taxes, use taxes, transfer taxes, documentary charges, recording fees or similar taxes, charges, fees or expenses, together with any and all penalties, fines, surcharges, additions to tax and interest thereon, whether disputed or not.

5.4 Confidentiality. Each Party agrees to, and shall cause its directors, officers, employees and other controlled agents to: (i) treat and hold all confidential or proprietary information with respect to the other Party or relating to the transactions contemplated hereby as confidential (and not disclose or provide access to any Person); (ii) in the event that such Party (or such directors, officers, employees and other controlled agents of such Party) becomes legally compelled to disclose any such information, provide the other Party with prompt written notice of such requirement so that the other Party may seek a protective order or other remedy or waive compliance with this Section 5.4; and (iii) in the event that such protective order or other remedy is not obtained, or the other Party waives compliance with this Section 5.4, furnish (or cause to be furnished) only that portion of such confidential information which is legally required to be provided and exercise its commercially reasonable efforts to obtain assurances that confidential treatment will be accorded such information; provided, however, that this Section 5.4 shall not apply to any information that, at the time of disclosure, is in the public domain and was not disclosed in breach of this Agreement by the disclosing Party, or that is provided to an applicable Government Authority with respect to Tax matters; provided, further, that each Party may disclose the contents of this Agreement to its Representatives who (1) are informed of the confidential nature of the information, and (2) are under an appropriate duty of confidentiality to the disclosing Party with respect to such information.

5.5 Indemnity. Each party hereby agrees to indemnify and hold harmless the other Party, its/their Affiliates and its/ their respective Representatives (collectively, the "Indemnified Parties" and each, an "Indemnified Party") from and against any and all Indemnifiable Losses suffered by the Indemnified Parties, directly or indirectly, as a result of, or based upon or arising from any inaccuracy in or breach or nonperformance of any of the representations, warranties, covenants or agreements made by such indemnifying party in or pursuant to this Agreement.

## 6. TERMINATION

6.1 Grounds for Termination. This Agreement may be terminated at any time prior to the Closing Date by mutual written consent of both of the Parties.

6.2 Any termination of this Agreement shall be without prejudice to any claims for damages or other remedies that the Parties may have under this Agreement or applicable Law. The Section 5.4, Section 5.5, this Section 6, Section 7 and Section 8.1 hereof shall survive any termination of this Agreement.

## 7. GOVERNING LAW AND DISPUTE RESOLUTION

7.1 Governing Law. Unless otherwise expressly provided for herein, this Agreement and any and all claims arising out of or in connection with this Agreement shall be governed by and construed in accordance with the Laws of Hong Kong without regard to principles of conflict of law.



7.2 Dispute Resolution. Each of the Parties hereto irrevocably (i) agrees that any dispute or controversy arising out of, relating to, or concerning any interpretation, construction, performance or breach of this Agreement, shall be settled by arbitration to be held in Hong Kong which shall be administered by the Hong Kong International Arbitration Centre (“HKIAC”) in accordance with the Hong Kong International Arbitration Centre Administered Arbitration Rules in force at the time of the commencement of the arbitration, (ii) waives, to the fullest extent it may effectively do so, any objection which it may now or hereafter have to the laying of venue of any such arbitration, and (iii) submits to the exclusive jurisdiction of Hong Kong in any such arbitration. There shall be three (3) arbitrators. The complainant and the respondent to such dispute shall each select one arbitrator within thirty (30) days after giving or receiving the demand for arbitration. Such arbitrators shall be freely selected, and the Parties shall not be limited in their selection to any prescribed list. The Chairman of the HKIAC shall select the third arbitrator, who shall be qualified to practice law in Hong Kong. If either party to the arbitration does not appoint an arbitrator who has consented to participate within thirty (30) days after selection of the first arbitrator, the relevant appointment shall be made by the Chairman of the HKIAC. The arbitration shall be conducted in English. The decision of the arbitration tribunal shall be final, conclusive and binding on the Parties to the arbitration. Judgment may be entered on the arbitration tribunal’s decision in any court having jurisdiction. The Parties to the arbitration shall each pay an equal share of the costs and expenses of such arbitration, and each Party shall separately pay for its respective counsel fees and expenses; provided, however, that the prevailing Party in any such arbitration shall be entitled to recover from the non-prevailing Party its reasonable costs and attorney fees. The Parties acknowledge and agree that, in addition to contract damages, the arbitrator may award provisional and final equitable relief, including injunctions, specific performance, and lost profits.

## 8. MISCELLANEOUS

8.1 Notices. All notices and other communications provided for herein shall be dated and in writing and shall be deemed to have been duly given when delivered, if delivered personally or sent by registered or certified mail, return receipt requested, postage prepaid and when received if delivered otherwise, to the party to whom it is directed to the address as shown under its name on the signature page.

8.2 Entire Agreement; Amendments and Waivers. This Agreement (including the schedules and exhibits hereto) represents the entire understanding and agreement among the Parties with respect to the subject matter hereof. This Agreement may be amended, supplemented or changed only by written instrument making specific reference to this Agreement signed by the Parties, and any provision of this Agreement may be waived only by written instrument making specific reference to such provision signed by the Party against whom such waiver is effective. No Action taken pursuant to this Agreement, including any investigation by or on behalf of any Party, shall be deemed to constitute a waiver by the Party taking such Action of compliance with any representation, warranty, covenant or agreement contained herein. The waiver by any Party hereto of a breach of any provision of this Agreement shall not operate or be construed as a further or continuing waiver of such breach or as a waiver of any other or subsequent breach. No failure on the part of any Party to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of such right, power or remedy by such Party preclude any other or further exercise thereof or the exercise of any other right, power or remedy. Notwithstanding any term of this Agreement, the consent of any person who is not a Party is not required to rescind or vary this Agreement at any time.

8.3 Binding Effect; Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. Except as expressly provided herein, nothing in this Agreement shall create or be deemed to create any third party beneficiary rights in any Person or entity not a Party to this Agreement. Except as expressly provided hereunder, a Person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the Laws of Hong Kong) to enforce any term of, or to enjoy any benefit under, this Agreement. No assignment of this Agreement or of any rights or obligations hereunder may be made by any Party without the prior written consent of the other Party, and any attempted assignment in violation of this Section 8.3 shall be void, except that the Company may assign its rights or obligations hereunder to its Affiliates without the prior written consent of the Selling Shareholder; provided that as a condition of such assignment, each successor or assignee shall agree in writing to be subject to each of the terms of this Agreement by execution of a deed of adherence and shall be deemed to be a party hereto as if the signature of such successor or assignee appeared on the signature pages of this Agreement.

8.4 Severability. If any provision of this Agreement or the application of any such provision to any person or circumstance shall be held invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

8.5 Counterparts; Facsimile Signatures. This Agreement may be executed in any number of counterparts, each of which when executed, shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument binding upon all of the parties notwithstanding the fact that all of the parties are not signatory to the original or the same counterpart. For the avoidance of doubt, where this Agreement is executed and delivered by any Party (or its authorized agent) by electronic mail to other Parties, this Agreement shall be deemed as effective and binding among all those Parties which have duly executed, either sequentially or concurrently, copies of this Agreement.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the date and year first above written.

**THE COMPANY**

**AIHUI SHOU INTERNATIONAL CO. LTD.**

By: /s/ CHEN Xuefeng

Name: CHEN Xuefeng

Title: Director

Address:

Tel:

Email:

[Signature page to Share Repurchase Agreement]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the date and year first above written.

**THE SELLING SHAREHOLDER**

**Qianhai Ark (Cayman) Investment Co. Limited**

By: /s/ KONG Xiang

Name: KONG Xiang

Title: Director

Attn:

Address:

Tel:

Email:

[Signature page to Share Repurchase Agreement]

**SCHEDULE 1**

**Shares Repurchase Particulars**

<u>Selling Shareholder</u>	<u>Type of Shares</u>	<u>Number of Repurchased Shares</u>	<u>Repurchase Price Payable by the Company</u>
Qianhai Ark (Cayman) Investment Co. Limited	1,262,446	Series C-3 Preferred Shares	US\$3,263,889 (in equivalent to RMB 22,389,948)

SHARE PURCHASE AGREEMENT

THIS SHARE PURCHASE AGREEMENT (this “**Agreement**”) is made and entered into as of April 16, 2021 by and among

1. **AiHuiShou International Co. Ltd.**, a company limited by shares incorporated under Cayman Islands Law on November 22, 2011 (the “**Company**”),
2. **AiHuiShou International Company Limited**, a company limited by shares incorporated under the Hong Kong Law (the “**HK Subsidiary**”),
3. **Shanghai Aihui Trading Co., Ltd.** (上海艾慧商贸有限公司), a wholly foreign-owned enterprise organized under the PRC Law (the “**WFOE**”),
4. **Shanghai Yueou Information Technology Co., Ltd.** (上海悦欧信息技术有限公司), a limited liability company organized under the PRC Law (the “**WFOE Subsidiary**”),
5. **Shanghai Yueyi Network Information Technology Co., Ltd.** (上海悦易网络信息技术有限公司), a limited liability company organized under the PRC Law (the “**Domestic Enterprise**”),
6. **Shanghai Yueyi Network Information Technology Co., Ltd.** (上海悦亿网络信息技术有限公司), a limited liability company organized under the PRC Law (the “**Shanghai Subsidiary**”),
7. **Yueyi Commercial Factoring (Shenzhen) Co., Ltd.** (乐易商业保理(深圳)有限公司), a limited liability company organized under the PRC Law (the “**Shenzhen Subsidiary**”),
8. **Changzhou Yueyi Network Information Technology Co., Ltd.** (常州悦亿网络信息技术有限公司), a limited liability company organized under the PRC Law (the “**Changzhou Subsidiary**”, together with the Shanghai Subsidiary and the Shenzhen Subsidiary, collectively, the “**Domestic Subsidiaries**”),
9. **AHS DEVICE HONG KONG LIMITED**, a company limited by shares incorporated under the Hong Kong Law (the “**HK Co**”, together with the Company, the HK Subsidiary, the WFOE, the WFOE Subsidiary, the Domestic Enterprise, the Domestic Subsidiaries, collectively, the “**Major Group Companies**”),
10. **SUN Wenjun** (孙文俊), a citizen of the PRC whose PRC identification card number is \*\*\*,
11. **CHEN Xuefeng** (陈雪峰), a citizen of the PRC whose PRC identification card number is \*\*\* (together with SUN Wenjun (孙文俊), the “**Founders**” and each, a “**Founder**”),
12. **S&WJ Group Limited**, a company limited by shares incorporated under the Law of the British Virgin Islands,

13. **C&XF Group Limited**, a company limited by shares incorporated under the Law of the British Virgin Islands (together with S&WJ Group Limited, the “**Founder Holding Companies**” and each, a “**Founder Holding Company**”),
14. **Being Capital Fund I LP**, a partnership duly incorporated and validly existing under the Law of the Cayman Islands,
15. **Tian Zhan Investment Limited (天展投资有限公司)**, a company duly incorporated and validly existing under the Law of Hong Kong, (together with Being Capital Fund I LP, “**Being Capital**”),
16. **JD.com Development Limited**, a company duly incorporated and validly existing under the Law of the British Virgin Islands (“**Jing Dong**”),
17. **Internet Fund IV Pte. Ltd.**, a company duly incorporated and validly existing under the Laws of Singapore (“**Tiger**”),
18. **Tiger Pacific Master Fund LP**, a company duly incorporated and validly existing under the Laws of Singapore (“**Tiger Pacific Capital**”),
19. **YIHENG CAPITAL PARTNERS, L.P.**, a limited partnership duly incorporated and validly existing under the Laws of the State of Delaware (“**Yiheng**”),
20. **Pluto Connection Limited**, a company duly incorporated and validly existing under the Law of the British Virgin Islands (“**Pluto Connection**”), and
21. **Design Time Limited**, a company duly incorporated and validly existing under the Law of the British Virgin Islands (“**Design Time**”, together with Being Capital, Jing Dong, Tiger, Tiger Pacific Capital, Yiheng, and Pluto Connection, collectively, the “**Investors**” and each an “**Investor**”). (Collectively, the “**Parties**”, and each a “**Party**”)

#### RECITALS

WHEREAS, the Company desires to issue and sell to the Investors and the Investors desire to purchase from the Company up to an aggregate amount of 7,204,388 Series F Preferred Shares, 2,255,380 Series C-3 Preferred Shares and 1,604,113 Ordinary Shares pursuant to the terms and subject to the conditions set forth in this Agreement.

WHEREAS, pursuant to certain share repurchase agreement to be entered into by each of CHAN SHUINAI (陳穗娜) and SHOU BAINIAN (壽栢年) respectively on the date hereof, each of CHAN SHUINAI (陳穗娜) and SHOU BAINIAN (壽栢年) agrees to respectively sell 1,604,113 Ordinary Shares and 2,255,380 Series C-3 Preferred Shares to the Company at the Share Repurchase Price (collectively, the “**Share Repurchase**”).

## AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

### 1. DEFINITIONS

In this Agreement, unless the context otherwise requires, the following words and expressions have the meanings as follows:

“**Action**” means an action, suit, proceeding, claim, arbitration or investigation.

“**Affiliate**” of a given Person means, (i) in the case of a Person other than a natural person, any other Person that directly, or indirectly through one or more intermediaries, Controls, is Controlled by or is under common Control with, such given Person, or (ii) in the case of a natural person, any other Person that directly or indirectly is Controlled by such given Person or is a Relative of such given Person. For the avoidance of doubt, none of the Investors and their Affiliates shall be deemed as an Affiliate of any Group Company.

“**Ancillary Agreements**” means, collectively, the Shareholders Agreement, the Restated Articles and any other agreements to which a Group Company, a Founder or a Founder Holding Company is a party and the execution of which is contemplated hereunder.

“**Anti-Corruption Law**” means any applicable Law, including, but not limited to, the Foreign Corrupt Practices Act of the United States (15 U.S.C. §§ 78dd-1, et seq.), as amended, or any similar Law of any Governmental Authority, regarding any contribution, gift, bribe, rebate, payoff, influence payment, kickback, or other payment to any Government Official, regardless of form, whether in money, property, or services.

“**Approval**” means any approval, authorization, release, order, or consent required to be obtained from, or any registration, qualification, designation, declaration, filing, notice, statement or other communication required to be filed with or delivered to, any Governmental Authority or any other Person.

“**Associate**” of a given Person means (i) a corporation or organization of which such given Person is an officer or partner or is, directly or indirectly, the beneficial owner of ten percent (10%) or more of any class of Equity Securities, (ii) any trust or other estate in which such given Person has a substantial beneficial interest or as to which such given Person serves as trustee or in a similar capacity, or (iii) any Relative of such given Person.

“**Balance Sheet Date**” means December 31, 2020.

“**BCA**” means the Amended and Restated Business Cooperation Agreement to be entered into by and between JD.com, Inc. and the Company on the date hereof, as amended, supplemented and restated from time to time.

“**Being Capital**” shall have the meaning as set forth in the Preamble.

“**Board of Directors**” or “**Board**” means the board of directors of the Company.

“**Business Day**” means a day (other than a Saturday or a Sunday) that the banks in the Cayman Islands, Hong Kong, the PRC are generally open for business.

“**Changzhou Subsidiary**” shall have the meaning as set forth in the Preamble.

“**Closing**” means the consummation of the transactions contemplated in Section 3.1.



“**Company**” shall have the meaning as set forth in the Preamble.

“**Company Material Adverse Effect**” means fact, event, change, circumstance, or effect that causes, or is reasonably likely to cause, a material adverse effect on the operations, results of operations, condition (financial or otherwise), assets, liabilities or business of the Group Companies taken as a whole (as presently conducted and proposed to be conducted) or on the ability of any Warrantor to perform its or his obligations under this Agreement or any Transaction Documents to which it or he is a party or on the enforceability of this Agreement or any Transaction Documents against any Warrantor, either individually or when taken together with other effects, but excluding any event, directly or indirectly, arising out of: (i) any change in general economic or political conditions; (ii) events generally affecting the industries in which the Group Companies operate; (iii) acts of war, terrorism, diseases (including without limitation COVID-19), natural disasters or similar incidents; (iv) any action required or permitted by the Transaction Documents; or (v) any changes in applicable Laws or accounting rules.

“**Company Operations**” means the existing and future operations, activities and facilities of the Company and its Subsidiaries (including the design, construction, operations, maintenance, management and monitoring thereof as applicable) in the Cayman Islands, Hong Kong and the PRC.

“**Company Warranties**” means the representations and warranties set out in Section 4 given by the Warrantors (with each of such Company Warranties being referred to as a “**Company Warranty**”).

“**Competes**” with any Group Company means a Person, directly or indirectly, owns, manages, engages in, operates, Controls, works for, consults with, renders services for, does business with, maintains any interest in (proprietary, financial or otherwise) or participates in the ownership, management, operation or Control of, any Restricted Business, whether in corporate, proprietorship or partnership form or otherwise; provided, however, that such restrictions shall not apply to the acquisition by such Person, directly or indirectly, of less than one percent (1%) of the outstanding shares of any publicly traded company engaged in a Restricted Business.

“**Constitutional Documents**” means the constitutional documents of the respective Group Company which may include, as applicable, memoranda and articles of association, by-laws, joint venture contracts and the like.

“**Contracts**” means legally binding contracts, agreements, engagements, purchase orders, commitments, understandings, indentures, notes, bonds, loans, instruments, leases, mortgages, franchises, licenses or any other contractual arrangements or obligations, which are currently subsisting and not terminated or completed (with each of such Contracts being referred to as a “**Contract**”).

“**Control**” of a given Person means the power or authority, whether exercised or not, to direct the business, management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, contractual arrangement or otherwise, which power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such Person or power to control the composition of the board of directors or similar governing body of such Person; and the terms “**Controlled**” and “**Controlling**” shall have the meaning correlative to the foregoing.

“**Design Time**” shall have the meaning as set forth in the Preamble.

“**Disclosure Schedule**” means the Disclosure Schedule attached to this Agreement as Schedule C.

“**Domestic Enterprise**” shall have the meaning as set forth in the Preamble.

“**Domestic Subsidiaries**” shall have the meaning as set forth in the Preamble.

“**Employment-Related Agreement**” means the employment agreement, the non-compete, confidentiality and invention assignment agreement entered into by an employee of a Group Company (including the Founders, each Key Officer, and each current employee and officer) with respect to his or her employment with such Group Company.

“**Equity Securities**” means, with respect to a given Person, any share, share capital, registered capital, ownership interest, partnership interest, equity interest, joint venture or other ownership interest of such Person, or any option, warrant, or right to subscribe for, acquire or purchase any of the foregoing, or any other security or instrument convertible into or exercisable or exchangeable for any of the foregoing, or any equity appreciation, phantom equity, equity plan or similar right with respect to such Person, or any Contract of any kind for the purchase or acquisition from such Person of any of the foregoing, either directly or indirectly.

“**ESOP**” means such share option plans, share incentive scheme or other schemes and agreements of similar nature duly adopted by the Company pursuant to which Option Shares are issued or granted to the directors, the officers, the employees of any of the Group Companies.

“**Financial Statements**” means the audited consolidated financial statements of the Company for the fiscal year of 2020, 2019 and 2018, which are attached hereto as Exhibit C.

“**Founders**” or “**Founder**” shall have the meaning as set forth in the Preamble.

“**Founder Holding Companies**” or “**Founder Holding Company**” shall have the meaning as set forth in the Preamble.

“**Fundamental Company Warranties**” means Company Warranties contained in Section 4.1 (Organization, Standing and Qualification) to and including Section 4.7 (Liabilities), Section 4.12 (Compliance with Law), Section 4.17 (Financial Statements), Section 4.19 (Tax Matters), and Section 4.25 (UN Security Council Resolutions) to and including Section 4.27 (Environmental Matters).

“**GAAP**” means the generally accepted accounting principles of the PRC.

“**Government Official**” means any officer, employee or other person acting in an official capacity for any Governmental Authority, to any political party or official thereof or any candidate for any political office.

“**Governmental Authority**” means any nation, government, province, state, or any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission or instrumentality of any government or any political subdivision thereof, court, tribunal, arbitrator, the governing body of any securities exchange, and self-regulatory organization, in each case having competent jurisdiction.

“**Group Companies**” means, collectively, the Company, the HK Subsidiary, the WFOE, the WFOE Subsidiary, the Domestic Enterprise, the Domestic Subsidiaries, the HK Co and the Subsidiaries of the foregoing, as of the date hereof, including without limitation, UP Trade Technologies, Inc., AHS Device US, Inc., Shenzhen Runchu Technology Co., Ltd. (深圳市润楚科技有限公司, a limited liability company organized under the PRC Law), Shanghai Yueqing Information Technology Co., Ltd. (上海悦清信息技术有限公司, a limited liability company organized under the PRC Law), Shanghai Yuexia Trade Co., Ltd. (上海悦呷贸易有限公司, a limited liability company organized under the PRC Law), Shanghai Yuechuan Network Information Technology Co., Ltd. (上海悦川网络信息技术有限公司, a limited liability company organized under the PRC Law), Shenzhen Lvchuang Network Technology Co., Ltd. (深圳市绿创网络科技有限公司, a limited liability company organized under the PRC Law), Shenzhen Aileyou Information Technology Co., Ltd. (深圳爱乐优信息科技有限公司, a limited liability company organized under the PRC Law), Nantong Yueyi Network Technology Co., Ltd. (南通悦亿网络信息技术有限公司, a limited liability company organized under the PRC Law) and Chengdu Yuechuan Network Technology Co., Ltd. (成都悦川网络信息技术有限公司, a limited liability company organized under the PRC Law) (with each of such Group Companies being referred to as a “**Group Company**”), excluding AiFenLei Global Co., Ltd (an exempted limited liability company organized under the Cayman Law) and its Subsidiaries.

“**HK Co**” shall have the meaning as set forth in the Preamble.

“**HKIAC**” means Hong Kong International Arbitration Centre.

“**HK Subsidiary**” shall have the meaning as set forth in the Preamble.

“**Hong Kong**” means the Hong Kong Special Administrative Region of the People’s Republic of China.

“**IFRS**” means the International Financial Reporting Standards promulgated by the International Accounting Standards Boards (“**IASB**”) (which include standards and interpretations approved by the IASB and International Accounting Standards issued under previous constitutions) together with its pronouncements thereon from time to time, and applied on a consistent basis.

“**Indemnitees**” (each an “**Indemnitee**”) means, with respect to each Investor, such Investor, together with their respective Affiliates, officers, directors, partners, employees, successors and assigns.

“**Interested Party**” means the Founders, the Founder Holding Companies, any shareholder, officer, director or Key Officer of a Group Company, or any Affiliate or Associate of any such Person.

“**Investor**” or “**Investors**” shall have the meaning as set forth in the Preamble.

“**InnoVen Warrant Exercise**” means the proposed exercise of the warrant granted by the Company to InnoVen Capital China Pte. Ltd. pursuant to a Warrant Instrument entered into by and among the Company and InnoVen Capital China Pte. Ltd. dated as of November 19, 2020.

“**Jing Dong**” shall have the meaning as set forth in the Preamble.

“**Key Officers**” means the Founders and such other management and main technical staff as set forth in Schedule B hereto.

“**Knowledge**” means the actual or constructive knowledge of a Person after due and diligent inquiries of key employees and the senior management of such Person who could reasonably be believed to have knowledge of the matter in question.

“**Law**” means any law, rule, constitution, code, ordinance, statute, treaty, decree, regulation, common or customary law, order, official policy, circular, provision, administrative order, interpretation, injunction, judgment, ruling, assessment, writ or other legislative measure of any Governmental Authority.

“**Licenses**” means all licenses, permits, certificates of authority, authorizations, approvals, registrations, franchises and similar consents granted or issued by any Governmental Authority and the business licenses of the applicable Group Companies.

“**Lien**” means any mortgage, pledge, claim, security interest, encumbrance, title defect, lien, charge, restriction, covenant, or other limitation.

“**Losses**” of a Person means any and all losses, damages, liabilities and expenses (joint or several), including, without limitation, attorneys’ fees and disbursements and all other expenses incurred in investigating, preparing, compromising or defending against any Action, commenced or threatened, or any claim whatsoever and all amounts paid in settlement of any such claim or Action, to which such Person may become subject under any applicable Law.

“**Major Group Companies**” shall have the meaning as set forth in the Preamble.

“**Material Contracts**” means Contracts (oral or written) the term of which has not yet expired and which any Group Company is a party to or it is bound by, have an aggregate value, cost or amount, or impose liability or contingent liability on any Group Company in excess of RMB20,000,000 per annum, and which (i) extend for more than twelve (12) months beyond the date of this Agreement, (ii) are not terminable upon thirty (30) days’ notice without incurring any penalty or obligation or the termination of which would be reasonably likely to have a Company Material Adverse Effect, (iii) are not readily to be fulfilled or performed by a Group Company on time or without undue or unusual expenditure of money or efforts or a Group Company does not have the technical and other capabilities or the human and material resources to enable it to fulfill, perform and discharge all its outstanding obligations in the ordinary course of business without realizing a loss on closing of performance, (iv) are material to the conduct and operations of a Group Company’s business and properties, (v) any Interested Party is a party to, (vi) relate to the sale, issuance, grant, exercise, award, purchase, repurchase or redemption of any Equity Securities, (vii) are with a material customer or material supplier of a Group Company or with a Governmental Authority, (viii) involve indebtedness, an extension of credit, a guaranty or assumption of any obligation, or the grant of a Lien, (ix) involve the acquisition or sale of a business, a merger, consolidation, amalgamation, a partnership, joint venture, or similar arrangement, (x) transfer or license any Proprietary Asset to or from a Group Company (other than licenses granted in the ordinary course of business or from commercially readily available “off-the-shelf” computer software), or obligate a Group Company to share or develop any Proprietary Asset with any third party, (xi) contain change in Control, exclusivity, non-competition or similar clauses that impair, restrict or impose conditions on a Group Company’s right to offer or sell products or services in specified areas, during specified periods or otherwise, (xii) are otherwise substantially dependent on by a Group Company, or (xiii) not in the ordinary course of business of a Group Company (with each of such Material Contracts being referred to as a “**Material Contract**”). For the avoidance of any doubt, notwithstanding any contrary in this Agreement, any contract listed in Section 4.10 of the Disclosure Schedule shall be deemed to be a Material Contract.

“**Option Shares**” means the Ordinary Shares issuable or issued under the ESOP to the employees, officers, directors of any of the Group Companies or other eligible Persons.

“**Ordinary Shares**” means the Company’s ordinary shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Parties**” and “**Party**” shall have the meaning as set forth in the Preamble.

“**Person**” means any individual, corporation, partnership, limited partnership, proprietorship, association, limited liability company, firm, trust, estate or other enterprise, entity or legal person.

“**Pluto Connection**” shall have the meaning as set forth in the Preamble.

“**PRC**” means the People’s Republic of China, for the purpose of this Agreement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan.

“**PRC Group Companies**” means all the Group Companies established in the PRC (with each of such PRC Group Companies being referred to as a “**PRC Group Company**”).

“**Principal Business**” means the business of the operation of the platform of the trade of second-hand goods.

“**Privacy Law**” means all Law in any jurisdiction governing the receipt, collection, use, storage, processing, sharing, security, disclosure or transfer of personal information, and cybersecurity, including all Law governing data breach notification.

“**Preferred Shares**” means the Series A Preferred Shares, the Series B Preferred Shares, the Series C Preferred Shares, the Series D Preferred Shares, the Series E Preferred Shares and the Series F Preferred Shares collectively (with each of such Preferred Shares being referred to as a “**Preferred Share**”).

**“Proprietary Assets”** means (i) all inventions and patents, together with all applications, reissues, continuations, revisions, and extensions thereof, (ii) all registered and material unregistered trademarks, service marks, trade dress, logos, trade names and corporate names and domain names, together with all translations, adaptations, derivations and combinations thereof and including all goodwill and all applications, registrations and renewals in connection therewith, (iii) all copyrightable works (including, without limitation, all works of authorship, works made for hire and mask works), all copyrights (together with all applications, registrations and renewals in connection therewith) and all material unregistered copyrights, (iv) all trade secrets and confidential business information (including ideas, know-how, formulas, compositions, manufacturing and production processes and techniques, methods, technology, technical data, designs, drawings, flowcharts, diagrams, specifications, customer and supplier lists, pricing and cost information and business and marketing plans and proposals), (v) all Software, (vi) all other proprietary rights, (vii) all licenses, sublicenses, agreements, consents or permissions related to the foregoing, and (viii) all media on which any of the foregoing is stored or all documentation related to any of the foregoing.

**“Purchase Price”** means the applicable purchase price to be paid in cash by the Investors for the Purchased Shares.

**“Purchased Shares”** means the Series F Preferred Shares, the Series C-3 Preferred Shares and the Ordinary Shares to be purchased and sold pursuant to [Section 2](#).

**“Relatives”** of a natural person means such Person’s spouse, parents, grandparents, children, grandchildren, siblings, uncles, aunts, nephews, nieces or great-grandparents or the spouse of such Person’s children, grandchildren, siblings, uncles, aunts, nephews or nieces (with each of such Relatives being referred to as a **“Relative”**).

**“Renminbi”** and **“RMB”** mean the lawful currency for the time being of the PRC.

**“Restated Articles”** means the amended and restated Memorandum and Articles in the form and substance attached hereto as [Exhibit A](#).

**“Restricted Business”** means any business that is related to the Principal Business or otherwise Competes with any PRC Group Company.

**“Restructuring Documents”** means a series of agreements among the WFOE on the one hand, and the Domestic Enterprise and/or all of its equity interest holders: (a) the exclusive technical service agreement dated August 31, 2012 among WFOE and the Domestic Enterprise; (b) the business cooperation agreement dated August 31, 2012 among WFOE, the Domestic Enterprise and the Founders; (c) the third amended and restated option purchase agreements entered into by and among WFOE and the Founders on December 7, 2020; (d) the third amended and restated share pledge agreement entered into by and among WFOE and the Founders on December 7, 2020; (e) the proxy agreement dated August 31, 2012 among WFOE, the Domestic Enterprise and the Founders; (f) the amended and restated powers of attorney dated March 12, 2021 issued by each Founder to the WFOE; (g) the spousal consent letters issued by the spouses of the Founders on March 12, 2021 and (h) the fifth supplemental agreement to the exclusive technology consulting and management service agreement entered into by and between the WFOE and the Domestic Enterprise on March 12, 2021.

**“Rules”** shall have the meaning as set forth in [Section 10.14\(c\)](#).

**“SAFE”** means the State Administration of Foreign Exchange of the PRC and its local branches.

“**SAFE Rules and Regulations**” means the *Circular on Relevant Issues Concerning Foreign Exchange Administration for Domestic Residents to Engage in Overseas Investment and Financing and Round Trip Investment via Special Purpose Companies* (国家外汇管理局关于境内居民通过特殊目的公司境外投融资及返程投资外汇管理有关问题的通知, the “**Circular 37**”) issued by SAFE on July 4, 2014 and any other guidelines, implementing rules, reporting and registration requirements issued by SAFE in relation thereto.

“**Securities Act**” means the U.S. Securities Act of 1933, as amended and interpreted from time to time.

“**Series A Preferred Shares**” means the Company’s series A preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Series B Preferred Shares**” means Series B-1 Preferred Shares, Series B-2 Preferred Shares and Series B-3 Preferred Shares collectively.

“**Series B-1 Preferred Shares**” means the Company’s series B-1 preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Series B-2 Preferred Shares**” means the Company’s series B-2 preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Series B-3 Preferred Shares**” means the Company’s series B-3 preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Series C Preferred Shares**” means Series C-1 Preferred Shares, Series C-2 Preferred Shares and Series C-3 Preferred Shares collectively.

“**Series C-1 Preferred Shares**” means the Company’s series C-1 preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Series C-2 Preferred Shares**” means the Company’s series C-2 preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Series C-3 Preferred Shares**” means the Company’s series C-3 preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Series D Preferred Shares**” means Series D-1 Preferred Shares and Series D-2 Preferred Shares collectively.

“**Series D-1 Preferred Shares**” means the Company’s series D-1 preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Series D-2 Preferred Shares**” means the Company’s series D-2 preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Series E Preferred Shares**” means the Company’s series E preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Series F Preferred Shares**” means the Company’s series F preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Shanghai Subsidiary**” shall have the meaning as set forth in the Preamble.

“**Share Repurchase**” shall have the meaning as set forth in the Preamble.

“**Share Repurchase Price**” means the repurchase price to be paid in cash by the Company for the Share Repurchase, which shall be equivalent to the Purchase Price to be paid for the total amount of Series C-3 Preferred Shares and the Ordinary Shares sold pursuant to [Section 2](#).

“**Shareholders Agreement**” means the eighth amended and restated shareholders agreement to be entered into on or prior to the Closing by and among the parties named therein, which agreement shall be in the form and substance attached hereto as [Exhibit B](#).

“**Shenzhen Subsidiary**” shall have the meaning as set forth in the Preamble.

“**Software**” means computer programs, including any and all software implementation of algorithms, models and methodologies (whether in source code or object code), databases and compilations (including any and all data and collections of data), and all related documentation.

“**Subsidiary**” means, with respect to any given Person, any Person of which the given Person, directly or indirectly, Controls, including but not limited through the ownership of more than fifty percent (50%) of the issued and outstanding authorized capital, share capital, voting interests or registered capital, for the avoidance of doubt, the branch of any Group Company shall not be regarded as a Subsidiary of such Group Company.

“**Tax Return**” means any return, report or statement showing Tax, used to pay Tax, or required to be filed with respect to any Tax (including any elections, declarations, schedules or attachments thereto, and any amendment thereof), including any information return, claim for refund, amended return or declaration of estimated or provisional Tax.

“**Tax**” means (i) in the PRC: (a) any national, provincial, municipal, or local taxes, charges, fees, levies, or other assessments, including, without limitation, all net income (including enterprise income tax and individual income withholding tax), turnover (including value-added tax, business tax, and consumption tax), resource (including urban and township land use tax), special purpose (including land value-added tax, urban maintenance and construction tax, and additional education fees), property (including urban real estate tax and land use fees), documentation (including stamp duty and deed tax), filing, recording, social insurance (including pension, medical, unemployment, housing, and other social insurance withholding), tariffs (including import duty and import value-added tax), and estimated and provisional taxes, charges, fees, levies, or other assessments of any kind whatsoever, (b) all interest, penalties (administrative, civil or criminal), or additional amounts imposed by any Governmental Authority in connection with any item described in clause (a) above, and (c) any form of transferee liability imposed by any Governmental Authority in connection with any item described in clauses (a) and (b) above, and (ii) in any jurisdiction other than the PRC: all similar liabilities as described in clause (i) above.

“**Transaction Documents**” means this Agreement, the Ancillary Agreements, the Restructuring Documents and each of the other agreements and documents otherwise required in connection with implementing the transactions contemplated by any of the foregoing, and only with respect to the rights and obligations of Jing Dong (and not any other Investor) under this Agreement, the “Transaction Documents” shall also include the BCA.



“US\$” or “US Dollars” means the lawful currency of the United States of America.

“Warrantors” means, collectively, the Major Group Companies, the Founder Holding Companies and the Founders (with each of such Warrantors being referred to as a “Warrantor”).

“WFOE” shall have the meaning as set forth in the Preamble.

“WFOE Subsidiary” shall have the meaning as set forth in the Preamble.

## 2. TRANSACTIONS

Subject to the terms and conditions of this Agreement and the Transaction Documents, as applicable, as of the Closing, the Company will have authorized the issuance, pursuant to the terms and conditions of this Agreement, of up to 7,204,388 Series F Preferred Shares, 2,255,380 Series C-3 Preferred Shares and 1,604,113 Ordinary Shares. Subject to the terms and conditions hereof, the Company hereby agrees to issue and sell to each Investor, and each Investor hereby agrees to subscribe for and purchase, on the date of the Closing, that type and number of Purchased Shares set forth opposite such Investor’s name on Schedule A, with such Investor to pay the Purchase Price set forth opposite its name on Schedule A attached hereto. At the Closing, each Investor shall pay the Purchase Price set forth opposite such Investor’s name in Schedule A to the Company.

## 3. CLOSING; CLOSING DELIVERIES

3.1 Closing. Upon the fulfillment and/or waiver of the conditions set forth in Sections 7 and 8 below:

(a) the Company shall request each Investor to subscribe for the Purchased Shares pursuant to Section 2 and deliver wire transfer instructions to such Investor as soon as practicable, but in no event later than one (1) Business Day after such fulfillment and/or waiver; and

(b) the purchase and sale of the Purchased Shares shall take place remotely via the exchange of documents and signatures and concurrently with completion of the Share Repurchase, on a date specified by the Parties, which date shall be no later than ten (10) Business Days after the fulfillment and/or waiver of the conditions set forth in Sections 7 and 8 below applicable to certain Investor, or at such other time and place as the Company and each Investor may mutually agree upon.

3.2 Deliveries by the Company. At the Closing, in addition to any items the delivery of which is made an express condition to each Investor’s obligations at the Closing pursuant to Section 7, the Company shall deliver to each Investor:

(a) a certificate executed by a Founder and the Company as of the Closing, certifying that the conditions to the Closing set forth in Section 7 have been satisfied.

(b) a copy of the updated register of members of the Company, showing such Investor as the holder of such number of Purchased Shares being purchased by such Investor at the Closing, certified by the registered agent or a director of the Company to be a true and complete copy of the original; and

(c) a copy of the share certificate, representing the issuance to such Investor of the Purchased Shares being purchased by such Investor at the Closing, certified by the registered agent or a director of the Company to be a true and complete copy of the original, with the original (duly signed and sealed for and on behalf of the Company) to be delivered to such Investor within fifteen (15) Business Days after the payment of Purchase Price by such Investor.

3.3 Deliveries by each Investor. At the Closing, in addition to any items the delivery of which is made an express condition to the Company's obligations at the Closing pursuant to this Agreement, each Investor shall pay its respective portion of the Purchase Price as indicated opposite such Investor's name on Schedule A by wire transfer of immediately available funds in US Dollars to an account designated in the wire transfer instruction delivered by the Company pursuant to Section 3.1(a).

3.4 Actions if Closing Conditions not Fulfilled. With respect to each Investor, if any condition set forth in Section 7 applicable to it has not been fulfilled or waived within sixty (60) days after the date hereof, such Investor is entitled to, at its own option, without prejudice to its rights hereunder and under applicable Law:

- (a) defer the Closing to a later date while such date shall be as mutually agreed between such Investor and the Company;
- (b) proceed with the Company to the Closing so far as practicable (without limiting its rights under this Agreement); or
- (c) terminate this Agreement with respect to itself.

#### 4. REPRESENTATIONS AND WARRANTIES OF THE WARRANTORS

Each of the Warrantors, jointly and severally, hereby represents, warrants and undertakes to each Investor, except as set forth in the Disclosure Schedule (disclosures contained in which shall be deemed to be the exceptions to the Company Warranties to the Investors only if such disclosures are fully, specifically and accurately stated therein), as of the date hereof that each of the Company Warranties set out in this Section 4 is true, complete and accurate, and not misleading in all material respects, and acknowledges that the Investors are relying on the Company Warranties made by such Warrantors in this Section 4 in entering into this Agreement. Each of the Company Warranties made by any Warrantor in Section 4 shall be construed as a separate and independent Company Warranty. The Company Warranties made by each Warrantor in this Section 4 shall be deemed to be repeated as of the Closing as if they were made on and as of the Closing and all references therein to the date of this Agreement were references to the Closing, except for those Company Warranties that address matters only as of a particular date, which Company Warranties will have been true, correct and complete as of such particular date. The Warrantors are permitted to supplement the Disclosure Schedule by way of the supplemental disclosure to be given prior to or as of the Closing, the form and substance of which shall be subject to the agreement by the Company and the applicable Investor proposed to consummate the Closing and must be agreed by such Parties no less than five (5) days prior to the Closing and, failing such agreement (which shall not be unreasonably withheld or delayed), no material change or supplementation shall be made to the Disclosure Schedule.

4.1 Organization, Standing and Qualification. Each Major Group Company is duly organized, validly existing and in good standing (or equivalent status in the relevant jurisdiction) under, and by virtue of, the Law of the place of its incorporation or establishment and has all requisite power and authority to own its properties and assets and to carry on its business as now conducted and as proposed to be conducted, and to perform each of its obligations hereunder and under each of the Transaction Documents to which it is a party. Each Group Company is qualified to do business and is in good standing (or equivalent status in the relevant jurisdiction) in each jurisdiction where failure to be so qualified would constitute a Company Material Adverse Effect.

4.2 Capitalization.

(a) Company Shares. Schedule D sets forth the capitalization of the Company as of the execution date of this Agreement and immediately following the Closing (assuming the maximum number of Purchased Shares permitted to be issued under Section 2 of this Agreement are subscribed for, the Share Repurchase is fully completed and the InnoVen Warrant Exercise is fully completed).

(b) Company Options. Except for the Option Shares and the conversion privileges of the Preferred Shares or as otherwise set forth in Schedule D or the Disclosure Schedule, there are no options, warrants, conversion privileges or other rights, or agreements with respect to the issuance thereof, presently outstanding to purchase any of the Equity Securities of the Company. Except as noted in this Section 4.2(b) and the rights provided in the Shareholders Agreement and Restated Articles, none of the Company's outstanding share capital, or shares issuable upon exercise or exchange of any outstanding options or other shares issuable by the Company, are subject to any preemptive rights, rights of first refusal or other rights to purchase such shares (whether in favor of the Company or any other Person).

(c) HK Subsidiary. The authorized share capital of the HK Subsidiary is HK\$10,000, divided into 10,000 shares of HK\$1.00 each, all of its outstanding shares are held by the Company.

(d) PRC Group Companies. The HK Subsidiary legally and beneficially owns one hundred percent (100%) of the Equity Securities of the WFOE and all of such Equity Securities of the WFOE are duly vested in the HK Subsidiary as the owner in accordance with applicable PRC Law. Except as contemplated under the Restructuring Documents, there are no outstanding rights or commitments made by any Warrantor to sell any Equity Securities in any PRC Group Company. Except as set forth in the Restructuring Documents and the Disclosure Schedule, there are no options, warrants, conversion privileges or other rights, or agreements with respect to the issuance thereof, presently outstanding to purchase any of the Equity Securities of any PRC Group Company. Except as set forth in the Restructuring Documents and their respective Constitutional Documents or as required by applicable Law, no outstanding Equity Securities of any PRC Group Company are subject to any preemptive rights, rights of first refusal or other rights to purchase such Equity Securities (whether in favor of such PRC Group Company or any other Person).

(e) Outstanding Security Holders. A complete and current list of all outstanding shareholders and any other holders of the Equity Securities of each Major Group Company (other than the Company) as of the date hereof and immediately prior to the Closing is set forth in the Disclosure Schedule, indicating the type and number of shares, options or other Equity Securities held by each such shareholder, option holder or other holder of the Equity Securities. All outstanding share capitals or registered capitals of each Group Company have been duly and validly issued (or subscribed for), fully paid and non-assessable. Except as set forth in the Restructuring Documents and the Disclosure Schedule, all share capitals or registered capitals of each Group Company are free and clear of any Lien (except for any restrictions on transfer under applicable Law). No outstanding share, option, warrant, registered capital or other Equity Security of any Group Company was issued or subscribed to in violation of the preemptive rights of any Person, terms of any Contract or any applicable Law, including without being limited to applicable securities Law and any exemption therefrom, by which each such Group Company at the time of issuance or subscription was bound. Except as set forth in the Restructuring Documents, the Disclosure Schedule and as contemplated under the Transaction Documents,

(i) there is no resolution pending to increase the share capital or registered capital of any Group Company;

(ii) except as provided in the ESOP, there is no outstanding Contract under which any Person purchases or otherwise acquires, or has the right to purchase or otherwise acquire, any interest in the share capital or registered capital of any Group Company;

(iii) there is no dividend which has been declared but is unpaid by any Group Company;

(iv) except for the ESOP, there is no outstanding or authorized equity appreciation, phantom equity, equity plan or similar right with respect to any Group Company; and

(v) none of the Group Companies, the Founders or the Founder Holding Companies is a party or is subject to any Contract that affects or relates to the voting of any Group Company's Equity Securities.

#### 4.3 Group Structure.

(a) Group Structure. Except for the Group Companies, the Company does not presently own or Control, directly or indirectly, any interest in any other corporation, partnership, trust, joint venture, association, or other entity. Except for the branches and offices duly maintained by the Group Companies or as disclosed in the Disclosure Schedule, none of the Group Companies holds or Controls, directly or indirectly, any interest in any other corporation, partnership, trust, joint venture, association, or other entity. The capital and organizational structure of each PRC Group Company are valid and in full compliance with relevant PRC Law.

(b) Founders and Founder Holding Companies. Except for the Group Companies, the Founders and the Founder Holding Companies do not presently own or Control, directly or indirectly, any interest in any other corporation, partnership, trust, joint venture, association, or other entity.

4.4 Due Authorization. All corporate actions on the part of each applicable Group Company and, as applicable, their respective officers, directors and shareholders necessary for (i) the authorization, execution and delivery of, and the performance of all of its obligations under this Agreement or any Transaction Documents, and (ii) the authorization, issuance, reservation for issuance and delivery of all of the Purchased Shares have been taken or will be taken prior to the applicable Closing. Each Founder and his Founder Holding Company has the requisite power, capacity and authority to enter into, execute and deliver this Agreement and each of the Transaction Documents to which he or it is a party, and to perform all the obligations to be performed by such Founder and his Founder Holding Company hereunder and thereunder. Each of the Transaction Documents, when executed and delivered, will constitute valid and binding obligations of each Warrantor to the extent such Warrantor is a party to such Contract, enforceable against such Warrantor in accordance with its terms, subject, as to enforcement of remedies, to applicable bankruptcy, insolvency, moratorium, reorganization and similar Law affecting creditors' rights generally and to general equitable principles.

4.5 Consents; No Conflict. Except as disclosed in the Disclosure Schedule or otherwise disclosed to the Investors by the Warrantors in writing, no consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any Governmental Authority or other third party on the part of any Warrantor is required in connection with the execution, delivery and performance of the Transaction Documents and the consummation of the transactions contemplated hereby and thereby, other than those already secured or effected or will be secured or effected prior to the Closing. There is no applicable Law or legal requirement, agreement, judgment, injunction order or decree binding upon any Group Company which has or could reasonably be expected to have the adverse effect of conflicting with or prohibiting or impairing in any material respect any of its current business practices, its acquisition of property or the conduct of its business as it is currently conducted.

4.6 Valid Issuance of Purchased Shares. The Purchased Shares, when issued, sold and delivered in accordance with the terms of this Agreement, will be duly and validly issued, fully paid, nonassessable and free and clear of any Lien, except any Lien imposed by the Transaction Documents and the applicable Law. All Ordinary Shares issuable upon conversion of the Purchased Shares will be duly and validly issued, fully paid and nonassessable. Subject to the representations and warranties made by the Investors in Sections 5.2 and 5.3, the offer and sale of the Purchased Shares to the Investors pursuant to this Agreement shall be exempt from the registration and/or qualification requirements of all applicable securities Law.

4.7 Liabilities. Except as disclosed in the Financial Statements and the Disclosure Schedule or those incurred in the ordinary course of business of the Group Companies after the Balance Sheet Date, none of the Group Companies has any indebtedness for borrowed money that it has directly or indirectly created, incurred, assumed, or guaranteed, or with respect to which such Group Company has otherwise become directly or indirectly liable. Except as disclosed in the Financial Statements and the Disclosure Schedule, none of the Warrantors is a guarantor or indemnitor of any indebtedness of any other Person other than any indebtedness incurred in the ordinary course of business after the Balance Sheet Date.

4.8 Title to Properties and Assets. Each Group Company has good and marketable titles to, or valid rights to use, all of its material properties and assets (whether tangible or intangible) that it purports to own (including as reflected in its balance sheets of the Financial Statements) or that it currently uses (except for such assets as have been spent, sold or transferred in the ordinary course of business since the Balance Sheet Date), free and clear of any and all Liens of any party other than the lessors of such property and assets in the case that it is leased by any Group Company. Such properties and assets collectively represent in all material respects all properties and assets necessary for the conduct of the business of the Group Companies as presently conducted, and have been properly maintained and are in good working condition in all material respects. Each Group Company has been and is in compliance with all the leases with respect to the property and assets it leases in all material respects.

4.9 Status of Proprietary Assets.

(a) Ownership of Proprietary Assets. Each of the Group Companies owns all right, title and interest in and to, free and clear of all Liens, or has all necessary and valid rights to use, all of the material Proprietary Assets, and no item of Proprietary Assets is subject to any outstanding injunction, judgment, order, decree, ruling or charge. Each Proprietary Assets owned by the Group Companies is valid, enforceable, and subsisting, in full force and effect, and has not been cancelled, expired or abandoned. To the Knowledge of the Warrantors, none of the Warrantors is aware of any notice, claim or assertion that any item of Proprietary Assets owned by the Group Companies is invalid and is aware of any actual, threatened or pending claim, action, opposition, re-examination, interference or cancellation proceeding with respect thereto.

(b) Use of Proprietary Assets. To the Knowledge of the Warrantors, the Group Companies have not interfered with, infringed upon, misappropriated or violated any rights of third parties to the Proprietary Assets due to its use of Proprietary Assets, and the Group Companies have not received any charge, complaint, claim, demand or notice alleging any such interference, infringement, misappropriation or violation, nor is any Group Company aware of any reasonable basis therefor. To the Knowledge of the Warrantors, no third party has interfered with, infringed upon, misappropriated or violated any rights of the Group Companies to any of the material Proprietary Assets owned by the Group Companies. Except as set forth in the Disclosure Schedule, there are no outstanding options, licenses or agreements of any kind granted by any Group Company relating to the Proprietary Assets owned by any Group Company, and such Group Company is not bound by or a party to any options, licenses or agreements of any kind with respect to the Proprietary Assets owned by any other Person, except for standard end-user agreements with respect to commercially available Proprietary Assets such as "off the shelf" computer software all of which are valid and fully paid, or other options, licenses or agreements occurred in the ordinary course of business of such Group Company. Each Group Company has used best efforts to protect its title and ownership in the Proprietary Assets owned by such Group Company and the confidentiality of its trade secrets. To the Warrantors' best Knowledge, there has been no material disclosure of any trade secrets of any Group Company by any Person other than pursuant to the terms of a non-disclosure agreement, and, to the Warrantors' best Knowledge, no party to any non-disclosure agreement relating to the Company's trade secrets is in breach or default thereof.

(c) Work Products Owned by Group Companies. All of personnel of any Group Company, including employees, agents, consultants, and contractors, who have contributed to or participated in the conception and development of the material Proprietary Assets on behalf of such Group Company with respect to the business of such Group Company, either (i) have been a party to a "work-for-hire" arrangement or similar agreement with such Group Company, in accordance with applicable Law, that has accorded such Group Company full, effective, exclusive, and original ownership of all tangible and intangible property and related rights thereby arising, or (ii) have executed appropriate instruments of assignment in favor of such Group Company that have conveyed to such Group Company full, effective, and exclusive ownership of all tangible and intangible property and related rights thereby arising.

(d) Employees' Invention. To the Knowledge of the Warrantors, none of the Group Companies is aware that any of Key Officers or key employees with position of vice president or higher is obligated under any agreement or contract (including licenses, covenants or commitments of any nature) or instrument, or subject to any judgment, decree or order of any court or governmental agency or instrumentality, that would interfere with the devotion of his full-time service to such Group Company or that would conflict with the business as currently conducted or as proposed to be conducted by such Group Company. Neither the execution nor delivery of this Agreement or the Transaction Documents, nor the carrying on of the business as currently conducted or as proposed to be conducted by any Group Company, will, to the Warrantors' best Knowledge, conflict with or result in a breach of the terms, conditions or provisions of, or constitute a violation or default under, any such Contract, judgment, decree or order under which any of such officers or employees are currently obligated. None of the Group Companies believes it is or will be necessary to utilize any inventions of any of its Key Officers or key employees with position of vice president or higher made prior to or outside the scope of their employment by such Group Company.

4.10 Material Contracts and Obligations. All Material Contracts are listed in the Disclosure Schedule and have been made available for inspection by or, if they are oral Contracts, have been summarized in writing for the Investors and the counsels thereof. Each Material Contract is a valid, binding and enforceable agreement of the parties thereto, the performance of which does not violate any applicable Law, and is in full force and effect, and the terms thereof have been complied with by the relevant Group Companies and, to the best Knowledge of each Warrantor, by all the other parties thereto. There are no circumstances likely to give rise to any material breach of such terms, no grounds for rescission, avoidance or repudiation of any of the Material Contracts and no notices of violation, default, termination or intention to terminate (whether or not such notice is in writing) have been received in respect of any Material Contract.

4.11 Litigation.

(a) General. Except as disclosed in the Disclosure Schedule, there is no material Action pending or, to the best Knowledge of the Warrantors, threatened, against any Group Company or the business of the Group Companies, and each Warrantor is not aware of any event or circumstance that may form a basis for any such Action. The foregoing includes, without limitation, material Actions pending or threatened against the Group Companies, the Founders or the Founder Holding Companies or the business of the Group Companies, the Founders or the Founder Holding Companies (or any basis therefor known to the Warrantors) involving the prior employment of any of the Group Companies' Key Officers or key employees with position of vice president or higher, their use in connection with the business of the Warrantors of any information or techniques allegedly proprietary to any of their former employers, or their obligations under any agreements with former employers. None of the Group Companies, the Founders or the Founder Holding Companies is a party or subject to the provisions of any order, writ, injunction, judgment or decree of any court or Governmental Authority. There is no Action initiated by the Group Companies that is currently pending.

(b) Action Relating to this Agreement. There is no Action pending or, to the best Knowledge of the Warrantors, threatened, that questions the validity of this Agreement, or any of the Transaction Documents, or the right of the Company to enter into such agreements, or to consummate the transactions contemplated hereby or thereby or that could, individually or in the aggregate, result in a Company Material Adverse Effect or a change in the current equity ownership of any Group Company.

(c) Anti-Corruption Law Matters. To the best Knowledge of the Warrantors, there are no Actions pending or threatened against any Group Company, Founder, Founder Holding Company or any director, officer, agent, employee or any other Person acting for or on behalf of the foregoing, alleging a violation of any Anti-Corruption Law, (i) to obtain favorable treatment in securing business, (ii) to pay for favorable treatment for business secured, or (iii) to obtain special concessions or for special concessions already obtained, for or in respect of the Group Companies.

(d) Money Laundering and Financing of Terrorism. None of the Group Companies, the Founders or the Founder Holding Companies has been charged, convicted, fined or otherwise sanctioned in any litigation, administrative, regulatory or criminal investigation or proceeding or freezing of assets by any Governmental Authority involving any aforesaid Persons or their respective director, officer, agent, employees or any other Person acting for or on behalf thereof with regard to money laundering or financing of terrorism.

#### 4.12 Compliance with Law.

(a) General Compliance. None of the Group Companies, the Founders or the Founder Holding Companies is in violation or has been in material violation of any applicable Law. All Approvals from any Governmental Authority and any third party which are required to be obtained or made by each Warrantor and each Group Company under applicable Law in connection with the due and proper establishment of each Group Company and the conduct of the business or the consummation of the transactions contemplated hereunder, the absence of which would be reasonably likely to have a Company Material Adverse Effect, have been obtained or completed in accordance with the relevant Law, are not in default, and are in full force and effect. None of the Group Companies is in receipt of any letter or notice from any Governmental Authority notifying revocation of any permits or Licenses issued to it for non-compliance or the need for compliance or remedial actions in respect of the activities carried out directly or indirectly by it. The execution, delivery and performance of and compliance with each of the Transaction Documents will not result in any such violation, breach or default, or be in conflict with or constitute, with or without the passage of time or the giving of notice or both, either a default under the Restated Articles or similar charter documents of any Group Company, any such contract, agreement or instrument to which any Warrantor is a party or to which the assets of any Group Company is subject, an event which results in the creation of any Lien upon any asset of any Group Company, or any violation of any applicable Law.

#### (b) PRC Law Compliance.

(i) General. Except as disclosed in the Disclosure Schedule, each of the PRC Group Companies is and has in all material aspects been operating its business in compliance with all relevant PRC Law and with all requisite Licenses, permits and Approvals granted by the competent PRC Governmental Authorities. All Approvals from any PRC Governmental Authority and any third party which are required to be obtained or made by each Group Company under applicable PRC Law in connection with the due and proper establishment of each PRC Group Company and the conduct of the business or the consummation of the transactions contemplated hereunder, including but not limited to the registrations with the PRC Ministry of Commerce, the State Administration of Market Regulation of PRC, SAFE, tax bureau, customs authorities, environmental protection authorities, fire and rescue authorities, and product registration authorities, have been obtained or completed in accordance with the relevant PRC Law, not in default, and are in full force and effect and there exist no grounds on which any such Approval may be cancelled or revoked or any PRC Group Company or its legal representative may be subject to liability or penalties for misrepresentations or failures to disclose information to the issuing PRC Governmental Authorities.



(ii) Licenses. Unless otherwise disclosed in the Disclosure Schedule, each Group Company owns or validly holds all Licenses that are necessary to conduct its business and own and operate its assets and properties as presently conducted and operated and as proposed to be conducted and operated, the absence of which would have a Company Material Adverse Effect. All Licenses held by each Group Company are valid, binding and in full force and effect. No Group Company is or has at any time been, or has received any notice that it is or has at any time been, in default (or with the giving of notice or lapse of time or both, would be in default) under any such License. All filings and registrations with relevant Governmental Authorities required in respect of each of the Group Companies and its operations and businesses have been duly and timely completed in accordance with all applicable Law in all material respects. To the Knowledge of the Warrantors, the consummation of the transactions contemplated under the Transaction Documents will not result in a termination or revocation of any of the material Licenses of the Group Companies.

(iii) SAFE. Except as disclosed in the Disclosure Schedule, the Founders and any other Person who is required to comply with the SAFE Rules and Regulations (other than shareholders of the Company holding any Preferred Share and their directly or indirectly beneficial owners) has obtained registration with SAFE with respect to their holdings of Equity Securities in the Company in accordance with the SAFE Rules and Regulations and none of them has received any oral or written inquiries, notifications, orders or any other forms of official correspondence from SAFE with respect to any actual or alleged non-compliance with the SAFE Rules and Regulations.

(c) Anti-Corruption Law Compliance. None of the Founders or the Founder Holding Companies, or to the Knowledge of the Warrantors, none of the Group Companies, directors (excluding director appointed by the holders of Preferred Shares), Key Officers or key employees with position of vice president or higher acting for or on behalf of the Group Companies, has violated the Anti-Corruption Law, nor has any of the above Persons offered, paid, promised to pay, or authorized the payment of any money, or offered, given, promised to give, or authorized the giving of anything of value, to any Government Official or to any Person under circumstances where there is a high probability that all or a portion of such money or thing of value would be offered, given or promised, directly or indirectly, to any Government Official, for the purpose of:

(i) (A) influencing any act or decision of such Government Official in his official capacity, (B) inducing such Government Official to do or omit to do any act in relation to his lawful duty, (C) securing any improper advantage, or (D) inducing such Government Official to influence or affect any act or decision of any Governmental Authority, or

(ii) assisting any Group Company in obtaining or retaining business for or with, or directing business to any Group Company.

(d) Privacy Law Compliance. The Group Companies have complied in all material respects with all privacy policies, all applicable Privacy Law and all contractual commitments that the Group Companies have entered into with respect to personal information. None of the Group Companies has received any written notice of any claims, investigations (including, but not limited to, investigations by regulatory authorities or any data protection authorities), or alleged violations of Privacy Law with respect to personal information possessed by or otherwise subject to the control of the Group Companies, and, to the Knowledge of the Warrantors, there are no facts or circumstances which could form the basis for any such claim.

4.13 Compliance with Other Instruments and Agreements. The Constitutional Documents of each Group Company are valid and have been duly approved or issued (as applicable) by competent Governmental Authorities in the jurisdiction where such Group Company is incorporated. None of the Group Companies is in nor shall the business as currently conducted result in violation, breach or default of any term or provision of the Constitutional Documents, or of any term or provision of any Contract to which such Group Company is a party or by which it may be bound, or of any provision of any Law applicable to or binding upon such Group Company in material respects. The Constitutional Documents of each Group Company are made available to the Investors. Each Group Company has been in compliance with its Constitutional Documents in material respects, to the Knowledge of the Warrantors, none of the Group Companies has violated or breached any of their respective Constitutional Documents in material respects. The register of members and directors of each Group Company (if applicable) is correct. There has been no notice of any proceedings to rectify any such register, and there are no circumstances which might lead to any application for its rectification. All Constitutional Documents required to be filed by each of the Group Companies with the applicable Governmental Authority in respect of the relevant jurisdiction in which such Group Company is being incorporated have been properly made up and filed. No shareholder or any other holder of the Equity Securities of the Company or the Group Companies has claimed any liability of any Group Company or Founder for such party's breach of any contract in respect of its shareholding or investment in the Company.

4.14 Disclosure. No Warranty made by any of the Warrantors in this Agreement and no information or materials provided by any of the Warrantors to the Investors in connection with the negotiation or execution of this Agreement or any Transaction Document contains any untrue statement of a material fact, or omits to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances in which they are made, not misleading.

4.15 Registration Rights. Except as provided in the Shareholders Agreement, no Group Company has granted or agreed to grant any Person any registration rights (including piggyback registration rights) with respect to, nor is any Group Company obliged to list, any Group Company's Equity Securities on any securities exchange.

4.16 Insurance. Except as provided in the Disclosure Schedule, the Group Companies have obtained and maintains the insurance coverage of the same types and at the same coverage levels as other similarly situated companies in the same industry in which the Group Companies operate business or possess properties and assets, in accordance with its best commercial practices. To the best Knowledge of the Warrantors, nothing has been done or omitted to be done by or on behalf of any Group Company which would make any policy of insurance void or voidable or enable the insurers to avoid the same and there is no claim outstanding under any such policy and, to the best Knowledge of the Warrantors, there are no facts or circumstances likely to give rise to such claim or result in an increased rate of premium.

4.17 Financial Statements. The Financial Statements (i) have been prepared in accordance with the books and records of the Group Companies, (ii) are true, correct and complete and present fairly the financial condition of the Group Companies at the date or dates therein indicated and the results of operations for the period or periods therein specified, and (iii) have been prepared in accordance with the GAAP and the IFRS applied on a consistent basis, except as to the unaudited Financial Statements, for the omission of notes thereto and normal year-end audit adjustments. Specifically, but not by way of limitation, the most recent balance sheets included within the Financial Statements disclose all of each Group Company's debts, liabilities and obligations of any nature, whether due or to become due, as of their respective dates (including, without limitation, absolute liabilities, accrued liabilities, and contingent liabilities) to the extent such debts, liabilities and obligations are required to be disclosed on a balance sheet in accordance with the GAAP and the IFRS, other than current liabilities that were incurred after the Balance Sheet Date in the ordinary course of business consistent with its past practices that are not material in the aggregate. The Group Companies maintain a standard system of accounting established and administered in accordance with the GAAP and the IFRS.

4.18 Activities Since Balance Sheet Date. Since the Balance Sheet Date, each of the Group Companies has operated its business in the ordinary course, and except as contemplated in the Transaction Documents, with respect to each Group Company, there has not been:

(a) any sale, assignment or transfer of any Proprietary Assets or other intangible assets of such Group Company, except such sale, assignment or transfer made in the ordinary course of business of such Group Company that do not constitute or result in, the aggregate, a Company Material Adverse Effect;

(b) any mortgage, pledge, transfer of a security interest in, or Lien created with respect to any of such Group Company's properties or assets, except for Liens for taxes not yet due or payable or any transfer incurred in the ordinary course of business of such Group Company that have not been material adverse to such Group Company; or

(c) any Company Material Adverse Effect in the way such Group Company conducts its business.

4.19 Tax Matters.

(a) General. The provisions for Tax in the respective Financial Statement are sufficient for the payment of all accrued and unpaid applicable Tax of each Group Company, whether or not assessed or disputed as of the date of each such balance sheet. Each Group Company has duly and timely filed all Tax Returns required to have been filed by it and all such Tax Returns are true, correct, and complete in all material respects. Each Group Company has withheld and paid all Tax which are required to be withheld or due and payable (whether or not shown on any Tax Return), including the Tax in connection with any amounts due or owing to any employee, independent contractor, creditor, stockholder or other third party, and no Tax Liens are currently in effect against any of the assets of any Group Company. None of the Group Companies is subject to any waivers of applicable statutes of limitations with respect to Tax for any year. Since the Balance Sheet Date, none of the Group Companies has incurred any Tax, assessments or governmental charges other than in the ordinary course of business and each Group Company has made adequate provisions on its books of account for all Tax, assessments and governmental charges with respect to its business, properties and operations for such period. Any preferential Tax treatment enjoyed by any Group Company on or prior to the Closing has been in compliance with all applicable Law in all material respects and to the Knowledge of the Warrantors, will not be subject to any retroactive deduction or cancellation except as a result of retroactive effects of changes in applicable Law.

(b) Tax Authority. There have been no pending Action or dispute of any Tax Returns by any applicable Governmental Authority. No written claim has ever been made by any Governmental Authority in a jurisdiction where the Group Companies does not file Tax Returns that any Group Company is or may be subject to taxation by that jurisdiction, which has not been resolved. None of the Group Companies has received notice of any proposed or determined Tax deficiency or assessment from any Governmental Authority, which has not been resolved.

4.20 Interested Party Transactions. Except as disclosed in the Disclosure Schedule, the Transaction Documents, the Restructuring Documents and the previous financing documents of the Group Companies, no Interested Party (a) currently has or has had direct or indirect interests in (i) any Contract to which any Group Company is a party or by which it or its properties may be bound or affected, or (ii) any Person with which any Group Company Competes, is affiliated, or has a business relationship (other than ownership of no more than one percent (1%) of the stock of publicly traded companies), or (b) is indebted to any Group Company nor is any Group Company indebted (or committed to make loans or extend or guarantee credit) to any Interested Party (other than the Contracts relating to employment or service of employees, directors, supervisors, advisors and consultants and accrued salaries, reimbursable expenses or other standard employee benefits).

4.21 Employment Matters.

(a) General. Each Group Company (i) is in compliance in material aspects with all applicable Law respecting employment, employment practices and terms and conditions of employment, including without limitation the applicable PRC Law pertaining to welfare funds, social benefits, medical benefits, insurance, retirement benefits and pensions; (ii) has withheld and reported all amounts required by any applicable Law or any Contract to be withheld and reported with respect to wages, salaries and other payments to employees; (iii) is not liable for any arrear of wages, Tax or penalty for failure to comply with any of the foregoing; and (iv) other than as required by applicable Law, is not liable for any payment to any trust or fund governed by or maintained by or on behalf of any Governmental Authority with respect to unemployment compensation benefits, social security or other benefits or obligations for employees. There are no pending or, to the Knowledge of each Warrantor, threatened material Actions against any Group Company under any worker's compensation policy or long-term disability policy.

(b) Employment Relation. Each of officers (including Key Officers) and other full-time employees of the Group Companies has duly executed an Employment-Related Agreement as required by the applicable laws, which is in full force and effect and binding upon and enforceable against each such person, and to the best Knowledge of the Warrantors, none of the such person or any Group Companies is in violation thereof. None of the Warrantors is aware that any Key Officer intends to terminate his or her employment with any Group Company, or any Group Company has a present intention to terminate the employment of any Key Officer. Except for the ESOP or as required by applicable Laws, there is no share incentive, share option, or other equity-based incentive arrangements of any Group Company.

4.22 No Other Business.

(a) Company. The Company was formed solely to acquire and hold, directly or indirectly, the Equity Securities of other Group Companies and since its formation has not engaged in any other business and has not incurred any liability in the course of its business of acquiring and holding, directly or in its Equity Securities in the HK Subsidiary.

(b) HK Subsidiary. The HK Subsidiary was formed solely to acquire and hold Equity Securities in the WFOE and since its formation has not engaged in any other business and has not incurred any liability in the course of its business of acquiring and holding its Equity Securities in the WFOE.

(c) PRC Group Companies. The PRC Group Companies are engaged mainly in the Principal Business and have no other business activities.

4.23 Obligations of Management. Each of the Founders and the Key Officers is currently devoting one hundred percent (100%) of his or her working time to the conduct of the business of the Group Companies. None of the Key Officers, directly or indirectly, owns, manages, is engaged in, operates, Controls, works for, consults with, renders services for, does business with, maintains any interest in (proprietary, financial or otherwise) or participates in the ownership, management, operation, or Control of, any Restricted Business, whether in corporate, proprietorship or partnership form or otherwise, except for the acquisition by a Key Officer, directly or indirectly, of less than one percent (1%) of the outstanding shares of any publicly traded company engaged in a Restricted Business.

4.24 Insolvency. The aggregate assets of the Group Companies taken as a whole, at a fair valuation, exceeds or will exceed the aggregate debt of the Group Companies taken as a whole, as the debt becomes absolute and mature, and each Group Company does not incur or intends to incur debt beyond its ability to pay such debt as such debt becomes absolute and matures. There has not been commenced against any Major Group Company an involuntary case under any applicable national, provincial, city, local or foreign bankruptcy, insolvency, receivership or similar Law now or hereafter in effect, or any Action for the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of such Major Group Companies or for any substantial part of its property or for the winding up or liquidation of its affairs.

4.25 UN Security Council Resolutions. Neither a Group Company, a Founder, a Founder Holding Company, nor any Person acting on its or his behalf, has entered into any transaction or engaged in any activity prohibited by any resolution issued by the United Nations Security Council under Chapter VII of the UN Charter.

4.26 Criminal Offenses. Neither a Warrantor, nor any Person acting on its or his behalf whose acts could incur any Warrantor's vicarious liability, has carried out any actions or made any omissions which could result in any Warrantor incurring criminal sanctions.

4.27 Environmental Matters. There are no material social or environmental risks or issues in respect of the Company Operations. None of the Warrantors has received or is aware of (i) any existing or threatened complaint, order, directive, claim, citation or notice from any Governmental Authority, or (ii) any written communication from any Person, in either case, concerning the failure of the Company Operations to comply with any matter covered by any applicable Law.

4.28 No Immunity. Neither a Warrantor nor any of its or his properties enjoys any right of immunity from set-off, suit or execution with respect to its or his obligations under this Agreement and the Transaction Documents.

5. REPRESENTATIONS AND WARRANTIES OF INVESTORS

Each Investor, severally but not jointly, represents and warrants to the Company as follows:

5.1 Due Authorization. Such Investor has all requisite power, authority and capacity to enter into this Agreement and the Ancillary Agreements to which it is a party, and to perform its obligations hereunder and thereunder. This Agreement and the Ancillary Agreements to which it is a party have been duly authorized, executed and delivered by such Investor. This Agreement and the Ancillary Agreements to which it is a party, when executed and delivered by such Investor, will constitute valid and legally binding obligations of such Investor, enforceable against such Investor in accordance with its terms and subject, as to enforcement of remedies, to applicable bankruptcy, insolvency, moratorium, reorganization and similar Law affecting creditors' rights generally and to general equitable principles.

5.2 Purchase for Own Account. The applicable Purchased Shares will be acquired for such Investor's own account, and not as a nominee or agent.

5.3 Restricted Securities. Such Investor understands that the Purchased Shares being purchased by it and the shares issuable upon conversion of the Purchased Shares are restricted securities within the meaning of Rule 144 under the Securities Act; that the Purchased Shares and the shares issuable upon conversion of the Purchased Shares are not registered or listed publicly and cannot be resold or transferred unless they are subsequently registered or listed or otherwise pursuant to an available exemption from such registration or listing.

6. COVENANTS

Each of the Warrantors, jointly and severally, covenants to each Investor who has completed the Closing those undertakings as provided in Sections 6.1 to 6.10, and covenants to each Investor the undertaking as provided in Section 6.11:

6.1 Use of Proceeds from the Sale of Purchased Shares. The proceeds from the issuance and sale of the Purchased Shares shall only be applied or used for daily operation and development of the Principal Business, and shall in no event be applied or used to repay or settle any other indebtedness owing by any Group Company to any of its shareholders, directors, officers or any other Persons related in whatever respect with any of the foregoing parties which are not indicated in the Financial Statements and the Disclosure Schedule without the prior written consent of the Investors holding more than fifty percent (50%) of the Purchased Shares.

6.2 Business of the Company and the HK Subsidiary. Except as otherwise approved by the Board in accordance with the Restated Articles, the business of the Company shall be restricted to the direct or indirect holding, management and disposition of Equity Securities in other Group Companies and other companies or entities, and the business of the HK Subsidiary shall be restricted to the holding, management and disposition of Equity Securities in the WFOE, HK Co and other companies or entities.

6.3 **Business of the PRC Group Companies.** Except as otherwise approved by the Board in accordance with the Restated Articles, the main business of each of the PRC Group Companies shall be restricted to the Principal Business.

6.4 **Employment-Related Agreement.** The Company shall cause each of all existing and future full-time employees of the Group Companies to enter into an Employment-Related Agreement in the form in compliance with the applicable Law. Each PRC Group Company shall at all times keep the minimum number of employees required by applicable Law in order to maintain all Licenses and permits necessary to conduct its any business in the manner as currently and then conducted.

6.5 **Compliance.**

(a) **Compliance with Law.** The Warrantors shall cause the Group Companies to, conduct their respective business as now conducted and as proposed to be conducted materially in compliance with all applicable Law on a continuing basis, including but not limited to the Law regarding foreign investments, corporate registration and filing, import and export, customs administration, foreign exchange, advertisement, telecommunication and e-commerce, privacy, intellectual property rights, taxation, labor and social welfare, welfare funds, social benefits, medical benefits, insurance, retirement benefits, and pensions or the like.

(b) **SAFE Registration.** Each Founder shall, and each Warrantor shall use its best efforts to cause the Founders and any other person participating the ESOP who is a PRC resident and beneficially holds any Equity Securities in the Company to, at the expense of the Founders or such person (as applicable), fully comply with all requirements of the PRC Governmental Authorities with respect to his or her holding of Equity Securities in the Company on a continuing basis (including, but not limited to, all reporting obligations imposed by and all Approvals required by the SAFE Rules and Regulations and the PRC Governmental Authorities in connection therewith).

6.6 **Business Permits or Licenses.** Each of the Group Companies shall, and each of the Warrantors shall cause such Group Company to, at all times maintain the appropriate governmental permits or Licenses required to conduct the Principal Business and any other business conducted by the Group Companies at any given time, and shall not permit any Group Company to conduct any business for which it does not have the appropriate governmental permits or licenses. In particular, as soon as practicable following the Closing and to the extent necessary or desirable to facilitate an initial public offering of the Company, the Warrantors shall use their commercially reasonable efforts to cause (i) all the PRC Group Companies and their branches operating the business recycling of waste or second hand materials to, add description of “recycling of waste or second hand materials (废旧物资回收)” or similar language into business scope stated in the business license of such companies; (ii) all the PRC Group Companies and their branches operating the business of renewable resources recycling to obtain the necessary Approvals according to applicable Laws; (iii) all the PRC Group Companies and their branches operating the Principal Business to complete the filings with each local public security department where they operate the recycling business once such local public security department accepts the filings from the respective PRC Group Companies and their branches; (iv) before May 31, 2021, the Shanghai Subsidiary to obtain the Value-Added Telecommunication Business Operation License with the business scope covering the online data processing and transaction processing business; (v) the Shanghai Subsidiary to submit filing with the competent authorities for the information of all the franchisees with respect to its commercial franchising business; (vi) 6 operation centers operated by relevant PRC Group Companies to complete the filing of Registration Forms of Environmental Impact (环境影响登记表备案) as well as the review or filings of fire protection design and completed decoration work.

6.7 Tax Matters. The Company will comply and will cause any and all Group Companies to comply on an annual basis with respect to its taxable year with all record-keeping, reporting, and other requirements necessary for the Company and any Group Companies to comply with any applicable Tax Law or to allow any direct or indirect shareholder or owner to avail itself of any applicable provision of Tax Law. The Company will also provide each Investor with necessary documentation or information requested by such Investor to allow such Investor or its direct or indirect shareholder to comply with applicable Tax Law.

6.8 Obligations of Management: Non-Compete and Non-Solicitation.

(a) Non-compete. Each Founder shall, and each Warrantor shall cause each Founder to, devote his full time and attention to the business of the Group Companies and will use his best efforts to develop the business and interests of the Group Companies. Each Founder hereby covenants and undertakes that, during the period when he is holding any office in and/or has any direct or indirect interest in any Group Company (whichever is longer) and for a further period of twenty-four (24) months thereafter, he shall not, directly or indirectly through any Affiliate or Associate, own, manage, be engaged in, operate, Control, work for, consult with, render services for, do business with, maintain any interest in (proprietary, financial or otherwise) or participate in the ownership, management, operation, or Control of, any business, whether in corporate, proprietorship or partnership form or otherwise, that is related to the Principal Business or otherwise Competes with any Group Company.

(b) Non-solicitation. Each Founder further covenants and undertakes that, he shall not cause, solicit, induce or encourage any employees of the Group Companies to leave such employment or hire, employ or otherwise engage any such individual, or cause, induce or encourage any material actual or prospective client, customer, supplier, licensee or licensor of the Group Companies or any other Person who has a material business relationship with the Group Companies, to terminate or modify to the detriment of the Group Companies any such relationship.

6.9 Keeping Records and Books of Account. Each Group Company will keep adequate records and books of account, in which complete entries will be made on a consistent basis in accordance with the GAAP and the IFRS or other accounting principles as approved pursuant to the Shareholders Agreement, reflecting all financial transactions of the Group Companies, to the extent required by the GAAP and the IFRS or such other accounting principles, and in which, for each fiscal year, all proper reserves for depreciation, depletion, obsolescence, amortization, taxes, bad debts and other purposes in connection with its business shall be made in accordance with the GAAP and the IFRS or such other accounting principles.



6.10 Most Favorable Treatment. Unless otherwise agreed in the Transaction Documents to which an Investor is a party or is bound thereby, in the event that any Group Company grants to any other Investor or any holder of shares issued prior to the date hereof or the Purchased Shares, any rights, privileges or protections more favorable than those granted to such Investor (other than (i) any rights, privileges or protections provided or granted to Jing Dong; (ii) any rights, privileges or protections provided under the Transaction Documents to which an Investor is a party or is bound thereby), then such Investor shall be entitled to, in its capacity of holding the Purchased Shares, the same rights, privileges or protections at least *pari passu* with such other Investor or holder, and the Warrantors shall take all actions necessary to effectuate the foregoing.

6.11 Additional Covenants. Except as required by this Agreement, no resolution of the directors, owners, members, partners or shareholders of the Group Companies shall be passed, nor shall any Contract be entered into, in each case, prior to the Closing without the prior written consent of each Investor, except that each Group Company may carry on its respective business in the same manner as heretofore and may pass resolutions and enter into Contracts so long as they are effected without adversely affecting the transactions contemplated hereunder. If at any time before the Closing, any Warrantor comes to know of any material fact or event which:

- (a) is inconsistent with any of the Company Warranties given by any Warrantor,
- (b) suggests that any fact warranted may not be as warranted or may be misleading, or

(c) might affect the willingness of a prudent investor to purchase the Purchased Shares or the amount of consideration which any Investor would be prepared to pay for the Purchased Shares,

such Warrantor shall give immediate written notice thereof to each Investor in which event any Investor may terminate this Agreement with respect to itself by written notice to the other Parties without any penalty whatsoever and without prejudice to any rights that such Investor may have under this Agreement or applicable Law.

#### 7. CONDITIONS TO INVESTORS' OBLIGATIONS AT THE CLOSING

The obligations of each Investor to consummate the transactions under Section 2 of this Agreement are subject to the fulfillment, to the satisfaction of such Investor on or prior to the Closing, or waiver by such Investor, of the following conditions:

7.1 Representations and Warranties True and Correct. The Company Warranties made by the Warrantors in Section 4 shall be, in all material respects, true and correct and complete when made, and shall be, in all material respects, true and correct and complete as of the Closing with the same force and effect as if they have been made on and as of the Closing.

7.2 Performance of Obligations. Each Warrantor shall have, in all material respects, performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before the Closing.

7.3 Proceedings and Documents. All corporate and other proceedings of the Major Group Companies and the Founder Holding Companies in connection with the transactions contemplated hereby and all documents and instruments incidental to such transactions shall be satisfactory in substance and form to the Investors.

7.4 Consents and Waivers. Each Warrantor shall have obtained any and all corporate authorizations and consents of third parties (other than any Approval which shall be obtained after the Closing pursuant to the Transaction Documents) necessary for the consummation of the transactions contemplated hereby, including but not limited to waivers of any consent rights, anti-dilution rights, rights of first refusal, preemptive rights and all similar rights in connection with the issuance of the Purchased Shares at the Closing, each of which shall be in full force and effect as of the Closing, and shall have delivered copies of the foregoing to the Investors.

7.5 Adoption of Restated Articles. The Restated Articles shall have been duly adopted by the Company by all necessary corporate actions of the Board and requisite shareholders and submitted for filing with competent corporate registry of the Cayman Islands as of the Closing as evidenced by an email confirmation from the registered agent of the Company, and the scanned copy of which shall have been delivered to the Investors.

7.6 Execution of Transaction Documents. At the Closing, the Company shall have delivered to applicable Investor all the Transaction Documents to which such Investor is a party, duly executed by the Company and all other parties thereto (except for the Investors) including the Shareholders Agreement in the form attached hereto as Exhibit B.

7.7 No Company Material Adverse Effect. There shall have been no Company Material Adverse Effect since the Balance Sheet Date.

#### 8. CONDITIONS TO COMPANY'S OBLIGATIONS AT THE CLOSING

The obligations of the Company to consummate the transactions under Section 2 of this Agreement are subject to the fulfillment, to the satisfaction of the Company on or prior to the Closing, or waiver by the Company, of the following conditions:

8.1 Representations and Warranties True and Correct. The representations and warranties made by such Investor in Section 5 shall be, in all material respects, true and correct and complete when made, and shall be, in all material respects, true and correct and complete as of the Closing with the same force and effect as if they have been made on and as of the Closing.

8.2 Performance of Obligations. Such Investor shall have, in all material respects, performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before the Closing.

8.3 Consents and Waivers. Such Investor shall have obtained any and all corporate authorizations and consents of third parties (other than any Approval which shall be obtained after the Closing pursuant to the Transaction Documents) necessary for the consummation of the transactions contemplated hereby, each of which shall be in full force and effect as of the Closing.

8.4 Execution of Transaction Documents. At the Closing, such Investor shall have delivered to applicable Warrantors all the Transaction Documents to which such Investor is a party, duly executed by such Person and all other parties thereto.

9. INDEMNITY

The Parties hereby agree to the provisions set forth in Schedule E, which is incorporated hereby into this Agreement.

10. MISCELLANEOUS

10.1 Governing Law. This Agreement shall be governed by and construed exclusively in accordance with the Law of Hong Kong without regard to its principles of conflicts of laws.

10.2 Survival. The Company Warranties shall survive the Closing for a period of twenty-four (24) months, except that the Fundamental Company Warranties shall survive until the expiration of the applicable statute of limitation under applicable Law.

10.3 Successors and Assigns. Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors and administrators of the Parties hereto whose rights or obligations hereunder are affected by such amendments. This Agreement and the rights and obligations therein may not be assigned by any Investor without the written consent of the Company except to such Investor's Affiliates. This Agreement and the rights and obligations therein may not be assigned by any Warrantor without the written consent of the Investors.

10.4 Entire Agreement. This Agreement and the Transaction Documents, including the schedules and exhibits hereto and thereto, which are hereby expressly incorporated herein by this reference, constitute the entire understanding and agreement between the Parties with regard to the subjects hereof and thereof; provided, however, that nothing in this Agreement or Transaction Documents shall be deemed to terminate or supersede the provisions of any confidentiality and nondisclosure agreements executed by the Parties hereto prior to the date hereof, which agreements shall continue in full force and effect until terminated in accordance with their respective terms.

10.5 Notices. Except as may be otherwise provided herein, all notices, requests, waivers and other communications made pursuant to this Agreement shall be in writing and shall be conclusively deemed to have been duly given (a) when hand delivered to the other Party, upon delivery; (b) when sent by facsimile at the number set forth in Schedule E hereto, upon receipt of confirmation of error-free transmission; (c) seven (7) Business Days after deposit in the mail as air mail or certified mail, receipt requested, postage prepaid and addressed to the other Party as set forth in Schedule E; (d) three (3) Business Days after deposit with an overnight delivery service, postage prepaid, addressed to the Parties as set forth in Schedule E with next-business day delivery guaranteed, provided that the sending Party receives a confirmation of delivery from the delivery service provider; or (e) when sent by email at the email address set forth in Schedule E hereto, upon sending by email (without errors in transmission), if sent on a Business Day and during normal business hours of the recipient, otherwise on the next Business Day. Each Person making a communication hereunder by facsimile shall promptly confirm by telephone to the Person to whom such communication was addressed each communication made by it by facsimile pursuant hereto but the absence of such confirmation shall not affect the validity of any such communication. A Party may change or supplement the addresses given above, or designate additional addresses, for purposes of this Section 10.5 by giving the other Party written notice of the new address in the manner set forth above.

10.6 Amendments. Any term of this Agreement may be amended only with the written consents of the Parties hereto.

10.7 Delays or Omissions; Waivers. No delay or omission to exercise any right, power or remedy accruing to any Party hereto, upon any breach or default of any Party hereto under this Agreement, shall impair any such right, power or remedy of such Party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of any similar breach of default thereafter occurring; nor shall any waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit or approval of any kind or character on the part of any Party of any condition or breach of default under this Agreement must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law or otherwise afforded to any Party shall be cumulative and not alternative.

10.8 Finder's Fees. Each Party represents and warrants to the others that it has retained no finder or broker in connection with the transactions contemplated by this Agreement and hereby agrees to indemnify and to hold harmless the other Parties from and against any liability for any commission or compensation in the nature of a finder's fee of any broker or other Person or firm (and the costs and expenses of defending against such liability or asserted liability) for which the indemnifying Party or any of its employees or representatives are responsible.

10.9 Interpretation; Titles and Subtitles. This Agreement shall be construed according to its fair language. The rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not be employed in interpreting this Agreement. The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement. Unless otherwise expressly provided herein, all references to Sections and Exhibits herein are to Sections and Exhibits of this Agreement. Unless a provision hereof expressly provides otherwise: (i) the term "or" is not exclusive; (ii) the terms "herein", "hereof", and other similar words refer to this Agreement as a whole and not to any particular section, subsection, paragraph, clause, or other subdivision; and (iii) the masculine, feminine, and neuter genders will each be deemed to include the others.

10.10 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

10.11 Severability. If any provision of this Agreement is found to be invalid or unenforceable, then such provision shall be construed, to the extent feasible, so as to render the provision enforceable and to provide for the consummation of the transactions contemplated hereby on substantially the same terms as originally set forth herein, and if no feasible interpretation would save such provision, it shall be severed from the remainder of this Agreement, which shall remain in full force and effect unless the severed provision is essential to the rights or benefits intended by the Parties. In such event, the Parties shall use best efforts to negotiate, in good faith, a substitute, valid and enforceable provision or agreement which most nearly affects the Parties' intent in entering into this Agreement.

10.12 Confidentiality and Non-Disclosure. None of the Warrantors may represent any Investor's views on any matter, or use any Investor's name in any written material provided to third parties, without such Investor's prior written consent. The Parties hereto agree to be bound by the confidentiality and non-disclosure provisions of Section 6 of the Shareholders Agreement. Each Warrantor shall expressly inform any Person to whom it discloses any information under this Section 10.12 of the restrictions set out herein with regards disclosure of such information and shall procure their compliance with the terms of this Section 10.12 as if they each were party to this Agreement as such Warrantor and such Warrantor shall be responsible for any breach by any such Person of the provisions of this Section 10.12.

10.13 Further Assurances. Each Party shall from time to time and at all times hereafter make, do, execute, or cause or procure to be made, done and executed such further acts, deeds, conveyances, consents and assurances without further consideration, which may reasonably be required to effect the transactions contemplated by this Agreement.

10.14 Dispute Resolution.

(a) Any dispute, controversy or claim arising out of or relating to this Agreement, or the interpretation, breach, termination or validity hereof, shall first be subject to resolution through consultation of the parties to such dispute, controversy or claim. Such consultation shall begin within seven (7) days after one Party hereto has delivered to the other Parties involved a written request for such consultation. If within thirty (30) days following the commencement of such consultation the dispute cannot be resolved, the dispute shall be submitted to arbitration upon the request of any Party with notice to the other Parties.

(b) The arbitration shall be conducted in Hong Kong under the auspices of the HKIAC. There shall be three arbitrators. The complainant and the respondent to such dispute shall each select one arbitrator within thirty (30) days after giving or receiving the demand for arbitration. Such arbitrators shall be freely selected, and the parties shall not be limited in their selection to any prescribed list. The Chairman of the HKIAC shall select the third arbitrator, who shall be qualified to practice Law in Hong Kong. If either party to the arbitration does not appoint an arbitrator who has consented to participate within thirty (30) days after selection of the first arbitrator, the relevant appointment shall be made by the Chairman of the HKIAC.

(c) The arbitration proceedings shall be conducted in English and Chinese. The arbitration tribunal shall apply the arbitration rules of the HKIAC (the "**Rules**") in effect at the time of the arbitration. However, if such Rules are in conflict with the provisions of this Section 10.14, including the provisions concerning the appointment of arbitrators, the provisions of this Section 10.14 shall prevail.

(d) The arbitrators shall decide any dispute submitted by the parties to the arbitration strictly in accordance with the substantive Law of Hong Kong and shall not apply any other substantive law.

(e) Each Party hereto shall cooperate with any party to the dispute in making full disclosure of and providing complete access to all information and documents requested by such Party in connection with such arbitration proceedings, subject to any confidentiality obligations binding on the Party receiving the request.

(f) The award of the arbitration tribunal shall be final and binding upon the disputing parties, and any party to the dispute may apply to a court of competent jurisdiction for enforcement of such award.

(g) Any party to the dispute shall be entitled to seek preliminary injunctive relief, if possible, from any court of competent jurisdiction pending the constitution of the arbitral tribunal.

(h) The costs and expenses of the arbitration, including the fees of the arbitrators, shall in the first instance be borne equally by the Parties that are the parties to the dispute, and each Party shall in the first instance pay its own fees, disbursements and other charges of its counsel, and the liability for such costs and expenses of the arbitration and the parties' fees, disbursement and counsel charges shall be borne by the party or parties as determined by the arbitrators in the award. In the case of a dispute between the Warrantors on the one hand and the Investors on the other hand, as between such Investors, the costs and expenses of the arbitration to be borne by such Investors shall be allocated on a pro rata basis in accordance with the number of Purchased Shares to be subscribed by the Investors in accordance with this Agreement.

10.15 Immunity. To the extent any Warrantor may be entitled in any jurisdiction to claim for himself/itself or his/its assets immunity in respect of his/its obligations under this Agreement or any Transaction Document from any suit, execution, attachment (whether provisional or final, in aid of execution, before judgment or otherwise) or other legal process or to the extent that in any jurisdiction that immunity (whether or not claimed) may be attributed to him/it or his/its assets, such Warrantor irrevocably agrees not to claim and irrevocably waives such immunity to the fullest extent permitted now or in the future by the Law of such jurisdiction.

10.16 Expenses. Each Party shall pay all of its own costs and expenses incurred in connection with the negotiation, execution, delivery and performance of this Agreement and other Transaction Documents and the transactions contemplated hereby and thereby; provided that, within five (5) days after receipt of the full Purchase Price as indicated opposite Being Capital's name on Schedule A, the Company shall pay or reimburse all reasonable costs and expenses incurred or to be incurred by Being Capital up to a maximum of RMB700,000 which shall include all expenses and costs, including out-of-pocket expenses and third party consulting or advisory expenses incurred in connection with the transactions contemplated by this Agreement.

10.17 Termination.

(a) This Agreement may be terminated by the Company, with respect to any Investor, by written notice to such Investor if the Closing with respect of such Investor has not occurred due to any reasons solely attributable to such Investor within sixty (60) days after the date hereof.

(b) This Agreement may be terminated by any Investor with respect to itself by written notice to the other Parties pursuant to Section 3.4.

(c) Any termination under this Section 10.17 shall be without prejudice to any claims for damages or other remedies that the Parties may have under this Agreement or applicable Law.

(d) Without prejudice to paragraph (c) above, in the case of termination, each relevant Party's further rights and obligations hereunder shall terminate immediately save that the provisions of Section 9, Section 10.1, Section 10.2, Section 10.5, Section 10.12, Section 10.14, Section 10.16 and this Section 10.17 shall survive such termination.

10.18 Several Obligations of Investors. The obligations of the Investors under this Agreement and the Transaction Documents to which any of them is a party are several.

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IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**COMPANY:**

**AIHUI SHOU INTERNATIONAL CO. LTD.**

By: /s/ CHEN Xuefeng

Name: CHEN Xuefeng (陈雪峰)

Title: Director

**HK SUBSIDIARY:**

**AIHUI SHOU INTERNATIONAL COMPANY LIMITED**

By: /s/ CHEN Xuefeng

Name: CHEN Xuefeng (陈雪峰)

Title: Director

**DOMESTIC ENTERPRISE:**

**SHANGHAI YUEYI NETWORK INFORMATION TECHNOLOGY CO., LTD. (上海悦易网络信息技术有限公司) (Seal)**

/s/ SHANGHAI YUEYI NETWORK INFORMATION TECHNOLOGY CO., LTD.

Seal of SHANGHAI YUEYI NETWORK INFORMATION TECHNOLOGY CO., LTD.

By: /s/ CHEN Xuefeng

Name: CHEN Xuefeng (陈雪峰)

Title: Legal Representative

**HK CO:**

**AHS DEVICE HONG KONG LIMITED**

By: /s/ CHEN Xuefeng

Name: CHEN Xuefeng (陈雪峰)

Title: Director

**Signature Pages to Share Purchase Agreement**



IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**DOMESTIC SUBSIDIARIES:**

**SHANGHAI YUEYI NETWORK INFORMATION TECHNOLOGY CO., LTD.** (上海悦亿网络信息技术有限公司) (Seal)

/s/ SHANGHAI YUEYI NETWORK INFORMATION TECHNOLOGY CO., LTD.

Seal of SHANGHAI YUEYI NETWORK INFORMATION TECHNOLOGY CO., LTD.

By: /s/ CHEN Yike

Name: CHEN Yike (陈逸轲)

Title: Legal Representative

**CHANGZHOU YUEYI NETWORK INFORMATION TECHNOLOGY CO., LTD.** (常州悦亿网络信息技术有限公司) (Seal)

/s/ CHANGZHOU YUEYI NETWORK INFORMATION TECHNOLOGY CO., LTD.

Seal of CHANGZHOU YUEYI NETWORK INFORMATION TECHNOLOGY CO., LTD.

By: /s/ CHEN Yike

Name: CHEN Yike (陈逸轲)

Title: Legal Representative

**YUEYI COMMERCIAL FACTORING (SHENZHEN) CO., LTD.** (乐易商业保理 (深圳) 有限公司) (Seal)

/s/ YUEYI COMMERCIAL FACTORING (SHENZHEN) CO., LTD.

Seal of YUEYI COMMERCIAL FACTORING (SHENZHEN) CO., LTD.

By: /s/ CHEN Yike

Name: CHEN Yike (陈逸轲)

Title: Legal Representative

**Signature Pages to Share Purchase Agreement**

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**WFOE:**

**SHANGHAI AIHUI TRADING CO., LTD. (上海艾慧  
商贸有限公司) (Seal)**

/s/ SHANGHAI AIHUI TRADING CO., LTD.

Seal of SHANGHAI AIHUI TRADING CO., LTD.

By: /s/ CHEN Xuefeng

Name: CHEN Xuefeng (陈雪峰)

Title: Legal Representative

**WFOE SUBSIDIARY:**

**SHANGHAI YUEOU INFORMATION  
TECHNOLOGY CO., LTD. (上海悦欧信息技术有限  
公司) (Seal)**

/s/ SHANGHAI YUEOU INFORMATION TECHNOLOGY CO., LTD.

Seal of SHANGHAI YUEOU INFORMATION

TECHNOLOGY CO., LTD.

By: /s/ CHEN Xuefeng

Name: CHEN Xuefeng (陈雪峰)

Title: Legal Representative

**Signature Pages to Share Purchase Agreement**

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**FOUNDERS:**

/s/ SUN Wenjun

SUN Wenjun (孙文俊)

/s/ CHEN Xuefeng

CHEN Xuefeng (陈雪峰)

**FOUNDER HOLDING COMPANIES:**

**S&WJ GROUP LIMITED**

By: /s/ SUN Wenjun

Name: SUN Wenjun (孙文俊)

Title: Director

**C&XF GROUP LIMITED**

By: /s/ CHEN Xuefeng

Name: CHEN Xuefeng (陈雪峰)

Title: Director

**Signature Pages to Share Purchase Agreement**

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**INVESTORS:**

**BEING CAPITAL FUND I LP**

By: /s/ YAN Jisheng

Name: YAN Jisheng

Title: Director

**Signature Pages to Share Purchase Agreement**

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**INVESTORS:**

**TIAN ZHAN INVESTMENT LIMITED** (天展投資有限公司)

By: /s/ Chen Liren

Name: Chen Liren

Title: Director

**Signature Pages to Share Purchase Agreement**

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**INVESTORS:**

**JD.com Development Limited**

By: /s/ WANG Nani

Name: WANG Nani (王娜妮)

Title: Director

**Signature Pages to Share Purchase Agreement**

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**INVESTORS:**

**Internet Fund IV Pte. Ltd.**

By: /s/ Venkatagiri Mudeliar

Name: Venkatagiri Mudeliar

Title: Director

**Signature Pages to Share Purchase Agreement**

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**INVESTORS:**

**TIGER PACIFIC MASTER FUND LP.**

By: /s/ Run Ye

Name: Run Ye

Title: Managing Partner of the Investment Manager

**Signature Pages to Share Purchase Agreement**



IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**INVESTORS:**

**YIHENG CAPITAL PARTNERS, LP.**

By: /s/ Janet Ji

Name: Janet Ji

Title: Chief Financial Officer

**Signature Pages to Share Purchase Agreement**

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**INVESTORS:**

**PLUTO CONNECTION LIMITED**

By: /s/ FANG Hao \_\_\_\_\_

Name: FANG Hao

Title:

**Signature Pages to Share Purchase Agreement**

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**INVESTORS:**

**DESIGN TIME LIMITED**

By: /s/ GAO Guiwei

Name: GAO Guiwei

Title:

**Signature Pages to Share Purchase Agreement**

**SCHEDULE A**

<b>Name of Investors</b>	<b>Number and Type of Purchased Shares</b>	<b>Total Purchase Price (USD)</b>
Being Capital Fund I LP	1,080,658 Series F Preferred Shares	21,000,000
	338,307 Series C-3 Preferred Shares	5,259,349
	240,617 Ordinary Shares	3,740,651
Tian Zhan Investment Limited (天展投资有限公司)	540,329 Series F Preferred Shares	10,500,000
	169,153 Series C-3 Preferred Shares	2,629,674
	120,309 Ordinary Shares	1,870,326
Jing Dong	720,439 Series F Preferred Shares	14,000,000
	225,538 Series C-3 Preferred Shares	3,506,233
	160,411 Ordinary Shares	2,493,767
Tiger	900,548 Series F Preferred Shares	17,500,000
	281,923 Series C-3 Preferred Shares	4,382,791
	200,514 Ordinary Shares	3,117,209
Tiger Pacific Capital	720,439 Series F Preferred Shares	14,000,000
	225,538 Series C-3 Preferred Shares	3,506,233
	160,412 Ordinary Shares	2,493,767
Yiheng	720,439 Series F Preferred Shares	14,000,000
	225,538 Series C-3 Preferred Shares	3,506,233
	160,411 Ordinary Shares	2,493,767
Pluto Connection	1,801,097 Series F Preferred Shares	35,000,000
	563,845 Series C-3 Preferred Shares	8,765,581
	401,028 Ordinary Shares	6,234,419
Design Time	720,439 Series F Preferred Shares	14,000,000
	225,538 Series C-3 Preferred Shares	3,506,233
	160,411 Ordinary Shares	2,493,767

**Schedules to Share Purchase Agreement**

**SCHEDULE B**

**LIST OF KEY OFFICERS**

<u>Name of Key Officer</u>	<u>PRC ID Number</u>	<u>Title</u>
CHEN Xuefeng (陈雪峰)	***	CEO
SUN Wenjun (孙文俊)	***	President Office Staff
QIU Jiawen (仇佳文)	***	Senior Software Engineer
WANG Dengting (王登庭)	***	Vice President
DU Xiaochen (杜晓忱)	***	Vice President
GUO Jingwei (郭经纬)	***	Vice President
WANG Yongliang (王永良)	***	President
LAI Fangxiao (赖方潇)	***	Vice President
CHEN Chen (陈晨)	***	CFO

**Schedules to Share Purchase Agreement**

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**SCHEDULE C**

**DISCLOSURE SCHEDULE**

**Schedules to Share Purchase Agreement**

**SCHEDULE D****CAPITALIZATION TABLE****AS OF THE EXECUTION DATE OF THIS AGREEMENT**

<u>Shareholders</u>	<u># of Shares</u>	<u>%</u>
<i>Ordinary Shares</i>		
S&WJ Group Limited	4,832,367	3.2605%
C&XF Group Limited	12,290,804	8.2931%
Morningside China TMT Fund II, L.P.	369,034	0.2490%
International Finance Corporation	297,902	0.2010%
Shanghai Jinglin Jinghui Equity Investment Center (Limited Partnership)	992,513	0.6697%
<i>ESOP</i>		
ESOP (reserved)	21,920,964	14.7910%
<i>Series A Preferred Shares</i>		
Morningside China TMT Fund II, L.P.	9,497,040	6.4081%
<i>Series B-1 Preferred Shares</i>		
Morningside China TMT Fund II, L.P.	1,758,711	1.1867%
<i>Series B-2 Preferred Shares</i>		
Morningside China TMT Fund II, L.P.	2,879,784	1.9431%
<i>Series B-3 Preferred Shares</i>		
International Finance Corporation	2,948,341	1.9894%
<i>Series C-1 Preferred Shares</i>		
Morningside China TMT Top Up Fund, L.P.	1,825,679	1.2319%
International Finance Corporation	921,671	0.6219%
<i>Series C-2 Preferred Shares</i>		
Tiantu China Consumer Fund I, L.P.	7,450,811	5.0274%
JD.com Development Limited	7,450,811	5.0274%
EAGLE INTELLIGENCE LIMITED	2,197,879	1.4830%
<i>Series C-3 Preferred Shares</i>		
Euro Eco Limited (欧之碧有限公司)	4,552,729	3.0719%
JD.com Development Limited	6,265,003	4.2273%
Qianhai Fund of Fund Equity Investment (Shenzhen) Co., Ltd.	1,262,446	0.8518%
YYT CAPITAL Inc.	563,845	0.3805%
Tiantu China Consumer Fund II, L.P.	429,089	0.2895%
Generation Mu HK Investment Limited	400,293	0.2701%

Shenzhen Dachen Chuanglian Equity Investment Fund Partnership (Limited Partnership) (深圳市达晨创联股权投资基金合伙企业 (有限合伙) ) (warrant)	2,819,225	1.9023%
Ningbo Meishan Bonded Port Area Yuanxiao Investment Management Partnership (Limited Partnership) (宁波梅山保税港区元晓投资管理合伙企业 (有限合伙) ) (warrant)	2,255,380	1.5218%
Shenzhen Tiantu Xingli Investment Enterprise (Limited Partnership)	3,383,070	2.2827%
Shanghai Chenxi Venture Capital Center (Limited Partnership)	1,884,511	1.2716%
Shanghai Jinglin Jinghui Equity Investment Center (Limited Partnership)	563,845	0.3805%
Series D-1 Preferred Shares		
JD.com Development Limited	2,115,755	1.4276%
Series D-2 Preferred Shares		
Internet Fund IV Pte. Ltd.	7,952,405	5.3658%
Series E Preferred Shares		
Morningside China TMT Fund II, L.P.	840,614	0.5672%
Tiantu China Consumer Fund II, L.P.	280,205	0.1891%
Internet Fund IV Pte. Ltd.	560,410	0.3781%
Fresh Capital Fund I, L.P.	280,205	0.1891%
Generation Mu HK Investment Limited	560,410	0.3781%
JD.com Development Limited	30,302,146	20.4462%
Guotai Junan Finance (Hong Kong) Limited 國泰君安財務 (香港) 有限公司	1,401,024	0.9453%
Refresher Limited	403,747	0.2724%
Ningbo Qingyu Investment Management Co., Ltd. (宁波清宇投资管理有限公司)	403,747	0.2724%
Tianjin Huihe Haihe Intelligent Logistics Industry Fund Partnership (Limited Partnership) (天津汇禾海河智能物流产业基金合伙企业 (有限合伙) )	282,623	0.1907%
Zibo Minsheng Ouming Equity Investment Partnership (Limited Partnership) (淄博民生欧明股权投资合伙企业 (有限合伙) )	807,494	0.5448%
<b>Total</b>	<b>148,204,532</b>	<b>100.0000%</b>

Note: (i) the Ordinary Shares reserved under the ESOP includes up to 153,570 Ordinary Shares reserved for issuance for proposed SVB Warrant (as defined in the Disclosure Schedule); (ii) the warrant to Ningbo Meishan Bonded Port Area Yuanxiao Investment Management Partnership (Limited Partnership) (宁波梅山保税港区元晓投资管理合伙企业 (有限合伙) ) will be exercised by SHOU BAINIAN (壽栢年), and the Series C-3 Preferred Shares acquired by SHOU BAINIAN (壽栢年) upon exercising such warrant will be repurchased by the Company immediately prior to or on the Closing pursuant to the Share Repurchase.

#### Schedules to Share Purchase Agreement



**CAPITALIZATION TABLE**

AFTER THE CLOSING ASSUMING ALL THE AUTHORIZED PURCHASED SHARES HAVING BEEN SUBSCRIBED, THE SHARE REPURCHASE HAVING BEEN COMPLETED, THE INNOVEN WARRANT EXERCISE HAVING BEEN COMPLETED

<u>Shareholders</u>	<u># of Shares</u>	<u>%</u>
<i>Ordinary Shares</i>		
S&WJ Group Limited	4,231,722	2.6180%
C&XF Group Limited	11,287,336	6.9831%
Morningside China TMT Fund II, L.P.	369,034	0.2284%
International Finance Corporation	297,902	0.1843%
Shanghai Jinglin Jinghui Equity Investment Center (Limited Partnership)	992,513	0.6141%
Being Capital Fund I LP	240,617	0.1489%
Tian Zhan Investment Limited (天展投资有限公司)	120,309	0.0744%
JD.com Development Limited	160,411	0.0992%
Internet Fund IV Pte. Ltd.	200,514	0.1240%
Tiger Pacific Capital	160,412	0.0992%
Yiheng	160,411	0.0992%
Pluto Connection	401,028	0.2481%
Design Time	160,411	0.0992%
<i>ESOP</i>		
ESOP (reserved)	28,096,153	17.3819%
<i>Series A Preferred Shares</i>		
Morningside China TMT Fund II, L.P.	9,497,040	5.8754%
<i>Series B-1 Preferred Shares</i>		
Morningside China TMT Fund II, L.P.	1,758,711	1.0880%
<i>Series B-2 Preferred Shares</i>		
Morningside China TMT Fund II, L.P.	2,879,784	1.7816%

**Schedules to Share Purchase Agreement**

<i>Series B-3 Preferred Shares</i>		
International Finance Corporation	2,948,341	1.8240%
<i>Series C-1 Preferred Shares</i>		
<i>Morningside China TMT Top Up Fund, L.P.</i>		
International Finance Corporation	1,825,679	1.1295%
<i>Series C-2 Preferred Shares</i>		
Tiantu China Consumer Fund I, L.P.	7,450,811	4.6095%
JD.com Development Limited	7,450,811	4.6095%
EAGLE INTELLIGENCE LIMITED	2,197,879	1.3597%
<i>Series C-3 Preferred Shares</i>		
Euro Eco Limited (欧之碧有限公司)	4,552,729	2.8166%
JD.com Development Limited	6,490,541	4.0154%
Qianhai Fund of Fund Equity Investment (Shenzhen) Co., Ltd.	1,262,446	0.7810%
YYT CAPITAL Inc.	563,845	0.3488%
Tiantu China Consumer Fund II, L.P.	429,089	0.2655%
Generation Mu HK Investment Limited	400,293	0.2476%
Shenzhen Dachen Chuanglian Equity Investment Fund Partnership (Limited Partnership) (深圳市达晨创联股权投资基金合伙企业 (有限合伙) ) (warrant)	2,819,225	1.7441%
Being Capital Fund I LP	338,307	0.2093%
Tian Zhan Investment Limited (天展投资有限公司)	169,153	0.1046%
Internet Fund IV Pte. Ltd.	281,923	0.1744%
Tiger Pacific Capital	225,538	0.1395%
Yiheng	225,538	0.1395%
Pluto Connection	563,845	0.3488%
Design Time	225,538	0.1395%
Shenzhen Tiantu Xingli Investment Enterprise (Limited Partnership)	3,383,070	2.0930%
Shanghai Chenxi Venture Capital Center (Limited Partnership)	1,884,511	1.1659%
Shanghai Jinglin Jinghui Equity Investment Center (Limited Partnership)	563,845	0.3488%
<i>Series D-1 Preferred Shares</i>		
JD.com Development Limited	2,115,755	1.3089%
<i>Series D-2 Preferred Shares</i>		
Internet Fund IV Pte. Ltd.	7,952,405	4.9198%

**Schedules to Share Purchase Agreement**

<i>Series E Preferred Shares</i>		
Morningside China TMT Fund II, L.P.	840,614	0.5201%
Tiantu China Consumer Fund II, L.P.	280,205	0.1734%
Internet Fund IV Pte. Ltd.	560,410	0.3467%
Fresh Capital Fund I, L.P.	280,205	0.1734%
Generation Mu HK Investment Limited	560,410	0.3467%
JD.com Development Limited	30,302,146	18.7467%
Guotai Junan Finance (Hong Kong) Limited 國泰君安財務 (香港) 有限公司	1,401,024	0.8668%
Refresher Limited	403,747	0.2498%
Ningbo Qingyu Investment Management Co., Ltd. (宁波清宇投资管理有限公司)	403,747	0.2498%
Tianjin Huihe Haihe Intelligent Logistics Industry Fund Partnership (Limited Partnership) (天津汇禾海河智能物流产业基金合伙企业 (有限合伙))	282,623	0.1748%
Zibo Minsheng Ouming Equity Investment Partnership (Limited Partnership) (淄博民生欧明股权投资合伙企业 (有限合伙))	807,494	0.4996%
InnoVen Capital China Pte. Ltd.	56,041	0.0347%
<i>Series F Preferred Shares</i>		
Being Capital Fund I LP	1,080,658	0.6686%
Tian Zhan Investment Limited (天展投资有限公司)	540,329	0.3343%
JD.com Development Limited	720,439	0.4457%
Internet Fund IV Pte. Ltd.	900,548	0.5571%
Tiger Pacific Capital	720,439	0.4457%
Yiheng	720,439	0.4457%
Pluto Connection	1,801,097	1.1143%
Design Time	720,439	0.4457%
<b>Total</b>	<b>161,640,150</b>	<b>100.0000%</b>

*Note: the Ordinary Shares reserved under the ESOP includes up to 153,570 Ordinary Shares reserved for issuance for proposed SVB Warrant (as defined in the Disclosure Schedule).*

#### Schedules to Share Purchase Agreement

**SCHEDULE E**

**NOTICES**

**IF TO THE WARRANTORS:**

Attention: CHEN Xuefeng (陈雪峰)  
Address: 12/F, Tower 6, KIC Corporate Avenue, 433 Songhu Road, Yangpu District, Shanghai 200433, PRC  
Tel: \*\*\*  
Email: \*\*\*

**IF TO BEING CAPITAL FUND I LP:**

Attention: Xi WU  
Address: Room 605, Fortune Financial Center (FFC), No.5 Dongsanhuanzhong Street, Chaoyang District, Beijing 100020, China  
Tel: \*\*\*  
Email: \*\*\*

**IF TO TIAN ZHAN INVESTMENT LIMITED (天展投资有限公司):**

Attention: LIREN CHEN (陈立仁)  
Address: Unit 2501, 25/F., Tesbury Centre, No.24-32 Queen's Road East, Wanchai, Hong Kong  
Tel: \*\*\*  
Email: \*\*\*

**IF TO JING DONG:**

Attention: Jing Gao (高静)  
Address: 21/F, Building A, No.18 Kechuang 11th Street, Yizhuang Economic and Technological Development Zone, Daxing District, Beijing 101111, PRC  
Email: \*\*\*

With a copy (which shall not constitute notice) to:

Address: 18/F, Building A, No. 18 Kechuang 11th Street, Yizhuang Economic and Technological Development Zone, Daxing District, Beijing 101111, PRC  
Attn.: Wang Shanshan (王珊珊)  
E-mail: \*\*\*

**IF TO TIGER:**

Address: 8 Temasek Boulevard, #32-02, Suntec Tower Three, Singapore 038988  
Email: \*\*\*  
Attention: Venkatagiri Mudeliar and Steve Boyd

**Schedules to Share Purchase Agreement**

With copies by email to (which shall not constitute notice):

Gunderson Dettmer Stough Villeneuve Franklin & Hachigian, L.L.P

Address: Suite 2101, Building C, Yintai Center, #2 Jianguomenwai Ave., Beijing, 100022, China  
Attention: Zhen Liu  
Email: \*\*\*

IF TO TIGER PACIFIC CAPITAL:

Attention: Boris Renault  
Address: 101 Park Avenue, 47th Floor, New York, NY 10178  
Tel: \*\*\*  
Email: \*\*\*

IF TO YIHENG:

Attention: Janet Ji  
Address: 101 California Street, Suite 2880, San Francisco, United States  
Tel: \*\*\*  
Email: \*\*\*

IF TO PLUTO CONNECTION:

Attention: Zhang Li  
Address: 17F CITIC Securities Tower, No.48 Liangmaqiao Road, Chaoyang District, Beijing, PRC  
Tel: \*\*\*  
Email: \*\*\*

IF TO DESIGN TIME:

Attention: Stella Wang  
Address: 12/F , CCB Tower , 3rd Connaught Road Central , Hong Kong  
Tel: \*\*\*  
Email: \*\*\*

**Schedules to Share Purchase Agreement**

## **Schedule F**

### **Indemnification**

#### **1. Indemnification by the Warrantors.**

(a) **General Indemnity.** To the fullest extent permitted by law, each of the Warrantors covenants and agrees jointly and severally to indemnify and hold harmless each Indemnitee, from and against any and all Losses, as incurred, insofar as such Losses arise out of or are based upon: (i) any inaccuracy in or breach of any Company Warranty, covenant or agreement made by the Warrantors in the Transaction Documents; (ii) the failure of any Warrantor to perform or observe fully any covenant, agreement or other provision to be performed or observed by it pursuant to the Transaction Documents. If and to the extent that such indemnification is unenforceable for any reason, each Warrantor will make the maximum contribution to the payment and satisfaction of such indemnified liabilities permissible under applicable Law.

(b) **Tax Indemnity.** Each of the Warrantors shall jointly and severally indemnify and hold harmless each Indemnitee from and against any Loss attributable to (i) non-payment of any Tax of any Group Company for all taxable periods ending on or before the Closing and the portion through the end of the Closing for any taxable period that includes (but does not end on) the Closing, (ii) all liability for non-payment of any Tax of any other Person imposed by any Governmental Authority on any Group Company as a transferee, successor, or withholding agent in connection with an event or transaction occurring before the Closing, and (iii) all liability for Tax attributable to any misrepresentation or breach of Warranty made in Section 4.19 of this Agreement. The indemnification obligation of the Warrantors under this Section 1(b) shall not be affected, qualified or restricted in any way by any matter disclosed in the Disclosure Schedule.

(c) **SAFE Indemnity.** Each of the Warrantors shall jointly and severally indemnify and hold harmless each Indemnitee from and against any Loss attributable to any liability for any non-compliance regarding the SAFE registration according to the Circular 37 or any of the SAFE Rules and Regulations by any of the Founders or any other employee of the Group Companies who is required to comply with such SAFE Rules and Regulations with respect to their holdings of Equity Securities in the Company and round-trip investment in the PRC through the WFOE. The indemnification obligation of the Warrantors under this Section 1(c) shall not be affected, qualified or restricted in any way by any matter disclosed in the Disclosure Schedule.

(d) **Special Indemnity.** Each of the Warrantors shall jointly and severally indemnify and hold harmless each Indemnitee from and against any Loss attributable to underpayment of social insurance premiums and housing funds for all employees by the PRC Group Companies. The indemnification obligation of the Warrantors under this Section 1(d) shall not be affected, qualified or restricted in any way by any matter disclosed in the Disclosure Schedule.

### **Schedules to Share Purchase Agreement**

(e) Procedure. Each Indemnitee will notify the Warrantors in writing of any Action against such Indemnitee in respect of which the Warrantors are or may be obligated to provide indemnification hereunder promptly after the receipt of notice or knowledge of the commencement thereof. The failure of any Indemnitee to notify other Parties shall not relieve the Warrantors from any liability or obligation which it may have to such Indemnitee under this Section 1(e) of this Schedule F or otherwise unless the failure to so notify results in the forfeiture by the Warrantors of substantial rights and defenses and will not in any event relieve the Warrantors from any obligations other than the indemnification provided for herein. The Warrantors will have the right to participate in, and, to the extent the Warrantors so desire, to assume the defense thereof, with counsel reasonably satisfactory to the Indemnitee. However, the Indemnitee will have the right to retain separate counsel and to participate in the defense thereof, with the fees and expenses of such counsel to be paid by the Warrantors, if representation of such Indemnitee by the counsel retained by the Warrantors would be, in the Indemnitee's view, inappropriate due to actual or potential differing interests between such Indemnitee and any other party represented by such counsel in such proceeding. The Warrantors will be responsible for the expenses of such defense even if the Warrantors do not elect to assume such defense. No Warrantor may, except with the consent of the Indemnitee, consent to the entry of any judgment or enter into any settlement which does not include as a term thereof the unconditional release of the Indemnitee of all liability in respect of such claim or litigation.

(f) Limitations on Warrantors' Liability.

(i) An Indemnitee shall not be entitled to recover from the Warrantors more than once in respect of the same damages suffered by such Indemnitee. In particular, without limitation, the foregoing shall apply where one and the same set of facts qualifies under more than one provision entitling the Indemnitee to a claim or remedy under this Agreement.

(ii) No Warrantor shall be liable for any Losses arising under this Section 1 of this Schedule F unless the aggregate amount of all such Losses exceeds RMB5,000,000, in which case the Warrantors shall be liable for the full amount of all indemnifiable Losses as provided in this Section 1 of this Schedule F.

(iii) The personal assets of the Founders (other than the Equity Securities of the Group Companies directly or indirectly held by the Founders (including the proceeds received by the Founders from the sale of any Equity Securities of the Group Companies)) shall not be used to indemnify any indemnifiable Loss.

(iv) With respect to each Investor, the maximum aggregate amount of Losses that corresponding Indemnitees will be entitled to recover pursuant to this Section 1 of this Schedule F shall be limited to Purchase Price actually paid by such Investor.

(v) Notwithstanding the foregoing or anything else to the contrary contained herein, the limitations on indemnification set forth in this Agreement (including, without limitation, the limitations set forth in this Schedule F) shall not apply to any claim based on fraud of the Warrantors.

2. Other Rights and Remedies Not Affected. Nothing in this Schedule F or elsewhere in this Agreement shall affect any Parties' rights to specific performance or other equitable or non-monetary remedies with respect to the covenants and agreements in the Transaction Documents or that are to be performed at or after the Closing, including without limitation specific performance with respect to dividends rights, redemption rights and liquidation rights entitled to holders of the Purchased Shares as provided in the memorandum and articles of association of the Company.

**Schedules to Share Purchase Agreement**

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**EXHIBIT A**

**FORM OF RESTATED ARTICLES  
Exhibits to Share Purchase Agreement**



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**EXHIBIT B**

**FORM OF SHAREHOLDERS AGREEMENT**

**Exhibits to Share Purchase Agreement**

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**EXHIBIT C**

**FINANCIAL STATEMENTS**

**Exhibits to Share Purchase Agreement**

## WARRANT

Company: AiHuiShou International Co. Ltd., an exempted company incorporated under the laws of the Cayman Islands bearing Company Number 264412

Warrant Shares: 153,570 ordinary shares of the Company, par value US\$0.001 per share (“Ordinary Shares”), subject to adjustment as set forth under Section 5 below

Exercise Price: US\$2.65 per share, subject to adjustment as set forth under Section 5 below

Issue Date: May 10, 2021

Expiration Date: May 10, 2025 at 11:59 p.m. Cayman Islands time

Holder: China Equities HK Limited, a Hong Kong company

1. Conversion. At any time prior to the Expiration Date, this Warrant may be (i) exercised for cash, in whole or in part, or (ii) in lieu of an exercise of this Warrant for cash, if the fair market value of the Warrant Shares exceeds the total exercise price for the Warrant Shares, the Holder may exercise this Warrant on a cashless basis in whole. Upon a cashless exercise, without paying any additional monies, the Holder may surrender this Warrant in exchange for such number of Ordinary Shares, which is equal to the difference of (a) 153,570 (i.e., the number of Warrant Shares) and (b) the total exercise price for the Warrant Shares divided by Fair Market Value of each Ordinary Share (the “FMV”).

The FMV shall be determined as follows: (a) If the Ordinary Shares or depositary shares or other securities representing the Ordinary Shares are listed on one or more established stock exchanges or national market systems, including, without limitation, The New York Stock Exchange and The Nasdaq Stock Market, the FMV shall be the closing sales price for the Ordinary Shares (or the closing bid, if no sales were reported) as quoted on the principal exchange or system on which the Ordinary Shares are listed on the date of determination (or, if no closing sales price or closing bid was reported on that date, as applicable, on the last trading date such closing sales price or closing bid was reported), or (b) in the absence of an established market for the Ordinary Shares described in the foregoing sub-clause, the FMV shall be the price per Ordinary Share in the latest equity financing transaction of the Company with the Company issuing Ordinary Shares, preferred shares or other equity securities, or the price per Ordinary Share agreed in the definitive transaction documents for a merger or acquisition transaction involving the Company as a party. If the parties cannot agree upon the FMV, a mutually-acceptable investment bank of international repute shall be appointed to determine the FMV.

The Company shall deliver the underlying Warrant Shares within ten (10) business days after the Holder provides the Company with an exercise notice setting forth the exercise method and the number of Warrant Shares to be purchased in the case of cash exercise, and makes full payment of the corresponding exercise price.

2. Automatic Conversion on Expiration. If the FMV at the Expiration Date is greater than the Exercise Price, this Warrant shall automatically be deemed exercised on a cashless basis upon the Expiration Date and the Company shall promptly deliver a share certificate and Register of Members to the Holder showing its ownership of such as number of Ordinary Shares being calculated in accordance with Section 1 above.

3. Transfer. The Holder may transfer this Warrant freely to its affiliate in accordance with the Company's articles of association, shareholders agreement and other charter documents.

4. Approval; Authority; Information. Any approval of any of its directors and shareholders required for lawful issuance of this Warrant and Warrant Shares has been obtained and remains in effect. The Company shall give the Holder the same information it gives to any owner of the same class and series as the Warrant Shares prior to the initial public offering of the Company.

5. Adjustments. The Exercise Price, number of Warrant Shares and Warrant Shares shall be subject to adjustment from time to time for subdivisions, split-ups, share dividends, reclassifications and similar corporate transactions of the Company.

6. Notices. The Company shall give prompt notice of dividends, public offerings, new financing rounds and any other transactions that might give rise to adjustments under clause 5.

7. Representations, Warranties and Covenants. The Company represents and warrants to, and covenants with, the Holder that the Company has all corporate power and has taken all necessary corporate action required to execute and deliver this Warrant and the Warrant Shares and to perform all of its obligations under this Warrant. This Warrant has been duly authorized, executed and delivered on behalf of the Company and constitutes its legal, valid and binding corporate obligation. The issuance and delivery of this Warrant is not subject to any consent, approval, or right that has not already been obtained or waived. This Warrant, when signed, and the Warrant Shares when issued will be validly issued, fully paid and free of any liens or encumbrances. All corporate and shareholder consents required in connection with issuance of this Warrant and the Warrant Shares have either been obtained by the Company or no such consents are required.

8. Amendments. This Warrant may be amended only by mutual agreement.

9. Governing Law. Cayman Islands law will govern this Warrant, but disputes may be brought in any jurisdiction where a party resides or does business or where a stock exchange where the Company's securities are traded is based.

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10. Severability. If any provision of this Warrant is determined by a court to be invalid, illegal, or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and all other applications of any provision thereof shall not in any way be affected or impaired thereby.

IN WITNESS WHEREOF, the parties have duly executed this Warrant by their authorized representatives.

COMPANY:

AiHuiShou International Co. Ltd.

By: /s/ CHEN Xuefeng

Name: CHEN Xuefeng

Title: \_\_\_\_\_

ACKNOWLEDGED AND AGREED:

HOLDER:

China Equities HK Limited

By: /s/ Benjamin Greenspan

Name: Benjamin Greenspan

Title: Director

## SHARE PURCHASE AGREEMENT

THIS SHARE PURCHASE AGREEMENT (this “**Agreement**”) is made and entered into as of May 25, 2021 by and among

1. **AiHuiShou International Co. Ltd.**, a company limited by shares incorporated under Cayman Islands Law on November 22, 2011 (the “**Company**”),
2. **AiHuiShou International Company Limited**, a company limited by shares incorporated under the Hong Kong Law (the “**HK Subsidiary**”),
3. **Shanghai Aihui Trading Co., Ltd.** (上海艾慧商贸有限公司), a wholly foreign-owned enterprise organized under the PRC Law (the “**WFOE**”),
4. **Shanghai Yueou Information Technology Co., Ltd.** (上海悦欧信息技术有限公司), a limited liability company organized under the PRC Law (the “**WFOE Subsidiary**”),
5. **Shanghai Wanwuxinsheng Environmental Protection Technology Group Co., Ltd.** (上海万物新生环保科技有限公司), a limited liability company organized under the PRC Law (the “**Domestic Enterprise**”),
6. **Shanghai Yueyi Network Information Technology Co., Ltd.** (上海悦亿网络信息技术有限公司), a limited liability company organized under the PRC Law (the “**Shanghai Subsidiary**”),
7. **Yueyi Commercial Factoring (Shenzhen) Co., Ltd.** (乐易商业保理 (深圳) 有限公司), a limited liability company organized under the PRC Law (the “**Shenzhen Subsidiary**”),
8. **Changzhou Yueyi Network Information Technology Co., Ltd.** (常州悦亿网络信息技术有限公司), a limited liability company organized under the PRC Law (the “**Changzhou Subsidiary**”, together with the Shanghai Subsidiary and the Shenzhen Subsidiary, collectively, the “**Domestic Subsidiaries**”),
9. **AHS DEVICE HONG KONG LIMITED**, a company limited by shares incorporated under the Hong Kong Law (the “**HK Co**”, together with the Company, the HK Subsidiary, the WFOE, the WFOE Subsidiary, the Domestic Enterprise, the Domestic Subsidiaries, collectively, the “**Major Group Companies**”),
10. **SUN Wenjun** (孙文俊), a citizen of the PRC whose PRC identification card number is \*\*\*,
11. **CHEN Xuefeng** (陈雪峰), a citizen of the PRC whose PRC identification card number is \*\*\* (together with SUN Wenjun (孙文俊), the “**Founders**” and each, a “**Founder**”),

12. **S&WJ Group Limited**, a company limited by shares incorporated under the Law of the British Virgin Islands,
  13. **C&XF Group Limited**, a company limited by shares incorporated under the Law of the British Virgin Islands (together with S&WJ Group Limited, the “**Founder Holding Companies**” and each, a “**Founder Holding Company**”), and
  14. **Cosmic Blue Investments Limited**, a company duly incorporated and validly existing under the law of the British Virgin Islands (“**Cosmic Blue**”, or the “**Investor**”)
- (Collectively, the “**Parties**”, and each a “**Party**”)

#### RECITALS

WHEREAS, the Company, the Major Group Companies, the Founders, the Founder Holding Companies, and the Prior Series F Investors (as defined below) entered into a share purchase agreement (the “**Prior Series F SPA**”), under which the Company agrees to issue and sell to the Prior Series F Investors and the Prior Series F Investors agree to purchase certain amount of Series F Preferred Shares, Series C-3 Preferred Shares and Ordinary Shares (collectively, the “**Prior Issuance**”).

WHEREAS, in addition to the Prior Issuance, the Company desires to issue and sell to the Investor and the Investor desire to purchase from the Company up to an aggregate amount of 2,572,995 Series F Preferred Shares pursuant to the terms and subject to the conditions set forth in this Agreement.

#### AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

##### 1. DEFINITIONS

In this Agreement, unless the context otherwise requires, the following words and expressions have the meanings as follows:

“**Action**” means an action, suit, proceeding, claim, arbitration or investigation.

“**Affiliate**” of a given Person means, (i) in the case of a Person other than a natural person, any other Person that directly, or indirectly through one or more intermediaries, Controls, is Controlled by or is under common Control with, such given Person, or (ii) in the case of a natural person, any other Person that directly or indirectly is Controlled by such given Person or is a Relative of such given Person. For the avoidance of doubt, the Investor and its Affiliates shall not be deemed as an Affiliate of any Group Company.

“**Ancillary Agreements**” means, collectively, the Shareholders Agreement, the Restated Articles and any other agreements to which a Group Company, a Founder or a Founder Holding Company is a party and the execution of which is contemplated hereunder.



“**Anti-Corruption Law**” means any applicable Law, including, but not limited to, the Foreign Corrupt Practices Act of the United States (15 U.S.C. §§ 78dd-1, et seq.), as amended, or any similar Law of any Governmental Authority, regarding any contribution, gift, bribe, rebate, payoff, influence payment, kickback, or other payment to any Government Official, regardless of form, whether in money, property, or services.

“**Approval**” means any approval, authorization, release, order, or consent required to be obtained from, or any registration, qualification, designation, declaration, filing, notice, statement or other communication required to be filed with or delivered to, any Governmental Authority or any other Person.

“**Associate**” of a given Person means (i) a corporation or organization of which such given Person is an officer or partner or is, directly or indirectly, the beneficial owner of ten percent (10%) or more of any class of Equity Securities, (ii) any trust or other estate in which such given Person has a substantial beneficial interest or as to which such given Person serves as trustee or in a similar capacity, or (iii) any Relative of such given Person.

“**Balance Sheet Date**” means December 31, 2020.

“**Board of Directors**” or “**Board**” means the board of directors of the Company.

“**Business Day**” means a day (other than a Saturday or a Sunday) that the banks in the Cayman Islands, Hong Kong, the PRC are generally open for business.

“**Changzhou Subsidiary**” shall have the meaning as set forth in the Preamble.

“**Chengdu Kuaigou**” means Chengdu Kuaigou Technology Co., Ltd. (成都快购科技有限公司).

“**Closing**” means the consummation of the transactions contemplated in [Section 3.1](#).

“**Company**” shall have the meaning as set forth in the Preamble.

“**Company Material Adverse Effect**” means fact, event, change, circumstance, or effect that causes, or is reasonably likely to cause, a material adverse effect on the operations, results of operations, condition (financial or otherwise), assets, liabilities or business of the Group Companies taken as a whole (as presently conducted and proposed to be conducted) or on the ability of any Warrantor to perform its or his obligations under this Agreement or any Transaction Documents to which it or he is a party or on the enforceability of this Agreement or any Transaction Documents against any Warrantor, either individually or when taken together with other effects, but excluding any event, directly or indirectly, arising out of: (i) any change in general economic or political conditions; (ii) events generally affecting the industries in which the Group Companies operate; (iii) acts of war, terrorism, diseases (including without limitation COVID-19), natural disasters or similar incidents; (iv) any action required or permitted by the Transaction Documents; or (v) any changes in applicable Laws or accounting rules.

“**Company Operations**” means the existing and future operations, activities and facilities of the Company and its Subsidiaries (including the design, construction, operations, maintenance, management and monitoring thereof as applicable) in the Cayman Islands, Hong Kong and the PRC.

“**Company Warranties**” means the representations and warranties set out in Section 4 given by the Warrantors (with each of such Company Warranties being referred to as a “**Company Warranty**”).

“**Competes**” with any Group Company means a Person, directly or indirectly, owns, manages, engages in, operates, Controls, works for, consults with, renders services for, does business with, maintains any interest in (proprietary, financial or otherwise) or participates in the ownership, management, operation or Control of, any Restricted Business, whether in corporate, proprietorship or partnership form or otherwise; provided, however, that such restrictions shall not apply to the acquisition by such Person, directly or indirectly, of less than one percent (1%) of the outstanding shares of any publicly traded company engaged in a Restricted Business.

“**Constitutional Documents**” means the constitutional documents of the respective Group Company which may include, as applicable, memoranda and articles of association, by-laws, joint venture contracts and the like.

“**Contracts**” means legally binding contracts, agreements, engagements, purchase orders, commitments, understandings, indentures, notes, bonds, loans, instruments, leases, mortgages, franchises, licenses or any other contractual arrangements or obligations, which are currently subsisting and not terminated or completed (with each of such Contracts being referred to as a “**Contract**”).

“**Control**” of a given Person means the power or authority, whether exercised or not, to direct the business, management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, contractual arrangement or otherwise, which power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such Person or power to control the composition of the board of directors or similar governing body of such Person; and the terms “**Controlled**” and “**Controlling**” shall have the meaning correlative to the foregoing.

“**Disclosure Schedule**” means the Disclosure Schedule attached to this Agreement as Schedule C.

“**Domestic Enterprise**” shall have the meaning as set forth in the Preamble.

“**Domestic Subsidiaries**” shall have the meaning as set forth in the Preamble.

“**Employment-Related Agreement**” means the employment agreement, the non-compete, confidentiality and invention assignment agreement entered into by an employee of a Group Company (including the Founders, each Key Officer, and each current employee and officer) with respect to his or her employment with such Group Company.

“**Equity Securities**” means, with respect to a given Person, any share, share capital, registered capital, ownership interest, partnership interest, equity interest, joint venture or other ownership interest of such Person, or any option, warrant, or right to subscribe for, acquire or purchase any of the foregoing, or any other security or instrument convertible into or exercisable or exchangeable for any of the foregoing, or any equity appreciation, phantom equity, equity plan or similar right with respect to such Person, or any Contract of any kind for the purchase or acquisition from such Person of any of the foregoing, either directly or indirectly.

“**ESOP**” means such share option plans, share incentive scheme or other schemes and agreements of similar nature duly adopted by the Company pursuant to which Option Shares are issued or granted to the directors, the officers, the employees of any of the Group Companies.

“**Financial Statements**” means the audited consolidated financial statements of the Company for the fiscal year of 2020, 2019 and 2018, which are attached hereto as Exhibit C.

“**Founders**” or “**Founder**” shall have the meaning as set forth in the Preamble.

“**Founder Holding Companies**” or “**Founder Holding Company**” shall have the meaning as set forth in the Preamble.

“**Fundamental Company Warranties**” means Company Warranties contained in Section 4.1 (Organization, Standing and Qualification) to and including Section 4.7 (Liabilities), Section 4.12 (Compliance with Law), Section 4.17 (Financial Statements), Section 4.19 (Tax Matters), and Section 4.25 (UN Security Council Resolutions) to and including Section 4.27 (Environmental Matters).

“**GAAP**” means the generally accepted accounting principles of the PRC.

“**Government Official**” means any officer, employee or other person acting in an official capacity for any Governmental Authority, to any political party or official thereof or any candidate for any political office.

“**Governmental Authority**” means any nation, government, province, state, or any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission or instrumentality of any government or any political subdivision thereof, court, tribunal, arbitrator, the governing body of any securities exchange, and self-regulatory organization, in each case having competent jurisdiction.

“**Group Companies**” means, collectively, the Company, the HK Subsidiary, the WFOE, the WFOE Subsidiary, the Domestic Enterprise, the Domestic Subsidiaries, the HK Co and the Subsidiaries of the foregoing, as of the date hereof, including without limitation, UP Trade Technologies, Inc., AHS Device US, Inc., Shenzhen Runchu Technology Co., Ltd. (深圳市润楚科技有限公司, a limited liability company organized under the PRC Law), Shanghai Yueqing Information Technology Co., Ltd. (上海悦清信息技术有限公司, a limited liability company organized under the PRC Law), Shanghai Yuexia Trade Co., Ltd. (上海悦呷贸易有限公司, a limited liability company organized under the PRC Law), Shanghai Yuechuan Network Information Technology Co., Ltd. (上海悦川网络信息技术有限公司, a limited liability company organized under the PRC Law), Shenzhen Lvchuang Network Technology Co., Ltd. (深圳市绿创网络科技有限公司, a limited liability company organized under the PRC Law), Shenzhen Aileyou Information Technology Co., Ltd. (深圳爱乐优信息科技有限公司, a limited liability company organized under the PRC Law), Nantong Yueyi Network Technology Co., Ltd. (南通悦亿网络信息技术有限公司, a limited liability company organized under the PRC Law) and Chengdu Yuechuan Network Technology Co., Ltd. (成都悦川网络信息技术有限公司, a limited liability company organized under the PRC Law) (with each of such Group Companies being referred to as a “**Group Company**”), excluding AiFenLei Global Co., Ltd (an exempted limited liability company organized under the Cayman Law) and its Subsidiaries.

“**HK Co**” shall have the meaning as set forth in the Preamble.

“**HKIAC**” means Hong Kong International Arbitration Centre.

“**HK Subsidiary**” shall have the meaning as set forth in the Preamble.

“**Hong Kong**” means the Hong Kong Special Administrative Region of the People’s Republic of China.

“**IFRS**” means the International Financial Reporting Standards promulgated by the International Accounting Standards Boards (“**IASB**”) (which include standards and interpretations approved by the IASB and International Accounting Standards issued under previous constitutions) together with its pronouncements thereon from time to time, and applied on a consistent basis.

“**Indemnitee**” means the Investor, together with its respective Affiliates, officers, directors, partners, employees, successors and assigns.

“**Interested Party**” means the Founders, the Founder Holding Companies, any shareholder, officer, director or Key Officer of a Group Company, or any Affiliate or Associate of any such Person.

“**Investor**” shall have the meaning as set forth in the Preamble.

“**InnoVen Warrant Exercise**” means the proposed exercise of the warrant granted by the Company to InnoVen Capital China Pte. Ltd. pursuant to a Warrant Instrument entered into by and among the Company and InnoVen Capital China Pte. Ltd. dated as of November 19, 2020.

“**Jing Dong**” means JD.com Development Limited.

“**Joinder and Amendment to the Shareholders Agreement**” means a joinder and amendment to the eighth amended and restated shareholders agreement to be entered into on or prior to the Closing by and among the parties named therein, which shall be in the form and substance attached hereto as Exhibit B-1.

“**Key Officers**” means the Founders and such other management and main technical staff as set forth in Schedule B hereto.

“**Knowledge**” means the actual or constructive knowledge of a Person after due and diligent inquiries of key employees and the senior management of such Person who could reasonably be believed to have knowledge of the matter in question.

“**Cosmic Blue**” shall have the meaning as set forth in the Preamble.

“**Kuaishou BCA**” means the Kuaishou Business Cooperation Framework Agreement (《成都快购科技有限公司与上海万物新生环保科技集团有限公司之业务合作框架协议》), the Supplement to the Kuaishou Business Cooperation Framework Agreement (《成都快购科技有限公司与上海万物新生环保科技集团有限公司关于〈业务合作框架协议〉之补充协议》) to be entered into on or prior to the Closing by and between Chengdu Kuaigou and the Domestic Enterprise, which agreement shall be in the form and substance attached hereto as Exhibit D, as amended, supplemented, and restated from time to time.

“**Law**” means any law, rule, constitution, code, ordinance, statute, treaty, decree, regulation, common or customary law, order, official policy, circular, provision, administrative order, interpretation, injunction, judgment, ruling, assessment, writ or other legislative measure of any Governmental Authority.

“**Licenses**” means all licenses, permits, certificates of authority, authorizations, approvals, registrations, franchises and similar consents granted or issued by any Governmental Authority and the business licenses of the applicable Group Companies.

“**Lien**” means any mortgage, pledge, claim, security interest, encumbrance, title defect, lien, charge, restriction, covenant, or other limitation.

“**Losses**” of a Person means any and all losses, damages, liabilities and expenses (joint or several), including, without limitation, attorneys’ fees and disbursements and all other expenses incurred in investigating, preparing, compromising or defending against any Action, commenced or threatened, or any claim whatsoever and all amounts paid in settlement of any such claim or Action, to which such Person may become subject under any applicable Law.

“**Major Group Companies**” shall have the meaning as set forth in the Preamble.

“**Material Contracts**” means Contracts (oral or written) the term of which has not yet expired and which any Group Company is a party to or it is bound by, have an aggregate value, cost or amount, or impose liability or contingent liability on any Group Company in excess of RMB20,000,000 per annum, and which (i) extend for more than twelve (12) months beyond the date of this Agreement, (ii) are not terminable upon thirty (30) days’ notice without incurring any penalty or obligation or the termination of which would be reasonably likely to have a Company Material Adverse Effect, (iii) are not readily to be fulfilled or performed by a Group Company on time or without undue or unusual expenditure of money or efforts or a Group Company does not have the technical and other capabilities or the human and material resources to enable it to fulfill, perform and discharge all its outstanding obligations in the ordinary course of business without realizing a loss on closing of performance, (iv) are material to the conduct and operations of a Group Company’s business and properties, (v) any Interested Party is a party to, (vi) relate to the sale, issuance, grant, exercise, award, purchase, repurchase or redemption of any Equity Securities, (vii) are with a material customer or material supplier of a Group Company or with a Governmental Authority, (viii) involve indebtedness, an extension of credit, a guaranty or assumption of any obligation, or the grant of a Lien, (ix) involve the acquisition or sale of a business, a merger, consolidation, amalgamation, a partnership, joint venture, or similar arrangement, (x) transfer or license any Proprietary Asset to or from a Group Company (other than licenses granted in the ordinary course of business or from commercially readily available “off-the-shelf” computer software), or obligate a Group Company to share or develop any Proprietary Asset with any third party, (xi) contain change in Control, exclusivity, non-competition or similar clauses that impair, restrict or impose conditions on a Group Company’s right to offer or sell products or services in specified areas, during specified periods or otherwise, (xii) are otherwise substantially dependent on by a Group Company, or (xiii) not in the ordinary course of business of a Group Company (with each of such Material Contracts being referred to as a “**Material Contract**”). For the avoidance of any doubt, notwithstanding any contrary in this Agreement, any contract listed in Section 4.10 of the Disclosure Schedule shall be deemed to be a Material Contract.

“**Option Shares**” means the Ordinary Shares issuable or issued under the ESOP to the employees, officers, directors of any of the Group Companies or other eligible Persons.

“**Ordinary Shares**” means the Company’s ordinary shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Parties**” and “**Party**” shall have the meaning as set forth in the Preamble.

“**Person**” means any individual, corporation, partnership, limited partnership, proprietorship, association, limited liability company, firm, trust, estate or other enterprise, entity or legal person.

“**PRC**” means the People’s Republic of China, for the purpose of this Agreement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan.

“**PRC Group Companies**” means all the Group Companies established in the PRC (with each of such PRC Group Companies being referred to as a “**PRC Group Company**”).

“**Principal Business**” means the business of the operation of the platform of the trade of second-hand goods.

“**Prior Series F Investors**” means Being Capital Fund I LP, Tian Zhan Investment Limited (天展投资有限公司), JD.com Development Limited, Internet Fund IV Pte. Ltd., Tiger Pacific Master Fund LP, YIHENG CAPITAL PARTNERS, L.P., Pluto Connection Limited, and Design Time Limited.

“**Privacy Law**” means all Law in any jurisdiction governing the receipt, collection, use, storage, processing, sharing, security, disclosure or transfer of personal information, and cybersecurity, including all Law governing data breach notification.

“**Preferred Shares**” means the Series A Preferred Shares, the Series B Preferred Shares, the Series C Preferred Shares, the Series D Preferred Shares, the Series E Preferred Shares and the Series F Preferred Shares collectively (with each of such Preferred Shares being referred to as a “**Preferred Share**”).

“**Proprietary Assets**” means (i) all inventions and patents, together with all applications, reissuances, continuations, revisions, and extensions thereof, (ii) all registered and material unregistered trademarks, service marks, trade dress, logos, trade names and corporate names and domain names, together with all translations, adaptations, derivations and combinations thereof and including all goodwill and all applications, registrations and renewals in connection therewith, (iii) all copyrightable works (including, without limitation, all works of authorship, works made for hire and mask works), all copyrights (together with all applications, registrations and renewals in connection therewith) and all material unregistered copyrights, (iv) all trade secrets and confidential business information (including ideas, know-how, formulas, compositions, manufacturing and production processes and techniques, methods, technology, technical data, designs, drawings, flowcharts, diagrams, specifications, customer and supplier lists, pricing and cost information and business and marketing plans and proposals), (v) all Software, (vi) all other proprietary rights, (vii) all licenses, sublicenses, agreements, consents or permissions related to the foregoing, and (viii) all media on which any of the foregoing is stored or all documentation related to any of the foregoing.

“**Purchase Price**” means the applicable purchase price to be paid in cash by the Investor (in the amount of US\$28,000,000, the “**Cash Purchase Price**”) and other resources to be contributed by the Investor’s Affiliate or its designated party under the Kuaishou BCA (in the amount equivalent to US\$22,000,000, the “**Resource Purchase Price**”) for the Purchased Shares. The total amount of Purchase Price shall be deemed as US\$50,000,000.

“**Purchased Shares**” means the Series F Preferred Shares, to be purchased and sold pursuant to [Section 2](#).

“**Relatives**” of a natural person means such Person’s spouse, parents, grandparents, children, grandchildren, siblings, uncles, aunts, nephews, nieces or great-grandparents or the spouse of such Person’s children, grandchildren, siblings, uncles, aunts, nephews or nieces (with each of such Relatives being referred to as a “**Relative**”).

“**Renminbi**” and “**RMB**” mean the lawful currency for the time being of the PRC.

“**Restated Articles**” means the amended and restated Memorandum and Articles in the form and substance attached hereto as [Exhibit A](#).

“**Restricted Business**” means any business that is related to the Principal Business or otherwise Competes with any PRC Group Company.

“**Restructuring Documents**” means a series of agreements among the WFOE on the one hand, and the Domestic Enterprise and/or all of its equity interest holders: (a) the exclusive technical service agreement dated August 31, 2012 among WFOE and the Domestic Enterprise; (b) the business cooperation agreement dated August 31, 2012 among WFOE, the Domestic Enterprise and the Founders; (c) the third amended and restated option purchase agreements entered into by and among WFOE and the Founders on December 7, 2020; (d) the third amended and restated share pledge agreement entered into by and among WFOE and the Founders on December 7, 2020; (e) the proxy agreement dated August 31, 2012 among WFOE, the Domestic Enterprise and the Founders; (f) the amended and restated powers of attorney dated March 12, 2021 issued by each Founder to the WFOE; (g) the spousal consent letters issued by the spouses of the Founders on March 12, 2021 and (h) the fifth supplemental agreement to the exclusive technology consulting and management service agreement entered into by and between the WFOE and the Domestic Enterprise on March 12, 2021.

“**Rules**” shall have the meaning as set forth in [Section 10.14\(c\)](#).

“**SAFE**” means the State Administration of Foreign Exchange of the PRC and its local branches.

“**SAFE Rules and Regulations**” means the *Circular on Relevant Issues Concerning Foreign Exchange Administration for Domestic Residents to Engage in Overseas Investment and Financing and Round Trip Investment via Special Purpose Companies* (国家外汇管理局关于境内居民通过特殊目的公司境外投融资及返程投资外汇管理有关问题的通知, the “**Circular 37**”) issued by SAFE on July 4, 2014 and any other guidelines, implementing rules, reporting and registration requirements issued by SAFE in relation thereto.

“**Securities Act**” means the U.S. Securities Act of 1933, as amended and interpreted from time to time.

“**Series A Preferred Shares**” means the Company’s series A preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Series B Preferred Shares**” means Series B-1 Preferred Shares, Series B-2 Preferred Shares and Series B-3 Preferred Shares collectively.

“**Series B-1 Preferred Shares**” means the Company’s series B-1 preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Series B-2 Preferred Shares**” means the Company’s series B-2 preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Series B-3 Preferred Shares**” means the Company’s series B-3 preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Series C Preferred Shares**” means Series C-1 Preferred Shares, Series C-2 Preferred Shares and Series C-3 Preferred Shares collectively.

“**Series C-1 Preferred Shares**” means the Company’s series C-1 preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Series C-2 Preferred Shares**” means the Company’s series C-2 preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Series C-3 Preferred Shares**” means the Company’s series C-3 preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.



“**Series D Preferred Shares**” means Series D-1 Preferred Shares and Series D-2 Preferred Shares collectively.

“**Series D-1 Preferred Shares**” means the Company’s series D-1 preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Series D-2 Preferred Shares**” means the Company’s series D-2 preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Series E Preferred Shares**” means the Company’s series E preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Series F Preferred Shares**” means the Company’s series F preferred shares, par value US\$0.001 per share, with the rights and privileges as set forth in the Restated Articles.

“**Shanghai Subsidiary**” shall have the meaning as set forth in the Preamble.

“**Shareholders Agreement**” means the eighth amended and restated shareholders agreement which was entered into on April 16, 2021 by and among the Company, the Major Group Companies, the Founders, the Founder Holding Companies and the Prior Series F Investors, which agreement shall be in the form and substance attached hereto as Exhibit B, as further amended by the Joinder and Amendment to the Shareholders Agreement. For the avoidance of any doubt, any reference to “Shareholders Agreement” herein shall include a reference to the Joinder and Amendment to the Shareholders Agreement.

“**Shenzhen Subsidiary**” shall have the meaning as set forth in the Preamble.

“**Software**” means computer programs, including any and all software implementation of algorithms, models and methodologies (whether in source code or object code), databases and compilations (including any and all data and collections of data), and all related documentation.

“**Subsidiary**” means, with respect to any given Person, any Person of which the given Person, directly or indirectly, Controls, including but not limited through the ownership of more than fifty percent (50%) of the issued and outstanding authorized capital, share capital, voting interests or registered capital, for the avoidance of doubt, the branch of any Group Company shall not be regarded as a Subsidiary of such Group Company.

“**Tax Return**” means any return, report or statement showing Tax, used to pay Tax, or required to be filed with respect to any Tax (including any elections, declarations, schedules or attachments thereto, and any amendment thereof), including any information return, claim for refund, amended return or declaration of estimated or provisional Tax.

“**Tax**” means (i) in the PRC: (a) any national, provincial, municipal, or local taxes, charges, fees, levies, or other assessments, including, without limitation, all net income (including enterprise income tax and individual income withholding tax), turnover (including value-added tax, business tax, and consumption tax), resource (including urban and township land use tax), special purpose (including land value-added tax, urban maintenance and construction tax, and additional education fees), property (including urban real estate tax and land use fees), documentation (including stamp duty and deed tax), filing, recording, social insurance (including pension, medical, unemployment, housing, and other social insurance withholding), tariffs (including import duty and import value-added tax), and estimated and provisional taxes, charges, fees, levies, or other assessments of any kind whatsoever, (b) all interest, penalties (administrative, civil or criminal), or additional amounts imposed by any Governmental Authority in connection with any item described in clause (a) above, and (c) any form of transferee liability imposed by any Governmental Authority in connection with any item described in clauses (a) and (b) above, and (ii) in any jurisdiction other than the PRC: all similar liabilities as described in clause (i) above.

“**Transaction Documents**” means this Agreement, the Ancillary Agreements, the Restructuring Documents, the Kuaishou BCA and each of the other agreements and documents otherwise required in connection with implementing the transactions contemplated by any of the foregoing.

“**US\$**” or “**US Dollars**” means the lawful currency of the United States of America.

“**Warrantors**” means, collectively, the Major Group Companies, the Founder Holding Companies and the Founders (with each of such Warrantors being referred to as a “**Warrantor**”).

“**WFOE**” shall have the meaning as set forth in the Preamble.

“**WFOE Subsidiary**” shall have the meaning as set forth in the Preamble.

## 2. TRANSACTIONS

Subject to the terms and conditions of this Agreement and the Transaction Documents, as applicable, as of the Closing, the Company will have authorized the issuance, pursuant to the terms and conditions of this Agreement, of up to 2,572,995 Series F Preferred Shares. Subject to the terms and conditions hereof, the Company hereby agrees to issue and sell to the Investor, and the Investor hereby agrees to subscribe for and purchase, on the date of the Closing, that type and number of Purchased Shares set forth opposite the Investor’s name on Schedule A, with the Investor to pay the Cash Purchase Price set forth opposite its name on Schedule A attached hereto and to execute the Kuaishou BCA on or prior to the Closing. At the Closing, the Investor shall pay the Cash Purchase Price set forth opposite the Investor’s name in Schedule A to the Company.

## 3. CLOSING; CLOSING DELIVERIES

3.1 Closing. Upon the fulfillment and/or waiver of the conditions set forth in Sections 7 and 8 below:

(a) the Company shall request the Investor to subscribe for the Purchased Shares pursuant to Section 2 and deliver wire transfer instructions to the Investor as soon as practicable, but in no event later than five (5) Business Day after such fulfillment and/or waiver.

(b) the purchase and sale of the Purchased Shares shall take place remotely via the exchange of documents and signatures, on a date specified by the Parties, which date shall be no later than ten (10) Business Days after the fulfillment and/or waiver of the conditions set forth in Section 7 and 8 below, or at such other time and place as the Company and the Investor may mutually agree upon.

3.2 Deliveries by the Company. At the Closing, in addition to any items the delivery of which is made an express condition to the Investor's obligations at the Closing pursuant to Section 7, the Company shall deliver to the Investor:

(a) a certificate executed by a Founder and the Company as of the Closing, certifying that the conditions to the Closing set forth in Section 7 have been satisfied.

(b) a copy of the updated register of members of the Company, showing the Investor as the holder of such number of Purchased Shares being purchased by the Investor at the Closing, certified by the registered agent or a director of the Company to be a true and complete copy of the original; and

(c) a copy of the share certificate, representing the issuance to the Investor of the Purchased Shares being purchased by the Investor at the Closing, certified by the registered agent or a director of the Company to be a true and complete copy of the original, with the original (duly signed and sealed for and on behalf of the Company) to be delivered to the Investor within fifteen (15) Business Days after the payment of the Cash Purchase Price by the Investor.

(d) a copy of Shareholders' resolutions (or in other form which satisfies the Investor) and a copy of Board of Directors' resolutions which consent and approve the execution and the performance of the Transaction Documents.

3.3 Deliveries by the Investor. At the Closing, in addition to any items the delivery of which is made an express condition to the Company's obligations at the Closing pursuant to this Agreement, the Investor shall pay the Cash Purchase Price as indicated opposite the Investor's name on Schedule A by wire transfer of immediately available funds in US Dollars to an account designated in the wire transfer instruction delivered by the Company pursuant to Section 3.1(a).

3.4 Actions if Closing Conditions not Fulfilled. With respect to the Investor, if any condition set forth in Section 7 applicable to it has not been fulfilled or waived within sixty (60) days after the date hereof, the Investor is entitled to, at its own option, without prejudice to its rights hereunder and under applicable Law:

(a) defer the Closing to a later date while such date shall be as mutually agreed between the Investor and the Company;

(b) proceed with the Company to the Closing so far as practicable (without limiting its rights under this Agreement); or

(c) terminate this Agreement with respect to itself.

#### 4. REPRESENTATIONS AND WARRANTIES OF THE WARRANTORS

Each of the Warrantors, jointly and severally, hereby represents, warrants and undertakes to the Investor, except as set forth in the Disclosure Schedule (disclosures contained in which shall be deemed to be the exceptions to the Company Warranties to the Investor only if such disclosures are fully, specifically and accurately stated therein), as of the date hereof that each of the Company Warranties set out in this Section 4 is true, complete and accurate, and not misleading in all material respects, and acknowledges that the Investor are relying on the Company Warranties made by such Warrantors in this Section 4 in entering into this Agreement. Each of the Company Warranties made by any Warrantor in Section 4 shall be construed as a separate and independent Company Warranty. The Company Warranties made by each Warrantor in this Section 4 shall be deemed to be repeated as of the Closing as if they were made on and as of the Closing and all references therein to the date of this Agreement were references to the Closing, except for those Company Warranties that address matters only as of a particular date, which Company Warranties will have been true, correct and complete as of such particular date. The Warrantors are permitted to supplement the Disclosure Schedule by way of the supplemental disclosure to be given prior to or as of the Closing, the form and substance of which shall be subject to the agreement by the Company and the Investor, and must be agreed by such Parties no less than five (5) days prior to the Closing and, failing such agreement (which shall not be unreasonably withheld or delayed), no material change or supplementation shall be made to the Disclosure Schedule.

4.1 Organization, Standing and Qualification. Each Major Group Company is duly organized, validly existing and in good standing (or equivalent status in the relevant jurisdiction) under, and by virtue of, the Law of the place of its incorporation or establishment and has all requisite power and authority to own its properties and assets and to carry on its business as now conducted and as proposed to be conducted, and to perform each of its obligations hereunder and under each of the Transaction Documents to which it is a party. Each Group Company is qualified to do business and is in good standing (or equivalent status in the relevant jurisdiction) in each jurisdiction where failure to be so qualified would constitute a Company Material Adverse Effect.

#### 4.2 Capitalization.

(a) Company Shares. Schedule D sets forth the fully-diluted capitalization of the Company as of the execution date of this Agreement and immediately following the Closing.

(b) Company Options. Except for the Option Shares and the conversion privileges of the Preferred Shares or as otherwise set forth in Schedule D or the Disclosure Schedule, there are no options, warrants, conversion privileges or other rights, or agreements with respect to the issuance thereof, presently outstanding to purchase any of the Equity Securities of the Company. Except as noted in this Section 4.2(b) and the rights provided in the Shareholders Agreement and Restated Articles, none of the Company's outstanding share capital, or shares issuable upon exercise or exchange of any outstanding options or other shares issuable by the Company, are subject to any preemptive rights, rights of first refusal or other rights to purchase such shares (whether in favor of the Company or any other Person).

(c) HK Subsidiary. The authorized share capital of the HK Subsidiary is HK\$10,000, divided into 10,000 shares of HK\$1.00 each, all of its outstanding shares are held by the Company.

(d) PRC Group Companies. The HK Subsidiary legally and beneficially owns one hundred percent (100%) of the Equity Securities of the WFOE and all of such Equity Securities of the WFOE are duly vested in the HK Subsidiary as the owner in accordance with applicable PRC Law. Except as contemplated under the Restructuring Documents, there are no outstanding rights or commitments made by any Warrantor to sell any Equity Securities in any PRC Group Company. Except as set forth in the Restructuring Documents and the Disclosure Schedule, there are no options, warrants, conversion privileges or other rights, or agreements with respect to the issuance thereof, presently outstanding to purchase any of the Equity Securities of any PRC Group Company. Except as set forth in the Restructuring Documents and their respective Constitutional Documents or as required by applicable Law, no outstanding Equity Securities of any PRC Group Company are subject to any preemptive rights, rights of first refusal or other rights to purchase such Equity Securities (whether in favor of such PRC Group Company or any other Person).

(e) Outstanding Security Holders. A complete and current list of all outstanding shareholders and any other holders of the Equity Securities of each Major Group Company (other than the Company) as of the date hereof and immediately prior to the Closing is set forth in the Disclosure Schedule, indicating the type and number of shares, options or other Equity Securities held by each such shareholder, option holder or other holder of the Equity Securities. All outstanding share capitals or registered capitals of each Group Company have been duly and validly issued (or subscribed for), fully paid and non-assessable. Except as set forth in the Restructuring Documents and the Disclosure Schedule, all share capitals or registered capitals of each Group Company are free and clear of any Lien (except for any restrictions on transfer under applicable Law). No outstanding share, option, warrant, registered capital or other Equity Security of any Group Company was issued or subscribed to in violation of the preemptive rights of any Person, terms of any Contract or any applicable Law, including without being limited to applicable securities Law and any exemption therefrom, by which each such Group Company at the time of issuance or subscription was bound. Except as set forth in the Restructuring Documents, the Disclosure Schedule and as contemplated under the Transaction Documents,

(i) there is no resolution pending to increase the share capital or registered capital of any Group Company;

(ii) except as provided in the ESOP, there is no outstanding Contract under which any Person purchases or otherwise acquires, or has the right to purchase or otherwise acquire, any interest in the share capital or registered capital of any Group Company;

(iii) there is no dividend which has been declared but is unpaid by any Group Company;

(iv) except for the ESOP, there is no outstanding or authorized equity appreciation, phantom equity, equity plan or similar right with respect to any Group Company; and

(v) none of the Group Companies, the Founders or the Founder Holding Companies is a party or is subject to any Contract that affects or relates to the voting of any Group Company's Equity Securities.

#### 4.3 Group Structure.

(a) Group Structure. Except for the Group Companies, the Company does not presently own or Control, directly or indirectly, any interest in any other corporation, partnership, trust, joint venture, association, or other entity. Except for the branches and offices duly maintained by the Group Companies or as disclosed in the Disclosure Schedule, none of the Group Companies holds or Controls, directly or indirectly, any interest in any other corporation, partnership, trust, joint venture, association, or other entity. The capital and organizational structure of each PRC Group Company are valid and in full compliance with relevant PRC Law.

(b) Founders and Founder Holding Companies. Except for the Group Companies, the Founders and the Founder Holding Companies do not presently own or Control, directly or indirectly, any interest in any other corporation, partnership, trust, joint venture, association, or other entity.

4.4 Due Authorization. All corporate actions on the part of each applicable Group Company and, as applicable, their respective officers, directors and shareholders necessary for (i) the authorization, execution and delivery of, and the performance of all of its obligations under this Agreement or any Transaction Documents, and (ii) the authorization, issuance, reservation for issuance and delivery of all of the Purchased Shares have been taken or will be taken prior to the applicable Closing. Each Founder and his Founder Holding Company has the requisite power, capacity and authority to enter into, execute and deliver this Agreement and each of the Transaction Documents to which he or it is a party, and to perform all the obligations to be performed by such Founder and his Founder Holding Company hereunder and thereunder. Each of the Transaction Documents, when executed and delivered, will constitute valid and binding obligations of each Warrantor to the extent such Warrantor is a party to such Contract, enforceable against such Warrantor in accordance with its terms, subject, as to enforcement of remedies, to applicable bankruptcy, insolvency, moratorium, reorganization and similar Law affecting creditors' rights generally and to general equitable principles.

4.5 Consents; No Conflict. Except as disclosed in the Disclosure Schedule or otherwise disclosed to the Investor by the Warrantors in writing, no consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any Governmental Authority or other third party on the part of any Warrantor is required in connection with the execution, delivery and performance of the Transaction Documents and the consummation of the transactions contemplated hereby and thereby, other than those already secured or effected or will be secured or effected prior to the Closing. There is no applicable Law or legal requirement, agreement, judgment, injunction order or decree binding upon any Group Company which has or could reasonably be expected to have the adverse effect of conflicting with or prohibiting or impairing in any material respect any of its current business practices, its acquisition of property or the conduct of its business as it is currently conducted.

4.6 Valid Issuance of Purchased Shares. The Purchased Shares, when issued, sold and delivered in accordance with the terms of this Agreement, will be duly and validly issued, fully paid, nonassessable and free and clear of any Lien, except any Lien imposed by the Transaction Documents and the applicable Law. All Ordinary Shares issuable upon conversion of the Purchased Shares will be duly and validly issued, fully paid and nonassessable. Subject to the representations and warranties made by the Investor in Sections 5.2 and 5.3, the offer and sale of the Purchased Shares to the Investor pursuant to this Agreement shall be exempt from the registration and/or qualification requirements of all applicable securities Law.

4.7 Liabilities. Except as disclosed in the Financial Statements and the Disclosure Schedule or those incurred in the ordinary course of business of the Group Companies after the Balance Sheet Date, none of the Group Companies has any indebtedness for borrowed money that it has directly or indirectly created, incurred, assumed, or guaranteed, or with respect to which such Group Company has otherwise become directly or indirectly liable. Except as disclosed in the Financial Statements and the Disclosure Schedule, none of the Warrantors is a guarantor or indemnitor of any indebtedness of any other Person other than any indebtedness incurred in the ordinary course of business after the Balance Sheet Date.

4.8 Title to Properties and Assets. Each Group Company has good and marketable titles to, or valid rights to use, all of its material properties and assets (whether tangible or intangible) that it purports to own (including as reflected in its balance sheets of the Financial Statements) or that it currently uses (except for such assets as have been spent, sold or transferred in the ordinary course of business since the Balance Sheet Date), free and clear of any and all Liens of any party other than the lessors of such property and assets in the case that it is leased by any Group Company. Such properties and assets collectively represent in all material respects all properties and assets necessary for the conduct of the business of the Group Companies as presently conducted, and have been properly maintained and are in good working condition in all material respects. Each Group Company has been and is in compliance with all the leases with respect to the property and assets it leases in all material respects.

4.9 Status of Proprietary Assets.

(a) Ownership of Proprietary Assets. Each of the Group Companies owns all right, title and interest in and to, free and clear of all Liens, or has all necessary and valid rights to use, all of the material Proprietary Assets, and no item of Proprietary Assets is subject to any outstanding injunction, judgment, order, decree, ruling or charge. Each Proprietary Assets owned by the Group Companies is valid, enforceable, and subsisting, in full force and effect, and has not been cancelled, expired or abandoned. To the Knowledge of the Warrantors, none of the Warrantors is aware of any notice, claim or assertion that any item of Proprietary Assets owned by the Group Companies is invalid and is aware of any actual, threatened or pending claim, action, opposition, re-examination, interference or cancellation proceeding with respect thereto.

(b) Use of Proprietary Assets. To the Knowledge of the Warrantors, the Group Companies have not interfered with, infringed upon, misappropriated or violated any rights of third parties to the Proprietary Assets due to its use of Proprietary Assets, and the Group Companies have not received any charge, complaint, claim, demand or notice alleging any such interference, infringement, misappropriation or violation, nor is any Group Company aware of any reasonable basis therefor. To the Knowledge of the Warrantors, no third party has interfered with, infringed upon, misappropriated or violated any rights of the Group Companies to any of the material Proprietary Assets owned by the Group Companies. Except as set forth in the Disclosure Schedule, there are no outstanding options, licenses or agreements of any kind granted by any Group Company relating to the Proprietary Assets owned by any Group Company, and such Group Company is not bound by or a party to any options, licenses or agreements of any kind with respect to the Proprietary Assets owned by any other Person, except for standard end-user agreements with respect to commercially available Proprietary Assets such as "off the shelf" computer software all of which are valid and fully paid, or other options, licenses or agreements occurred in the ordinary course of business of such Group Company. Each Group Company has used best efforts to protect its title and ownership in the Proprietary Assets owned by such Group Company and the confidentiality of its trade secrets. To the Warrantors' best Knowledge, there has been no material disclosure of any trade secrets of any Group Company by any Person other than pursuant to the terms of a non-disclosure agreement, and, to the Warrantors' best Knowledge, no party to any non-disclosure agreement relating to the Company's trade secrets is in breach or default thereof.

(c) Work Products Owned by Group Companies. All of personnel of any Group Company, including employees, agents, consultants, and contractors, who have contributed to or participated in the conception and development of the material Proprietary Assets on behalf of such Group Company with respect to the business of such Group Company, either (i) have been a party to a “work-for-hire” arrangement or similar agreement with such Group Company, in accordance with applicable Law, that has accorded such Group Company full, effective, exclusive, and original ownership of all tangible and intangible property and related rights thereby arising, or (ii) have executed appropriate instruments of assignment in favor of such Group Company that have conveyed to such Group Company full, effective, and exclusive ownership of all tangible and intangible property and related rights thereby arising.

(d) Employees' Invention. To the Knowledge of the Warrantors, none of the Group Companies is aware that any of Key Officers or key employees with position of vice president or higher is obligated under any agreement or contract (including licenses, covenants or commitments of any nature) or instrument, or subject to any judgment, decree or order of any court or governmental agency or instrumentality, that would interfere with the devotion of his full-time service to such Group Company or that would conflict with the business as currently conducted or as proposed to be conducted by such Group Company. Neither the execution nor delivery of this Agreement or the Transaction Documents, nor the carrying on of the business as currently conducted or as proposed to be conducted by any Group Company, will, to the Warrantors' best Knowledge, conflict with or result in a breach of the terms, conditions or provisions of, or constitute a violation or default under, any such Contract, judgment, decree or order under which any of such officers or employees are currently obligated. None of the Group Companies believes it is or will be necessary to utilize any inventions of any of its Key Officers or key employees with position of vice president or higher made prior to or outside the scope of their employment by such Group Company.

4.10 Material Contracts and Obligations. All Material Contracts are listed in the Disclosure Schedule and have been made available for inspection by or, if they are oral Contracts, have been summarized in writing for the Investor and the counsels thereof. Each Material Contract is a valid, binding and enforceable agreement of the parties thereto, the performance of which does not violate any applicable Law, and is in full force and effect, and the terms thereof have been complied with by the relevant Group Companies and, to the best Knowledge of each Warrantor, by all the other parties thereto. There are no circumstances likely to give rise to any material breach of such terms, no grounds for rescission, avoidance or repudiation of any of the Material Contracts and no notices of violation, default, termination or intention to terminate (whether or not such notice is in writing) have been received in respect of any Material Contract.



#### 4.11 Litigation.

(a) General. Except as disclosed in the Disclosure Schedule, there is no material Action pending or, to the best Knowledge of the Warrantors, threatened, against any Group Company or the business of the Group Companies, and each Warrantor is not aware of any event or circumstance that may form a basis for any such Action. The foregoing includes, without limitation, material Actions pending or threatened against the Group Companies, the Founders or the Founder Holding Companies or the business of the Group Companies, the Founders or the Founder Holding Companies (or any basis therefor known to the Warrantors) involving the prior employment of any of the Group Companies' Key Officers or key employees with position of vice president or higher, their use in connection with the business of the Warrantors of any information or techniques allegedly proprietary to any of their former employers, or their obligations under any agreements with former employers. None of the Group Companies, the Founders or the Founder Holding Companies is a party or subject to the provisions of any order, writ, injunction, judgment or decree of any court or Governmental Authority. There is no Action initiated by the Group Companies that is currently pending.

(b) Action Relating to this Agreement. There is no Action pending or, to the best Knowledge of the Warrantors, threatened, that questions the validity of this Agreement, or any of the Transaction Documents, or the right of the Company to enter into such agreements, or to consummate the transactions contemplated hereby or thereby or that could, individually or in the aggregate, result in a Company Material Adverse Effect or a change in the current equity ownership of any Group Company.

(c) Anti-Corruption Law Matters. To the best Knowledge of the Warrantors, there are no Actions pending or threatened against any Group Company, Founder, Founder Holding Company or any director, officer, agent, employee or any other Person acting for or on behalf of the foregoing, alleging a violation of any Anti-Corruption Law, (i) to obtain favorable treatment in securing business, (ii) to pay for favorable treatment for business secured, or (iii) to obtain special concessions or for special concessions already obtained, for or in respect of the Group Companies.

(d) Money Laundering and Financing of Terrorism. None of the Group Companies, the Founders or the Founder Holding Companies has been charged, convicted, fined or otherwise sanctioned in any litigation, administrative, regulatory or criminal investigation or proceeding or freezing of assets by any Governmental Authority involving any aforesaid Persons or their respective director, officer, agent, employees or any other Person acting for or on behalf thereof with regard to money laundering or financing of terrorism.

#### 4.12 Compliance with Law.

(a) General Compliance. None of the Group Companies, the Founders or the Founder Holding Companies is in violation or has been in material violation of any applicable Law. All Approvals from any Governmental Authority and any third party which are required to be obtained or made by each Warrantor and each Group Company under applicable Law in connection with the due and proper establishment of each Group Company and the conduct of the business or the consummation of the transactions contemplated hereunder, the absence of which would be reasonably likely to have a Company Material Adverse Effect, have been obtained or completed in accordance with the relevant Law, are not in default, and are in full force and effect. None of the Group Companies is in receipt of any letter or notice from any Governmental Authority notifying revocation of any permits or Licenses issued to it for non-compliance or the need for compliance or remedial actions in respect of the activities carried out directly or indirectly by it. The execution, delivery and performance of and compliance with each of the Transaction Documents will not result in any such violation, breach or default, or be in conflict with or constitute, with or without the passage of time or the giving of notice or both, either a default under the Restated Articles or similar charter documents of any Group Company, any such contract, agreement or instrument to which any Warrantor is a party or to which the assets of any Group Company is subject, an event which results in the creation of any Lien upon any asset of any Group Company, or any violation of any applicable Law.

(b) PRC Law Compliance.

(i) General. Except as disclosed in the Disclosure Schedule, each of the PRC Group Companies is and has in all material aspects been operating its business in compliance with all relevant PRC Law and with all requisite Licenses, permits and Approvals granted by the competent PRC Governmental Authorities. All Approvals from any PRC Governmental Authority and any third party which are required to be obtained or made by each Group Company under applicable PRC Law in connection with the due and proper establishment of each PRC Group Company and the conduct of the business or the consummation of the transactions contemplated hereunder, including but not limited to the registrations with the PRC Ministry of Commerce, the State Administration of Market Regulation of PRC, SAFE, tax bureau, customs authorities, environmental protection authorities, fire and rescue authorities, and product registration authorities, have been obtained or completed in accordance with the relevant PRC Law, not in default, and are in full force and effect and there exist no grounds on which any such Approval may be cancelled or revoked or any PRC Group Company or its legal representative may be subject to liability or penalties for misrepresentations or failures to disclose information to the issuing PRC Governmental Authorities.

(ii) Licenses. Unless otherwise disclosed in the Disclosure Schedule, each Group Company owns or validly holds all Licenses that are necessary to conduct its business and own and operate its assets and properties as presently conducted and operated and as proposed to be conducted and operated, the absence of which would have a Company Material Adverse Effect. All Licenses held by each Group Company are valid, binding and in full force and effect. No Group Company is or has at any time been, or has received any notice that it is or has at any time been, in default (or with the giving of notice or lapse of time or both, would be in default) under any such License. All filings and registrations with relevant Governmental Authorities required in respect of each of the Group Companies and its operations and businesses have been duly and timely completed in accordance with all applicable Law in all material respects. To the Knowledge of the Warrantors, the consummation of the transactions contemplated under the Transaction Documents will not result in a termination or revocation of any of the material Licenses of the Group Companies.

(iii) SAFE. Except as disclosed in the Disclosure Schedule, the Founders and any other Person who is required to comply with the SAFE Rules and Regulations (other than shareholders of the Company holding any Preferred Share and their directly or indirectly beneficial owners) has obtained registration with SAFE with respect to their holdings of Equity Securities in the Company in accordance with the SAFE Rules and Regulations and none of them has received any oral or written inquiries, notifications, orders or any other forms of official correspondence from SAFE with respect to any actual or alleged non-compliance with the SAFE Rules and Regulations.

(c) Anti-Corruption Law Compliance. None of the Founders or the Founder Holding Companies, or to the Knowledge of the Warrantors, none of the Group Companies, directors (excluding director appointed by the holders of Preferred Shares), Key Officers or key employees with position of vice president or higher acting for or on behalf of the Group Companies, has violated the Anti-Corruption Law, nor has any of the above Persons offered, paid, promised to pay, or authorized the payment of any money, or offered, given, promised to give, or authorized the giving of anything of value, to any Government Official or to any Person under circumstances where there is a high probability that all or a portion of such money or thing of value would be offered, given or promised, directly or indirectly, to any Government Official, for the purpose of:

(i) (A) influencing any act or decision of such Government Official in his official capacity, (B) inducing such Government Official to do or omit to do any act in relation to his lawful duty, (C) securing any improper advantage, or (D) inducing such Government Official to influence or affect any act or decision of any Governmental Authority, or

(ii) assisting any Group Company in obtaining or retaining business for or with, or directing business to any Group Company.

(d) Privacy Law Compliance. The Group Companies have complied in all material respects with all privacy policies, all applicable Privacy Law and all contractual commitments that the Group Companies have entered into with respect to personal information. None of the Group Companies has received any written notice of any claims, investigations (including, but not limited to, investigations by regulatory authorities or any data protection authorities), or alleged violations of Privacy Law with respect to personal information possessed by or otherwise subject to the control of the Group Companies, and, to the Knowledge of the Warrantors, there are no facts or circumstances which could form the basis for any such claim.

4.13 Compliance with Other Instruments and Agreements. The Constitutional Documents of each Group Company are valid and have been duly approved or issued (as applicable) by competent Governmental Authorities in the jurisdiction where such Group Company is incorporated. None of the Group Companies is in nor shall the business as currently conducted result in violation, breach or default of any term or provision of the Constitutional Documents, or of any term or provision of any Contract to which such Group Company is a party or by which it may be bound, or of any provision of any Law applicable to or binding upon such Group Company in material respects. The Constitutional Documents of each Group Company are made available to the Investor. Each Group Company has been in compliance with its Constitutional Documents in material respects, to the Knowledge of the Warrantors, none of the Group Companies has violated or breached any of their respective Constitutional Documents in material respects. The register of members and directors of each Group Company (if applicable) is correct. There has been no notice of any proceedings to rectify any such register, and there are no circumstances which might lead to any application for its rectification. All Constitutional Documents required to be filed by each of the Group Companies with the applicable Governmental Authority in respect of the relevant jurisdiction in which such Group Company is being incorporated have been properly made up and filed. No shareholder or any other holder of the Equity Securities of the Company or the Group Companies has claimed any liability of any Group Company or Founder for such party's breach of any contract in respect of its shareholding or investment in the Company.

4.14 Disclosure. No Warranty made by any of the Warrantors in this Agreement and no information or materials provided by any of the Warrantors to the Investor in connection with the negotiation or execution of this Agreement or any Transaction Document contains any untrue statement of a material fact, or omits to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances in which they are made, not misleading.

4.15 Registration Rights. Except as provided in the Shareholders Agreement, no Group Company has granted or agreed to grant any Person any registration rights (including piggyback registration rights) with respect to, nor is any Group Company obliged to list, any Group Company's Equity Securities on any securities exchange.

4.16 Insurance. Except as provided in the Disclosure Schedule, the Group Companies have obtained and maintains the insurance coverage of the same types and at the same coverage levels as other similarly situated companies in the same industry in which the Group Companies operate business or possess properties and assets, in accordance with its best commercial practices. To the best Knowledge of the Warrantors, nothing has been done or omitted to be done by or on behalf of any Group Company which would make any policy of insurance void or voidable or enable the insurers to avoid the same and there is no claim outstanding under any such policy and, to the best Knowledge of the Warrantors, there are no facts or circumstances likely to give rise to such claim or result in an increased rate of premium.

4.17 Financial Statements. The Financial Statements (i) have been prepared in accordance with the books and records of the Group Companies, (ii) are true, correct and complete and present fairly the financial condition of the Group Companies at the date or dates therein indicated and the results of operations for the period or periods therein specified, and (iii) have been prepared in accordance with the GAAP and the IFRS applied on a consistent basis, except as to the unaudited Financial Statements, for the omission of notes thereto and normal year-end audit adjustments. Specifically, but not by way of limitation, the most recent balance sheets included within the Financial Statements disclose all of each Group Company's debts, liabilities and obligations of any nature, whether due or to become due, as of their respective dates (including, without limitation, absolute liabilities, accrued liabilities, and contingent liabilities) to the extent such debts, liabilities and obligations are required to be disclosed on a balance sheet in accordance with the GAAP and the IFRS, other than current liabilities that were incurred after the Balance Sheet Date in the ordinary course of business consistent with its past practices that are not material in the aggregate. The Group Companies maintain a standard system of accounting established and administered in accordance with the GAAP and the IFRS.

4.18 Activities Since Balance Sheet Date. Since the Balance Sheet Date, each of the Group Companies has operated its business in the ordinary course, and except as contemplated in the Transaction Documents, with respect to each Group Company, there has not been:

(a) any sale, assignment or transfer of any Proprietary Assets or other intangible assets of such Group Company, except such sale, assignment or transfer made in the ordinary course of business of such Group Company that do not constitute or result in, the aggregate, a Company Material Adverse Effect;

(b) any mortgage, pledge, transfer of a security interest in, or Lien created with respect to any of such Group Company's properties or assets, except for Liens for taxes not yet due or payable or any transfer incurred in the ordinary course of business of such Group Company that have not been material adverse to such Group Company; or

(c) any Company Material Adverse Effect in the way such Group Company conducts its business.

#### 4.19 Tax Matters.

(a) General. The provisions for Tax in the respective Financial Statement are sufficient for the payment of all accrued and unpaid applicable Tax of each Group Company, whether or not assessed or disputed as of the date of each such balance sheet. Each Group Company has duly and timely filed all Tax Returns required to have been filed by it and all such Tax Returns are true, correct, and complete in all material respects. Each Group Company has withheld and paid all Tax which are required to be withheld or due and payable (whether or not shown on any Tax Return), including the Tax in connection with any amounts due or owing to any employee, independent contractor, creditor, stockholder or other third party, and no Tax Liens are currently in effect against any of the assets of any Group Company. None of the Group Companies is subject to any waivers of applicable statutes of limitations with respect to Tax for any year. Since the Balance Sheet Date, none of the Group Companies has incurred any Tax, assessments or governmental charges other than in the ordinary course of business and each Group Company has made adequate provisions on its books of account for all Tax, assessments and governmental charges with respect to its business, properties and operations for such period. Any preferential Tax treatment enjoyed by any Group Company on or prior to the Closing has been in compliance with all applicable Law in all material respects and to the Knowledge of the Warrantors, will not be subject to any retroactive deduction or cancellation except as a result of retroactive effects of changes in applicable Law.

(b) Tax Authority. There have been no pending Action or dispute of any Tax Returns by any applicable Governmental Authority. No written claim has ever been made by any Governmental Authority in a jurisdiction where the Group Companies does not file Tax Returns that any Group Company is or may be subject to taxation by that jurisdiction, which has not been resolved. None of the Group Companies has received notice of any proposed or determined Tax deficiency or assessment from any Governmental Authority, which has not been resolved.

4.20 Interested Party Transactions. Except as disclosed in the Disclosure Schedule, the Transaction Documents, the Restructuring Documents and the previous financing documents of the Group Companies, no Interested Party (a) currently has or has had direct or indirect interests in (i) any Contract to which any Group Company is a party or by which it or its properties may be bound or affected, or (ii) any Person with which any Group Company Competes, is affiliated, or has a business relationship (other than ownership of no more than one percent (1%) of the stock of publicly traded companies), or (b) is indebted to any Group Company nor is any Group Company indebted (or committed to make loans or extend or guarantee credit) to any Interested Party (other than the Contracts relating to employment or service of employees, directors, supervisors, advisors and consultants and accrued salaries, reimbursable expenses or other standard employee benefits). Those business contracts involving Interested Party transactions as disclosed in the Disclosure Schedule were entered into by the parties thereto on an arm's-length basis and within the ordinary course of business of the relevant Group Company.

#### 4.21 Employment Matters.

(a) General. Each Group Company (i) is in compliance in material aspects with all applicable Law respecting employment, employment practices and terms and conditions of employment, including without limitation the applicable PRC Law pertaining to welfare funds, social benefits, medical benefits, insurance, retirement benefits and pensions; (ii) has withheld and reported all amounts required by any applicable Law or any Contract to be withheld and reported with respect to wages, salaries and other payments to employees; (iii) is not liable for any arrear of wages, Tax or penalty for failure to comply with any of the foregoing; and (iv) other than as required by applicable Law, is not liable for any payment to any trust or fund governed by or maintained by or on behalf of any Governmental Authority with respect to unemployment compensation benefits, social security or other benefits or obligations for employees. There are no pending or, to the Knowledge of each Warrantor, threatened material Actions against any Group Company under any worker's compensation policy or long-term disability policy.

(b) Employment Relation. Each of officers (including Key Officers) and other full-time employees of the Group Companies has duly executed an Employment-Related Agreement as required by the applicable laws, which is in full force and effect and binding upon and enforceable against each such person, and to the best Knowledge of the Warrantors, none of the such person or any Group Companies is in violation thereof. None of the Warrantors is aware that any Key Officer intends to terminate his or her employment with any Group Company, or any Group Company has a present intention to terminate the employment of any Key Officer. Except for the ESOP or as required by applicable Laws, there is no share incentive, share option, or other equity-based incentive arrangements of any Group Company.

#### 4.22 No Other Business.

(a) Company. The Company was formed solely to acquire and hold, directly or indirectly, the Equity Securities of other Group Companies and since its formation has not engaged in any other business and has not incurred any liability in the course of its business of acquiring and holding, directly or in its Equity Securities in the HK Subsidiary.

(b) HK Subsidiary. The HK Subsidiary was formed solely to acquire and hold Equity Securities in the WFOE and since its formation has not engaged in any other business and has not incurred any liability in the course of its business of acquiring and holding its Equity Securities in the WFOE.

(c) PRC Group Companies. The PRC Group Companies are engaged mainly in the Principal Business and have no other business activities.

4.23 Obligations of Management. Each of the Founders and the Key Officers is currently devoting one hundred percent (100%) of his or her working time to the conduct of the business of the Group Companies. None of the Key Officers, directly or indirectly, owns, manages, is engaged in, operates, Controls, works for, consults with, renders services for, does business with, maintains any interest in (proprietary, financial or otherwise) or participates in the ownership, management, operation, or Control of, any Restricted Business, whether in corporate, proprietorship or partnership form or otherwise, except for the acquisition by a Key Officer, directly or indirectly, of less than one percent (1%) of the outstanding shares of any publicly traded company engaged in a Restricted Business.

4.24 Insolvency. The aggregate assets of the Group Companies taken as a whole, at a fair valuation, exceeds or will exceed the aggregate debt of the Group Companies taken as a whole, as the debt becomes absolute and mature, and each Group Company does not incur or intends to incur debt beyond its ability to pay such debt as such debt becomes absolute and matures. There has not been commenced against any Major Group Company an involuntary case under any applicable national, provincial, city, local or foreign bankruptcy, insolvency, receivership or similar Law now or hereafter in effect, or any Action for the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of such Major Group Companies or for any substantial part of its property or for the winding up or liquidation of its affairs.

4.25 UN Security Council Resolutions. Neither a Group Company, a Founder, a Founder Holding Company, nor any Person acting on its or his behalf, has entered into any transaction or engaged in any activity prohibited by any resolution issued by the United Nations Security Council under Chapter VII of the UN Charter.

4.26 Criminal Offenses. Neither a Warrantor, nor any Person acting on its or his behalf whose acts could incur any Warrantor's vicarious liability, has carried out any actions or made any omissions which could result in any Warrantor incurring criminal sanctions.

4.27 Environmental Matters. There are no material social or environmental risks or issues in respect of the Company Operations. None of the Warrantors has received or is aware of (i) any existing or threatened complaint, order, directive, claim, citation or notice from any Governmental Authority, or (ii) any written communication from any Person, in either case, concerning the failure of the Company Operations to comply with any matter covered by any applicable Law.

4.28 No Immunity. Neither a Warrantor nor any of its or his properties enjoys any right of immunity from set-off, suit or execution with respect to its or his obligations under this Agreement and the Transaction Documents.

## 5. REPRESENTATIONS AND WARRANTIES OF THE INVESTOR

The Investor represents and warrants to the Company as follows:

5.1 Due Authorization. The Investor has all requisite power, authority and capacity to enter into this Agreement and the Ancillary Agreements to which it is a party, and to perform its obligations hereunder and thereunder. This Agreement and the Ancillary Agreements to which it is a party have been duly authorized, executed and delivered by the Investor. This Agreement and the Ancillary Agreements to which it is a party, when executed and delivered by the Investor, will constitute valid and legally binding obligations of the Investor, enforceable against the Investor in accordance with its terms and subject, as to enforcement of remedies, to applicable bankruptcy, insolvency, moratorium, reorganization and similar Law affecting creditors' rights generally and to general equitable principles.

5.2 Purchase for Own Account. The Purchased Shares will be acquired for the Investor's own account, and not as a nominee or agent.

5.3 Restricted Securities. The Investor understands that the Purchased Shares being purchased by it and the shares issuable upon conversion of the Purchased Shares are restricted securities within the meaning of Rule 144 under the Securities Act; that the Purchased Shares and the shares issuable upon conversion of the Purchased Shares are not registered or listed publicly and cannot be resold or transferred unless they are subsequently registered or listed or otherwise pursuant to an available exemption from such registration or listing.

## 6. COVENANTS

Each of the Warrantors, jointly and severally, covenants to the Investor:

6.1 Use of Proceeds from the Sale of Purchased Shares. The proceeds from the issuance and sale of the Purchased Shares shall only be applied or used for daily operation and development of the Principal Business, and shall in no event be applied or used to repay or settle any other indebtedness owing by any Group Company to any of its shareholders, directors, officers or any other Persons related in whatever respect with any of the foregoing parties which are not indicated in the Financial Statements and the Disclosure Schedule without the prior written consent of the Investor.

6.2 Business of the Company and the HK Subsidiary. Except as otherwise approved by the Board in accordance with the Restated Articles, the business of the Company shall be restricted to the direct or indirect holding, management and disposition of Equity Securities in other Group Companies and other companies or entities, and the business of the HK Subsidiary shall be restricted to the holding, management and disposition of Equity Securities in the WFOE, HK Co and other companies or entities.

6.3 Business of the PRC Group Companies. Except as otherwise approved by the Board in accordance with the Restated Articles, the main business of each of the PRC Group Companies shall be restricted to the Principal Business.

6.4 Employment-Related Agreement. The Company shall cause each of all existing and future full-time employees of the Group Companies to enter into an Employment-Related Agreement in the form in compliance with the applicable Law. Each PRC Group Company shall at all times keep the minimum number of employees required by applicable Law in order to maintain all Licenses and permits necessary to conduct its any business in the manner as currently and then conducted.

### 6.5 Compliance.

(a) Compliance with Law. The Warrantors shall cause the Group Companies to, conduct their respective business as now conducted and as proposed to be conducted materially in compliance with all applicable Law on a continuing basis, including but not limited to the Law regarding foreign investments, corporate registration and filing, import and export, customs administration, foreign exchange, advertisement, telecommunication and e-commerce, privacy, intellectual property rights, taxation, labor and social welfare, welfare funds, social benefits, medical benefits, insurance, retirement benefits, and pensions or the like.



(b) SAFE Registration. Each Founder shall, and each Warrantor shall use its best efforts to cause the Founders and any other person participating the ESOP who is a PRC resident and beneficially holds any Equity Securities in the Company to, at the expense of the Founders or such person (as applicable), fully comply with all requirements of the PRC Governmental Authorities with respect to his or her holding of Equity Securities in the Company on a continuing basis (including, but not limited to, all reporting obligations imposed by and all Approvals required by the SAFE Rules and Regulations and the PRC Governmental Authorities in connection therewith).

**6.6 Business Permits or Licenses; Transfer of Domain Name.**

(a) Each of the Group Companies shall, and each of the Warrantors shall cause such Group Company to, at all times maintain the appropriate governmental permits or Licenses required to conduct the Principal Business and any other business conducted by the Group Companies at any given time, and shall not permit any Group Company to conduct any business for which it does not have the appropriate governmental permits or licenses. In particular, as soon as practicable following the Closing and to the extent necessary or desirable to facilitate an initial public offering of the Company, the Warrantors shall use their commercially reasonable efforts to cause (i) all the PRC Group Companies and their branches operating the business recycling of waste or second hand materials to, add description of “recycling of waste or second hand materials (废旧物资回收)” or similar language into business scope stated in the business license of such companies; (ii) all the PRC Group Companies and their branches operating the business of renewable resources recycling to obtain the necessary Approvals according to applicable Laws; (iii) all the PRC Group Companies and their branches operating the Principal Business to complete the filings with each local public security department where they operate the recycling business once such local public security department accepts the filings from the respective PRC Group Companies and their branches; (iv) the Shanghai Subsidiary to submit filing with the competent authorities for the information of all the franchisees with respect to its commercial franchising business.

(b) The Warrantors shall cause the domain name of paipai.com to be transferred to Shanghai Subsidiary or other PRC Group Company within six (6) months after the Closing.

(c) The Company shall, and the Warrantors shall cause the Company to, within thirty (30) days after the Closing, collect all necessary authorizations from its shareholders in connection with the Company’s signing on behalf of such shareholders of the Joinder and Amendment to the Shareholders Agreement.

6.7 Tax Matters. The Company will comply and will cause any and all Group Companies to comply on an annual basis with respect to its taxable year with all record-keeping, reporting, and other requirements necessary for the Company and any Group Companies to comply with any applicable Tax Law or to allow any direct or indirect shareholder or owner to avail itself of any applicable provision of Tax Law. The Company will also provide the Investor with necessary documentation or information requested by the Investor to allow the Investor or its direct or indirect shareholder to comply with applicable Tax Law.

6.8 Obligations of Management: Non-Compete and Non-Solicitation.

(a) Non-compete. Each Founder shall, and each Warrantor shall cause each Founder to, devote his full time and attention to the business of the Group Companies and will use his best efforts to develop the business and interests of the Group Companies. Each Founder hereby covenants and undertakes that, during the period when he is holding any office in and/or has any direct or indirect interest in any Group Company (whichever is longer) and for a further period of twenty-four (24) months thereafter, he shall not, directly or indirectly through any Affiliate or Associate, own, manage, be engaged in, operate, Control, work for, consult with, render services for, do business with, maintain any interest in (proprietary, financial or otherwise) or participate in the ownership, management, operation, or Control of, any business, whether in corporate, proprietorship or partnership form or otherwise, that is related to the Principal Business or otherwise Competes with any Group Company.

(b) Non-solicitation. Each Founder further covenants and undertakes that, he shall not cause, solicit, induce or encourage any employees of the Group Companies to leave such employment or hire, employ or otherwise engage any such individual, or cause, induce or encourage any material actual or prospective client, customer, supplier, licensee or licensor of the Group Companies or any other Person who has a material business relationship with the Group Companies, to terminate or modify to the detriment of the Group Companies any such relationship.

6.9 Keeping Records and Books of Account. Each Group Company will keep adequate records and books of account, in which complete entries will be made on a consistent basis in accordance with the GAAP and the IFRS or other accounting principles as approved pursuant to the Shareholders Agreement, reflecting all financial transactions of the Group Companies, to the extent required by the GAAP and the IFRS or such other accounting principles, and in which, for each fiscal year, all proper reserves for depreciation, depletion, obsolescence, amortization, taxes, bad debts and other purposes in connection with its business shall be made in accordance with the GAAP and the IFRS or such other accounting principles.

6.10 Most Favorable Treatment. Except for those provided in the Transaction Documents to which the Investor is a party or is bound thereby, in the event that any Group Company grants to any holder of shares issued prior to the date hereof or the Purchased Shares, any rights, privileges or protections more favorable than those granted to the Investor (other than any rights, privileges or protections provided or granted to Jing Dong), then the Investor shall be entitled to, in its capacity of holding the Purchased Shares, the same rights, privileges or protections at least *pari passu* with such other holder, and the Warrantors shall take all actions necessary to effectuate the foregoing.

6.11 Additional Covenants. Except as required by this Agreement, no resolution of the directors, owners, members, partners or shareholders of the Group Companies shall be passed, nor shall any Contract be entered into, in each case, prior to the Closing without the prior written consent of the Investor, except that each Group Company may carry on its respective business in the same manner as heretofore and may pass resolutions and enter into Contracts so long as they are effected without adversely affecting the transactions contemplated hereunder. If at any time before the Closing, any Warrantor comes to know of any material fact or event which:

(a) is inconsistent with any of the Company Warranties given by any Warrantor,

(b) suggests that any fact warranted may not be as warranted or may be misleading, or

(c) might affect the willingness of a prudent investor to purchase the Purchased Shares or the amount of consideration which the Investor would be prepared to pay for the Purchased Shares,

such Warrantor shall give immediate written notice thereof to the Investor in which event the Investor may terminate this Agreement by written notice to the other Parties without any penalty whatsoever and without prejudice to any rights that the Investor may have under this Agreement or applicable Law.

7. CONDITIONS TO THE INVESTOR'S OBLIGATIONS AT THE CLOSING

The obligations of the Investor to consummate the transactions under Section 2 of this Agreement are subject to the fulfillment, to the satisfaction of the Investor on or prior to the Closing, or waiver by the Investor, of the following conditions:

7.1 Representations and Warranties True and Correct. The Company Warranties made by the Warrantors in Section 4 shall be, in all material respects, true and correct and complete when made, and shall be, in all material respects, true and correct and complete as of the Closing with the same force and effect as if they have been made on and as of the Closing.

7.2 Performance of Obligations. Each Warrantor shall have, in all material respects, performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before the Closing.

7.3 Proceedings and Documents. All corporate and other proceedings of the Major Group Companies and the Founder Holding Companies in connection with the transactions contemplated by the Transaction Documents and all documents and instruments incidental to such transactions shall be satisfactory in substance and form to the Investor.

7.4 Consents and Waivers. Each Warrantor shall have obtained any and all corporate authorizations and consents of third parties (other than any Approval which shall be obtained after the Closing pursuant to the Transaction Documents) necessary for the consummation of the transactions contemplated hereby, including but not limited to waivers of any consent rights, anti-dilution rights, rights of first refusal, preemptive rights and all similar rights in connection with the issuance of the Purchased Shares and the execution and the performance of Kuaishou BCA at the Closing, each of which shall be in full force and effect as of the Closing, and shall have delivered copies of the foregoing to the Investor.

7.5 Adoption of Restated Articles. The Restated Articles shall have been duly adopted by the Company by all necessary corporate actions of the Board and requisite shareholders and submitted for filing with competent corporate registry of the Cayman Islands as of the Closing as evidenced by an email confirmation from the registered agent of the Company, and the scanned copy of which shall have been delivered to the Investor.

7.6 Execution of Transaction Documents. At the Closing, the Company shall have delivered to the Investor all the Transaction Documents to which the Investor is a party, duly executed by the Company and all other parties thereto (except for the Investor).

7.7 Kuaishou BCA. The Domestic Enterprise shall have entered into the Kuaishou BCA with Chengdu Kuaigou.

7.8 No Company Material Adverse Effect. There shall have been no Company Material Adverse Effect since the Balance Sheet Date.

#### 8. CONDITIONS TO COMPANY'S OBLIGATIONS AT THE CLOSING

The obligations of the Company to consummate the transactions under Section 2 of this Agreement are subject to the fulfillment, to the satisfaction of the Company on or prior to the Closing, or waiver by the Company, of the following conditions:

8.1 Representations and Warranties True and Correct. The representations and warranties made by the Investor in Section 5 shall be, in all material respects, true and correct and complete when made, and shall be, in all material respects, true and correct and complete as of the Closing with the same force and effect as if they have been made on and as of the Closing.

8.2 Performance of Obligations. The Investor shall have, in all material respects, performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before the Closing.

8.3 Consents and Waivers. The Investor shall have obtained any and all corporate authorizations and consents of third parties (other than any Approval which shall be obtained after the Closing pursuant to the Transaction Documents) necessary for the consummation of the transactions contemplated hereby, each of which shall be in full force and effect as of the Closing.

8.4 Execution of Transaction Documents. At the Closing, the Investor shall have delivered to applicable Warrantors all the Transaction Documents to which the Investor is a party, duly executed by such Person and all other parties thereto.

8.5 Kuaishou BCA. The Domestic Enterprise shall have entered into the Kuaishou BCA with Chengdu Kuaigou.

#### 9. INDEMNITY

The Parties hereby agree to the provisions set forth in Schedule E, which is incorporated hereby into this Agreement.

#### 10. MISCELLANEOUS

10.1 Governing Law. This Agreement shall be governed by and construed exclusively in accordance with the Law of Hong Kong without regard to its principles of conflicts of laws.

10.2 Survival. The Company Warranties shall survive the Closing for a period of twenty-four (24) months, except that the Fundamental Company Warranties shall survive until the expiration of the applicable statute of limitation under applicable Law.

10.3 Successors and Assigns. Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors and administrators of the Parties hereto whose rights or obligations hereunder are affected by such amendments. This Agreement and the rights and obligations therein may not be assigned by the Investor without the written consent of the Company except to the Investor's Affiliates. This Agreement and the rights and obligations therein may not be assigned by any Warrantor without the written consent of the Investor.

10.4 Entire Agreement. This Agreement and the Transaction Documents, including the schedules and exhibits hereto and thereto, which are hereby expressly incorporated herein by this reference, constitute the entire understanding and agreement between the Parties with regard to the subjects hereof and thereof; provided, however, that nothing in this Agreement or Transaction Documents shall be deemed to terminate or supersede the provisions of any confidentiality and nondisclosure agreements executed by the Parties hereto prior to the date hereof, which agreements shall continue in full force and effect until terminated in accordance with their respective terms.

10.5 Notices. Except as may be otherwise provided herein, all notices, requests, waivers and other communications made pursuant to this Agreement shall be in writing and shall be conclusively deemed to have been duly given (a) when hand delivered to the other Party, upon delivery; (b) when sent by facsimile at the number set forth in Schedule E hereto, upon receipt of confirmation of error-free transmission; (c) seven (7) Business Days after deposit in the mail as air mail or certified mail, receipt requested, postage prepaid and addressed to the other Party as set forth in Schedule E; (d) three (3) Business Days after deposit with an overnight delivery service, postage prepaid, addressed to the Parties as set forth in Schedule E with next-business day delivery guaranteed, provided that the sending Party receives a confirmation of delivery from the delivery service provider; or (e) when sent by email at the email address set forth in Schedule E hereto, upon sending by email (without errors in transmission), if sent on a Business Day and during normal business hours of the recipient, otherwise on the next Business Day. Each Person making a communication hereunder by facsimile shall promptly confirm by telephone to the Person to whom such communication was addressed each communication made by it by facsimile pursuant hereto but the absence of such confirmation shall not affect the validity of any such communication. A Party may change or supplement the addresses given above, or designate additional addresses, for purposes of this Section 10.5 by giving the other Party written notice of the new address in the manner set forth above.

10.6 Amendments. Any term of this Agreement may be amended only with the written consents of the Parties hereto.

10.7 Delays or Omissions; Waivers. No delay or omission to exercise any right, power or remedy accruing to any Party hereto, upon any breach or default of any Party hereto under this Agreement, shall impair any such right, power or remedy of such Party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of any similar breach of default thereafter occurring; nor shall any waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit or approval of any kind or character on the part of any Party of any condition or breach of default under this Agreement must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law or otherwise afforded to any Party shall be cumulative and not alternative.

10.8 Finder's Fees. Each Party represents and warrants to the others that it has retained no finder or broker in connection with the transactions contemplated by this Agreement and hereby agrees to indemnify and to hold harmless the other Parties from and against any liability for any commission or compensation in the nature of a finder's fee of any broker or other Person or firm (and the costs and expenses of defending against such liability or asserted liability) for which the indemnifying Party or any of its employees or representatives are responsible.

10.9 Interpretation; Titles and Subtitles. This Agreement shall be construed according to its fair language. The rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not be employed in interpreting this Agreement. The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement. Unless otherwise expressly provided herein, all references to Sections and Exhibits herein are to Sections and Exhibits of this Agreement. Unless a provision hereof expressly provides otherwise: (i) the term "or" is not exclusive; (ii) the terms "herein", "hereof", and other similar words refer to this Agreement as a whole and not to any particular section, subsection, paragraph, clause, or other subdivision; and (iii) the masculine, feminine, and neuter genders will each be deemed to include the others.

10.10 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

10.11 Severability. If any provision of this Agreement is found to be invalid or unenforceable, then such provision shall be construed, to the extent feasible, so as to render the provision enforceable and to provide for the consummation of the transactions contemplated hereby on substantially the same terms as originally set forth herein, and if no feasible interpretation would save such provision, it shall be severed from the remainder of this Agreement, which shall remain in full force and effect unless the severed provision is essential to the rights or benefits intended by the Parties. In such event, the Parties shall use best efforts to negotiate, in good faith, a substitute, valid and enforceable provision or agreement which most nearly affects the Parties' intent in entering into this Agreement.

10.12 Confidentiality and Non-Disclosure. None of the Warrantors may represent the Investor's views on any matter, or use the Investor's name in any written material provided to third parties, without the Investor's prior written consent. The Parties hereto agree to be bound by the confidentiality and non-disclosure provisions of Section 6 of the Shareholders Agreement. Each Warrantor shall expressly inform any Person to whom it discloses any information under this Section 10.12 of the restrictions set out herein with regards disclosure of such information and shall procure their compliance with the terms of this Section 10.12 as if they each were party to this Agreement as such Warrantor and such Warrantor shall be responsible for any breach by any such Person of the provisions of this Section 10.12.

10.13 Further Assurances. Each Party shall from time to time and at all times hereafter make, do, execute, or cause or procure to be made, done and executed such further acts, deeds, conveyances, consents and assurances without further consideration, which may reasonably be required to effect the transactions contemplated by this Agreement.

10.14 Dispute Resolution.

(a) Any dispute, controversy or claim arising out of or relating to this Agreement, or the interpretation, breach, termination or validity hereof, shall first be subject to resolution through consultation of the parties to such dispute, controversy or claim. Such consultation shall begin within seven (7) days after one Party hereto has delivered to the other Parties involved a written request for such consultation. If within thirty (30) days following the commencement of such consultation the dispute cannot be resolved, the dispute shall be submitted to arbitration upon the request of any Party with notice to the other Parties.

(b) The arbitration shall be conducted in Hong Kong under the auspices of the HKIAC. There shall be three arbitrators. The complainant and the respondent to such dispute shall each select one arbitrator within thirty (30) days after giving or receiving the demand for arbitration. Such arbitrators shall be freely selected, and the parties shall not be limited in their selection to any prescribed list. The Chairman of the HKIAC shall select the third arbitrator, who shall be qualified to practice Law in Hong Kong. If either party to the arbitration does not appoint an arbitrator who has consented to participate within thirty (30) days after selection of the first arbitrator, the relevant appointment shall be made by the Chairman of the HKIAC.

(c) The arbitration proceedings shall be conducted in English and Chinese. The arbitration tribunal shall apply the arbitration rules of the HKIAC (the “**Rules**”) in effect at the time of the arbitration. However, if such Rules are in conflict with the provisions of this Section 10.14, including the provisions concerning the appointment of arbitrators, the provisions of this Section 10.14 shall prevail.

(d) The arbitrators shall decide any dispute submitted by the parties to the arbitration strictly in accordance with the substantive Law of Hong Kong and shall not apply any other substantive law.

(e) Each Party hereto shall cooperate with any party to the dispute in making full disclosure of and providing complete access to all information and documents requested by such Party in connection with such arbitration proceedings, subject to any confidentiality obligations binding on the Party receiving the request.

(f) The award of the arbitration tribunal shall be final and binding upon the disputing parties, and any party to the dispute may apply to a court of competent jurisdiction for enforcement of such award.

(g) Any party to the dispute shall be entitled to seek preliminary injunctive relief, if possible, from any court of competent jurisdiction pending the constitution of the arbitral tribunal.

(h) The costs and expenses of the arbitration, including the fees of the arbitrators, shall in the first instance be borne equally by the Parties that are the parties to the dispute, and each Party shall in the first instance pay its own fees, disbursements and other charges of its counsel, and the liability for such costs and expenses of the arbitration and the parties’ fees, disbursement and counsel charges shall be borne by the party or parties as determined by the arbitrators in the award.

10.15 Immunity. To the extent any Warrantor may be entitled in any jurisdiction to claim for himself/itself or his/its assets immunity in respect of his/its obligations under this Agreement or any Transaction Document from any suit, execution, attachment (whether provisional or final, in aid of execution, before judgment or otherwise) or other legal process or to the extent that in any jurisdiction that immunity (whether or not claimed) may be attributed to him/it or his/its assets, such Warrantor irrevocably agrees not to claim and irrevocably waives such immunity to the fullest extent permitted now or in the future by the Law of such jurisdiction.

10.16 Expenses. Each Party shall pay all of its own costs and expenses incurred in connection with the negotiation, execution, delivery and performance of this Agreement and other Transaction Documents and the transactions contemplated hereby and thereby; provided that, within five (5) days after receipt of the Cash Purchase Price as indicated opposite the Investor's name on Schedule A, the Company shall pay or reimburse all reasonable out-of-pocket costs and expenses incurred or to be incurred by the Investor up to a maximum of RMB 500,000 which shall include all expenses and costs, including out-of-pocket expenses and third party consulting or advisory expenses incurred in connection with the transactions contemplated by this Agreement.

10.17 Termination.

(a) This Agreement may be terminated by the Company, by written notice to the Investor if the Closing has not occurred due to any reasons solely attributable to the Investor within sixty (60) days after the date hereof.

(b) This Agreement may be terminated by the Investor with respect to itself by written notice to the other Parties pursuant to Section 3.4.

(c) Any termination under this Section 10.17 shall be without prejudice to any claims for damages or other remedies that the Parties may have under this Agreement or applicable Law.

(d) Without prejudice to paragraph (c) above, in the case of termination, each relevant Party's further rights and obligations hereunder shall terminate immediately save that the provisions of Section 9, Section 10.1, Section 10.2, Section 10.5, Section 10.12, Section 10.14, Section 10.16 and this Section 10.17 shall survive such termination.

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IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**COMPANY:**

**AIHUSHOU INTERNATIONAL CO. LTD.**

By: /s/ CHEN Xuefeng

Name: CHEN Xuefeng (陈雪峰)

Title: Director

**HK SUBSIDIARY:**

**AIHUSHOU INTERNATIONAL COMPANY LIMITED**

By: /s/ CHEN Xuefeng

Name: CHEN Xuefeng (陈雪峰)

Title: Director

**DOMESTIC ENTERPRISE:**

**SHANGHAI WANWUXINSHENG ENVIRONMENTAL PROTECTION TECHNOLOGY GROUP CO., LTD. (上海万物新生环保科技有限公司 (Seal))**

/s/ Shanghai Wanwuxinsheng Environmental Protection Technology Group Co., Ltd.

Seal of Shanghai Wanwuxinsheng Environmental Protection Technology Group Co., Ltd.

By: /s/ CHEN Xuefeng

Name: CHEN Xuefeng (陈雪峰)

Title: Legal Representative

**HK CO:**

**AHS DEVICE HONG KONG LIMITED**

By: /s/ CHEN Xuefeng

Name: CHEN Xuefeng (陈雪峰)

Title: Director

**Signature Page to Share Purchase Agreement**

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**DOMESTIC SUBSIDIARIES:**

**SHANGHAI YUEYI NETWORK INFORMATION TECHNOLOGY CO., LTD. (上海悦亿网络信息技术有限公司) (Seal)**

/s/ Shanghai Yueyi Network Information Technology Co., Ltd.

Seal of Shanghai Yueyi Network Information Technology Co., Ltd.

By: /s/ CHEN Yike

Name: CHEN Yike (陈逸轲)

Title: Legal Representative

**CHANGZHOU YUEYI NETWORK INFORMATION TECHNOLOGY CO., LTD. (常州悦亿网络信息技术有限公司) (Seal)**

/s/ Changzhou Yueyi Network Information Technology Co., Ltd.

Seal of Changzhou Yueyi Network Information Technology Co., Ltd.

By: /s/ CHEN Yike

Name: CHEN Yike (陈逸轲)

Title: Legal Representative

**Signature Page to Share Purchase Agreement**

YUEYI COMMERCIAL FACTORING (SHENZHEN) CO., LTD. (乐易  
商业保理(深圳)有限公司) (Seal)

/s/ Yueyi Commercial Factoring (Shenzhen) Co., Ltd.  
Seal of Yueyi Commercial Factoring (Shenzhen) Co., Ltd.

By: /s/ CHEN Yike  
Name: CHEN Yike (陈逸轲)  
Title: Legal Representative

**Signature Page to Share Purchase Agreement**

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**WFOE:**

**SHANGHAI AIHUI TRADING CO., LTD. (上海艾慧商贸有限公司) (Seal)**

/s/ Shanghai Aihui Trading Co., Ltd.

Seal of Shanghai Aihui Trading Co., Ltd.

By: /s/ CHEN Xuefeng

Name: CHEN Xuefeng (陈雪峰)

Title: Legal Representative

**WFOE SUBSIDIARY:**

**SHANGHAI YUEOU INFORMATION TECHNOLOGY CO., LTD. (上海悦欧信息技术有限公司) (Seal)**

/s/ Shanghai Yueou Information Technology Co., Ltd.

Seal of Shanghai Yueou Information Technology Co., Ltd.

By: /s/ CHEN Xuefeng

Name: CHEN Xuefeng (陈雪峰)

Title: Legal Representative

**Signature Page to Share Purchase Agreement**

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**FOUNDERS:**

/s/ SUN Wenjun

SUN Wenjun (孙文俊)

/s/ CHEN Xuefeng

CHEN Xuefeng (陈雪峰)

**FOUNDER HOLDING COMPANIES:**

**S&WJ GROUP LIMITED**

By: /s/ SUN Wenjun

Name: SUN Wenjun (孙文俊)

Title: Director

**C&XF GROUP LIMITED**

By: /s/ CHEN Xuefeng

Name: CHEN Xuefeng (陈雪峰)

Title: Director

**Signature Page to Share Purchase Agreement**

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**INVESTOR:**

**Cosmic Blue Investments Limited**

By: /s/ Su Hua \_\_\_\_\_

Name: Su Hua

Title: Director

**Signature Page to Share Purchase Agreement**

**SCHEDULE A**

<u>Name of Investor</u>	<u>Number and Type of Purchased Shares</u>	<u>Total Purchase Price (USD)</u>
Cosmic Blue	2,572,995 Series F Preferred Shares	28,000,000 in cash to be paid at the Closing 22,000,000 in form of business resources to be contributed under Kuaishou BCA

**Schedules to Share Purchase Agreement**

**SCHEDULE B**

**LIST OF KEY OFFICERS**

<b>Name of Key Officer</b>	<b>PRC ID Number</b>	<b>Title</b>
CHEN Xuefeng (陈雪峰)	***	CEO
SUN Wenjun (孙文俊)	***	President Office Staff
QIU Jiawen (仇佳文)	***	Senior Software Engineer
WANG Dengting (王登庭)	***	Vice President
DU Xiaochen (杜晓忱)	***	Vice President
GUO Jingwei (郭经纬)	***	Vice President
WANG Yongliang (王永良)	***	President
LAI Fangxiao (赖方潇)	***	Vice President
CHEN Chen (陈晨)	***	CFO

**Schedules to Share Purchase Agreement**



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**SCHEDULE C**

**DISCLOSURE SCHEDULE**

**Schedules to Share Purchase Agreement**

**SCHEDULE D****CAPITALIZATION TABLE****AS OF THE EXECUTION DATE OF THIS AGREEMENT**

<u>Shareholders</u>	<u># of Shares</u>	<u>%</u>
<i>Ordinary Shares</i>		
S&WJ Group Limited	4,231,722	2.6180%
C&XF Group Limited	11,287,336	6.9830%
Morningside China TMT Fund II, L.P.	369,034	0.2283%
International Finance Corporation	297,902	0.1843%
Shanghai Jinglin Jinghui Equity Investment Center (Limited Partnership)	992,513	0.6140%
Being Capital Fund I LP	240,617	0.1489%
Tian Zhan Investment Limited (天展投资有限公司)	120,309	0.0744%
JD.com Development Limited	160,411	0.0992%
Internet Fund IV Pte. Ltd.	200,514	0.1240%
Tiger Pacific Capital	160,412	0.0992%
YIHENG CAPITAL PARTNERS, L.P.	160,411	0.0992%
PLUTO CONNECTION LIMITED	401,028	0.2481%
DESIGN TIME LIMITED	160,411	0.0992%
<i>ESOP</i>		
ESOP (reserved)	28,096,153	17.3819%
<i>Series A Preferred Shares</i>		
Morningside China TMT Fund II, L.P.	9,497,040	5.8754%
<i>Series B-1 Preferred Shares</i>		
Morningside China TMT Fund II, L.P.	1,758,711	1.0880%
<i>Series B-2 Preferred Shares</i>		
Morningside China TMT Fund II, L.P.	2,879,784	1.7816%
<i>Series B-3 Preferred Shares</i>		
International Finance Corporation	2,948,341	1.8240%
<i>Series C-1 Preferred Shares</i>		
Morningside China TMT Top Up Fund, L.P.	1,825,679	1.1295%
International Finance Corporation	921,671	0.5702%

**Schedules to Share Purchase Agreement**

<i>Series C-2 Preferred Shares</i>		
Tiantu China Consumer Fund I, L.P.	7,450,811	4.6095%
JD.com Development Limited	7,450,811	4.6095%
EAGLE INTELLIGENCE LIMITED	2,197,879	1.3597%
<i>Series C-3 Preferred Shares</i>		
Euro Eco Limited (欧之碧有限公司)	4,552,729	2.8166%
JD.com Development Limited	6,490,541	4.0154%
Qianhai Fund of Fund Equity Investment (Shenzhen) Co., Ltd.	1,262,446	0.7810%
YYT CAPITAL Inc.	563,845	0.3488%
Tiantu China Consumer Fund II, L.P.	429,089	0.2655%
Generation Mu HK Investment Limited	400,293	0.2476%
Shenzhen Dachen Chuanglian Equity Investment Fund Partnership (Limited Partnership) (深圳市达晨创联股权投资基金合伙企业(有限合伙))(warrant)	2,819,225	1.7441%
Being Capital Fund I LP	338,307	0.2093%
Tian Zhan Investment Limited (天展投资有限公司)	169,153	0.1046%
Internet Fund IV Pte. Ltd.	281,923	0.1744%
Tiger Pacific Capital	225,538	0.1395%
YIHENG CAPITAL PARTNERS, L.P.	225,538	0.1395%
PLUTO CONNECTION LIMITED	563,845	0.3488%
DESIGN TIME LIMITED	225,538	0.1395%
Shenzhen Tiantu Xingli Investment Enterprise (Limited Partnership)	3,383,070	2.0930%
Shanghai Chenxi Venture Capital Center (Limited Partnership)	1,884,511	1.1659%
Shanghai Jinglin Jinghui Equity Investment Center (Limited Partnership)	563,845	0.3488%
<i>Series D-1 Preferred Shares</i>		
JD.com Development Limited	2,115,755	1.3089%
<i>Series D-2 Preferred Shares</i>		
Internet Fund IV Pte. Ltd.	7,952,405	4.9198%
<i>Series E Preferred Shares</i>		
Morningside China TMT Fund II, L.P.	840,614	0.5201%
Tiantu China Consumer Fund II, L.P.	280,205	0.1734%
Internet Fund IV Pte. Ltd.	560,410	0.3467%

**Schedules to Share Purchase Agreement**

Fresh Capital Fund I, L.P.	280,205	0.1734%
Generation Mu HK Investment Limited	560,410	0.3467%
JD.com Development Limited	30,302,146	18.7467%
Guotai Junan Finance (Hong Kong) Limited 國泰君安財務 (香港) 有限公司	1,401,024	0.8668%
Refresher Limited	403,747	0.2498%
Shanghai Qingxin Investment Management Co., Ltd. (上海清新投资管理有限公司)	403,747	0.2498%
Tianjin Huihe Haihe Intelligent Logistics Industry Fund Partnership (Limited Partnership) (天津汇禾海河智能物流产业基金合伙企业 (有限合伙))	282,623	0.1748%
Zibo Minsheng Ouming Equity Investment Partnership (Limited Partnership) (淄博民生欧明股权投资合伙企业 (有限合伙))	807,494	0.4996%
InnoVen Capital China Pte. Ltd.	56,041	0.0347%
<i>Series F Preferred Shares</i>		
Being Capital Fund I LP	1,080,658	0.6686%
Tian Zhan Investment Limited (天展投资有限公司)	540,329	0.3343%
JD.com Development Limited	720,439	0.4457%
Internet Fund IV Pte. Ltd.	900,548	0.5571%
Tiger Pacific Capital	720,439	0.4457%
YIHENG CAPITAL PARTNERS, L.P.	720,439	0.4457%
PLUTO CONNECTION LIMITED	1,801,097	1.1143%
DESIGN TIME LIMITED	720,439	0.4457%
<b>Total</b>	<b>161,640,150</b>	<b>100.0000%</b>

*Note: the Ordinary Shares reserved under the ESOP includes up to 153,570 Ordinary Shares reserved for issuance for proposed SVB Warrant (as defined in the Disclosure Schedule).*

#### Schedules to Share Purchase Agreement

## CAPITALIZATION TABLE

## AFTER THE CLOSING

Shareholders	# of Shares	%
<i>Ordinary Shares</i>		
S&WJ Group Limited	4,231,722	2.5770%
C&XF Group Limited	11,287,336	6.8736%
Morningside China TMT Fund II, L.P.	369,034	0.2247%
International Finance Corporation	297,902	0.1814%
Shanghai Jinglin Jinghui Equity Investment Center (Limited Partnership)	992,513	0.6044%
Being Capital Fund I LP	240,617	0.1465%
Tian Zhan Investment Limited (天展投资有限公司)	120,309	0.0733%
JD.com Development Limited	160,411	0.0977%
Internet Fund IV Pte. Ltd.	200,514	0.1221%
Tiger Pacific Capital	160,412	0.0977%
YIHENG CAPITAL PARTNERS, L.P.	160,411	0.0977%
PLUTO CONNECTION LIMITED	401,028	0.2442%
DESIGN TIME LIMITED	160,411	0.0977%
<i>ESOP</i>		
ESOP (reserved)	28,096,153	17.1096%
<i>Series A Preferred Shares</i>		
Morningside China TMT Fund II, L.P.	9,497,040	5.7834%
<i>Series B-1 Preferred Shares</i>		
Morningside China TMT Fund II, L.P.	1,758,711	1.0710%
<i>Series B-2 Preferred Shares</i>		
Morningside China TMT Fund II, L.P.	2,879,784	1.7537%
<i>Series B-3 Preferred Shares</i>		
International Finance Corporation	2,948,341	1.7954%
<i>Series C-1 Preferred Shares</i>		
Morningside China TMT Top Up Fund, L.P.	1,825,679	1.1118%

## Schedules to Share Purchase Agreement

International Finance Corporation	921,671	0.5613%
<i>Series C-2 Preferred Shares</i>		
Tiantu China Consumer Fund I, L.P.	7,450,811	4.5373%
JD.com Development Limited	7,450,811	4.5373%
EAGLE INTELLIGENCE LIMITED	2,197,879	1.3384%
<i>Series C-3 Preferred Shares</i>		
Euro Eco Limited (欧之碧有限公司)	4,552,729	2.7725%
JD.com Development Limited	6,490,541	3.9526%
Qianhai Fund of Fund Equity Investment (Shenzhen) Co., Ltd.	1,262,446	0.7688%
YYT CAPITAL Inc.	563,845	0.3434%
Tiantu China Consumer Fund II, L.P.	429,089	0.2613%
Generation Mu HK Investment Limited	400,293	0.2439%
Shenzhen Dachen Chuanglian Equity Investment Fund Partnership (Limited Partnership) (深圳市达晨创联股权投资基金合伙企业(有限合伙))(warrant)	2,819,225	1.7168%
Being Capital Fund I LP	338,307	0.2060%
Tian Zhan Investment Limited (天展投资有限公司)	169,153	0.1030%
Internet Fund IV Pte. Ltd.	281,923	0.1717%
Tiger Pacific Capital	225,538	0.1373%
YIHENG CAPITAL PARTNERS, L.P.	225,538	0.1373%
PLUTO CONNECTION LIMITED	563,845	0.3434%
DESIGN TIME LIMITED	225,538	0.1373%
Shenzhen Tiantu Xingli Investment Enterprise (Limited Partnership)	3,383,070	2.0602%
Shanghai Chenxi Venture Capital Center (Limited Partnership)	1,884,511	1.1476%
Shanghai Jinglin Jinghui Equity Investment Center (Limited Partnership)	563,845	0.3434%
<i>Series D-1 Preferred Shares</i>		
JD.com Development Limited	2,115,755	1.2883%
<i>Series D-2 Preferred Shares</i>		
Internet Fund IV Pte. Ltd.	7,952,405	4.8427%
<i>Series E Preferred Shares</i>		
Morningside China TMT Fund II, L.P.	840,614	0.5119%

**Schedules to Share Purchase Agreement**

Tiantu China Consumer Fund II, L.P.	280,205	0.1706%
Internet Fund IV Pte. Ltd.	560,410	0.3413%
Fresh Capital Fund I, L.P.	280,205	0.1706%
Generation Mu HK Investment Limited	560,410	0.3413%
JD.com Development Limited	30,302,146	18.4529%
Guotai Junan Finance (Hong Kong) Limited 國泰君安財務 (香港) 有限公司	1,401,024	0.8532%
Refresher Limited	403,747	0.2459%
Shanghai Qingxin Investment Management Co., Ltd. (上海清新投资管理有限公司)	403,747	0.2459%
Tianjin Huihe Haihe Intelligent Logistics Industry Fund Partnership (Limited Partnership) (天津汇禾海河智能物流产业基金合伙企业 (有限合伙))	282,623	0.1722%
Zibo Minsheng Ouming Equity Investment Partnership (Limited Partnership) (淄博民生欧明股权投资合伙企业 (有限合伙))	807,494	0.4917%
InnoVen Capital China Pte. Ltd.	56,041	0.0341%
<i>Series F Preferred Shares</i>		
Being Capital Fund I LP	1,080,658	0.6581%
Tian Zhan Investment Limited (天展投资有限公司)	540,329	0.3290%
JD.com Development Limited	720,439	0.4387%
Internet Fund IV Pte. Ltd.	900,548	0.5484%
Tiger Pacific Capital	720,439	0.4387%
YIHENG CAPITAL PARTNERS, L.P.	720,439	0.4387%
PLUTO CONNECTION LIMITED	1,801,097	1.0968%
DESIGN TIME LIMITED	720,439	0.4387%
Cosmic Blue	2,572,995	1.5669%
<i>Total</i>	<u>164,213,145</u>	<u>100.0000%</u>

*Note: the Ordinary Shares reserved under the ESOP includes up to 153,570 Ordinary Shares reserved for issuance for proposed SVB Warrant (as defined in the Disclosure Schedule).*

#### **Schedules to Share Purchase Agreement**

**SCHEDULE E**

**NOTICES**

**IF TO THE WARRANTORS:**

Attention: CHEN Xuefeng (陈雪峰)

Address: 12/F, Tower 6, KIC Corporate Avenue, 433 Songhu Road, Yangpu District, Shanghai 200433, PRC

Tel: \*\*\*

Email: \*\*\*

**IF TO COSMIC BLUE**

Attention: WANG Yi (王一)

Address: No. 6, Shangdi West Road, Haidian District, Beijing, China

Tel: \*\*\*

Email: \*\*\*

**Schedules to Share Purchase Agreement**



## **Schedule F**

### **Indemnification**

#### **1. Indemnification by the Warrantors.**

(a) **General Indemnity.** To the fullest extent permitted by law, each of the Warrantors covenants and agrees jointly and severally to indemnify and hold harmless the Indemnitee, from and against any and all Losses, as incurred, insofar as such Losses arise out of or are based upon: (i) any inaccuracy in or breach of any Company Warranty, covenant or agreement made by the Warrantors in the Transaction Documents; (ii) the failure of any Warrantor to perform or observe fully any covenant, agreement or other provision to be performed or observed by it pursuant to the Transaction Documents. If and to the extent that such indemnification is unenforceable for any reason, each Warrantor will make the maximum contribution to the payment and satisfaction of such indemnified liabilities permissible under applicable Law.

(b) **Tax Indemnity.** Each of the Warrantors shall jointly and severally indemnify and hold harmless the each Indemnitee from and against any Loss attributable to (i) non-payment of any Tax of any Group Company for all taxable periods ending on or before the Closing and the portion through the end of the Closing for any taxable period that includes (but does not end on) the Closing, (ii) all liability for non-payment of any Tax of any other Person imposed by any Governmental Authority on any Group Company as a transferee, successor, or withholding agent in connection with an event or transaction occurring before the Closing, and (iii) all liability for Tax attributable to any misrepresentation or breach of Warranty made in Section 4.19 of this Agreement. The indemnification obligation of the Warrantors under this Section 1(b) shall not be affected, qualified or restricted in any way by any matter disclosed in the Disclosure Schedule.

(c) **SAFE Indemnity.** Each of the Warrantors shall jointly and severally indemnify and hold harmless the Indemnitee from and against any Loss attributable to any liability for any non-compliance regarding the SAFE registration according to the Circular 37 or any of the SAFE Rules and Regulations by any of the Founders or any other employee of the Group Companies who is required to comply with such SAFE Rules and Regulations with respect to their holdings of Equity Securities in the Company and round-trip investment in the PRC through the WFOE. The indemnification obligation of the Warrantors under this Section 1(c) shall not be affected, qualified or restricted in any way by any matter disclosed in the Disclosure Schedule.

(d) **Special Indemnity.** Each of the Warrantors shall jointly and severally indemnify and hold harmless the Indemnitee from and against any Loss attributable to underpayment of social insurance premiums and housing funds for all employees by the PRC Group Companies. The indemnification obligation of the Warrantors under this Section 1(d) shall not be affected, qualified or restricted in any way by any matter disclosed in the Disclosure Schedule.

### **Exhibits to Share Purchase Agreement**

(e) Procedure. The Indemnitee will notify the Warrantors in writing of any Action against the Indemnitee in respect of which the Warrantors are or may be obligated to provide indemnification hereunder promptly after the receipt of notice or knowledge of the commencement thereof. The failure of the Indemnitee to notify other Parties shall not relieve the Warrantors from any liability or obligation which it may have to the Indemnitee under this Section 1(e) of this Schedule F or otherwise unless the failure to so notify results in the forfeiture by the Warrantors of substantial rights and defenses and will not in any event relieve the Warrantors from any obligations other than the indemnification provided for herein. The Warrantors will have the right to participate in, and, to the extent the Warrantors so desire, to assume the defense thereof, with counsel reasonably satisfactory to the Indemnitee. However, the Indemnitee will have the right to retain separate counsel and to participate in the defense thereof, with the fees and expenses of such counsel to be paid by the Warrantors, if representation of the Indemnitee by the counsel retained by the Warrantors would be, in the Indemnitee's view, inappropriate due to actual or potential differing interests between the Indemnitee and any other party represented by such counsel in such proceeding. The Warrantors will be responsible for the expenses of such defense even if the Warrantors do not elect to assume such defense. No Warrantor may, except with the consent of the Indemnitee, consent to the entry of any judgment or enter into any settlement which does not include as a term thereof the unconditional release of the Indemnitee of all liability in respect of such claim or litigation.

(f) Limitations on Warrantors' Liability.

(i) An Indemnitee shall not be entitled to recover from the Warrantors more than once in respect of the same damages suffered by the Indemnitee. In particular, without limitation, the foregoing shall apply where one and the same set of facts qualifies under more than one provision entitling the Indemnitee to a claim or remedy under this Agreement.

(ii) No Warrantor shall be liable for any Losses arising under this Section 1 of this Schedule F unless the aggregate amount of all such Losses exceeds RMB5,000,000, in which case the Warrantors shall be liable for the full amount of all indemnifiable Losses as provided in this Section 1 of this Schedule F.

(iii) The personal assets of the Founders (other than the Equity Securities of the Group Companies directly or indirectly held by the Founders (including the proceeds received by the Founders from the sale of any Equity Securities of the Group Companies)) shall not be used to indemnify any indemnifiable Loss.

(iv) With respect to the Investor, the maximum aggregate amount of Losses that Indemnitee will be entitled to recover pursuant to this Section 1 of this Schedule F shall be limited to the Purchase Price.

(v) Notwithstanding the foregoing or anything else to the contrary contained herein, the limitations on indemnification set forth in this Agreement (including, without limitation, the limitations set forth in this Schedule F) shall not apply to any claim based on fraud of the Warrantors.

**2. Other Rights and Remedies Not Affected.** Nothing in this Schedule F or elsewhere in this Agreement shall affect any Parties' rights to specific performance or other equitable or non-monetary remedies with respect to the covenants and agreements in the Transaction Documents or that are to be performed at or after the Closing, including without limitation specific performance with respect to dividends rights, redemption rights and liquidation rights entitled to holders of the Purchased Shares as provided in the memorandum and articles of association of the Company.

**Schedules to Share Purchase Agreement**

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**EXHIBIT A**

**FORM OF RESTATED ARTICLES  
Exhibits to Share Purchase Agreement**

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**EXHIBIT B**

**FORM OF SHAREHOLDERS AGREEMENT**

**Exhibits to Share Purchase Agreement**

**EXHIBIT B-1**

**FORM OF JOINDER AND AMENDMENT TO THE SHAREHOLDERS AGREEMENT**

**Exhibits to Share Purchase Agreement**

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**EXHIBIT C**

**FINANCIAL STATEMENTS**

**Exhibits to Share Purchase Agreement**

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**EXHIBIT D**

**KUAISHOU BCA**

**Exhibits to Share Purchase Agreement**

**Business Cooperation Framework Agreement**

**between**

**Chengdu Kuaigou Technology Co., Ltd.**

**and**

**Shanghai Wanwuxinsheng Environmental Protection**

**Technology Group Co., Ltd.**

**May 25, 2021**



**This Agreement is entered into by and between the following parties in Haidian District, Beijing on May 25, 2021:**

- (1) **Chengdu Kuaigou Technology Co., Ltd.** (collectively, together with its Affiliates, “**Kuaishou**”), a limited liability company incorporated under the laws of the People’s Republic of China with its registered address at 8F, Unit 1, Building 2, No.150, 2<sup>nd</sup> Hele Street, Chengdu Hi-Tech Industrial Development Zone, China (Sichuan) Pilot Free Trade Zone;
- (2) **Shanghai Wanwuxinsheng Environmental Protection Technology Group Co., Ltd.** (collectively, together with its Affiliates, “**Wanwuxinsheng**”), a limited liability company incorporated under the laws of the People’s Republic of China with its registered address at Room 1101-1103, No.433, Songhu Road, Yangpu District, Shanghai;

(The above parties are hereinafter referred to individually as a “**Party**”, and collectively as the “**Parties**”).

**Whereas:**

1. Kuaishou is a leading content community and social platform that provides contents such as short videos and live streams, its business also includes e-commerce, etc.;
2. Wanwuxinsheng primarily engages in the business of electronic products recycling and processing, and second-hand commodity trading, among others;
3. Kuaishou and Wanwuxinsheng intend to carry out relevant business cooperation pursuant to the terms and conditions hereof.

NOW, THEREFORE, this Agreement is entered into by and between the Parties through negotiation to be observed by each other.

## CHAPTER I DEFINITION

### Article 1 Definition and Interpretation

- 1.1 **“Cooperative Business”** refers to the following business operated by Wanwuxinsheng on Kuaishou Platform: (1) recycling of second-hand commodities in the following categories: mobile phone, tablet computer, notebook, lens, SLR camera, micro single camera, digital camera, video camera, motion camera, flashlight, e-book, UAV, mobile power supply, e-dictionary, CPU, intelligent device, desktop computer, flash memory, assembled computer, graphics card, monitor, solid-state drive, MP3/MP4, earphone, keyboard and mouse, server, hard disk, ink cartridge, projector, selenium drum, printer, game machine, musical instrument, cosmetics, luxury goods, liquor, clothing, second-hand car and book; and (2) sales of second-hand commodities in the following categories: mobile communication, computer, photography, computer accessory, network product, peripheral product, audio-visual entertainment, office equipment, intelligent equipment, game equipment, fitness equipment, luxury goods, bedroom furniture, living room furniture, study furniture, balcony/outdoor furniture, storage furniture, children furniture, office furniture, dining room furniture, kitchen and bath appliance, major appliance, household appliance, small kitchen appliance, personal health care product, digital accessory, mobile phone accessory, and book.
- 1.2 **“Kuaishou Platform”** refers to the platform set up by Kuaishou or its Affiliates, where it provides contents such as short videos and live streams, and through which it also engages in e-commerce business, among other activities.
- 1.3 **“Kwai Shop”** refers to the Kwai Shop tap in Kuaishou APP, which aims to provide convenient commodity sales services for Kuaishou’s users.
- 1.4 **“AiHuiShou Store”** refers to the offline second-hand commodity recycling and sales stores opened by Wanwuxinsheng or its Affiliates in the PRC.
- 1.5 **“Self-broadcasting”** refers to that Wanwuxinsheng or its Affiliates carry out short video broadcasting or live streaming and other activities on their own through their Stores or Operation Centers on Kuaishou Platform.
- 1.6 **“PaiPai”** refers to the second-hand commodity trading platform jointly built by Wanwuxinsheng or its Affiliates and JD Group.
- 1.7 **“PaiPai Store”** refer to the offline second-hand commodity recycling and sales stores opened by PaiPai in the PRC.
- 1.8 **“Operation Center”** refers to the comprehensive operation and management sites for Wanwuxinsheng to integrate the carrying out of second-hand commodity sorting, quality inspection, warehousing and other activities.

- 1.9 **“Influencer”** refers to a streamer who opens an online platform account and carries out life sharing, commodity sales and other activities through short video and live streaming, etc.
- 1.10 **“Overall Merchandise Volume”** refers to the total amount corresponding to the orders of second-hand commodity recycling and sales with actual payment completed by Wanwuxinsheng and its introduced third-party merchants on any relevant platform set out herein.
- 1.11 **“Affiliates”** comprise affiliated enterprises and affiliated persons. An **“affiliated enterprise”** means, in respect of either Party, any company or enterprise which shall be deemed to be affiliated with or be an affiliated company or enterprise of the Party under any of the following circumstances: (1) fifty percent (50%) or more of the registered capital or voting rights of the company or enterprise is directly or indirectly owned by the Party; or (2) the company or enterprise directly or indirectly owns 50% or more of the registered capital or voting rights of the Party; or (3) fifty percent (50%) or more of the registered capital or voting rights of the company or enterprise and the Party are directly or indirectly under the common ownership; or (4) the company or enterprise guides, establishes or controls the direction of the management and policies of the Party by contract or other means; or (5) the Party guides, establishes or controls the direction of the management and policies of the company or the enterprise by contract or other means; or (6) any director and partner of the company or enterprise is served, or 50% or more of the registered capital or voting rights of the company or enterprise is directly or indirectly owned, by an affiliated person of the Party. An **“affiliated person”** refers to, in respect of a natural person, a close relative of the natural person, including his/her parent, spouse, sibling and his/her spouse, child and his/her spouse. For the avoidance of doubt, AiFenLei Global Co., Ltd, Shanghai Yuekun Environmental Protection Technology Co., Ltd., Shanghai Yueqing Information Technology Co., Ltd., Shenzhen AiLeYou Information Technology Co., Ltd. and their respective affiliated enterprises are neither owned by Wanwuxinsheng nor Affiliates of Wanwuxinsheng.
- 1.12 **“PRC”** refers to the mainland of the People’s Republic of the PRC, which, for the purpose hereof only, excludes the Hong Kong Special Administrative Region, the Macao Special Administrative Region and the Taiwan Region.
- 1.13 **“RMB”** refers to Renminbi Yuan.

**CHAPTER II BUSINESS COOPERATION ARRANGEMENT AND  
RESOURCES CONTRIBUTION**

**Article 2 Cooperation Resources**

- 2.1 Based on the cooperation principles of equality and mutual benefit, win-win result, resource sharing, complementary advantages and business innovation, among others, the Parties are willing to make joint contributions of business resources in such manner as agreed during the term hereof in order to achieve their mutually agreed cooperation objectives.
- 2.2 Wanwuxinsheng agrees to input resources in the following business scopes: (1) Online Recycling through AiHuiShou Stores; (2) Self-broadcasting through PaiPai Stores and Operation Centers; (3) Merchant Expansion Cooperation; (4) Cooperation with Influencers in Live Streaming marketing services; (5) Distribution Warehouse Supply Cooperation. Wanwuxinsheng agrees to abide by the above provisions and other future provisions made by the Parties, subject to further confirmation by the Parties through negotiation.
- 2.3 Kuaishou agrees to provide the following business cooperation resources:
  - 2.3.1 **Opening of Recycling Entrance on Kuaishou Platform:** During the agreed term, Kuaishou will open a second-hand commodity recycling entrance for Wanwuxinsheng in the first-level page of Kwai Shop. Wanwuxinsheng could exclusively use the aforementioned entrance in the first-level page for carrying out the second-hand mobile phones recycling business.
  - 2.3.2 **Marketing Resources Support:** During the agreed term after the execution hereof, Kuaishou will provide Wanwuxinsheng with marketing resources on Kuaishou Platform, includes Kuaishou fan headlines in the form of live streaming and short video.
  - 2.3.3 **Other Commitments:** Kuaishou agrees to abide by the above provisions and other future provisions made by the Parties, subject to further confirmation by the Parties through negotiation.

**Article 3 Quality Inspection Cooperation**

- 3.1 Kuaishou will, depending on the business cooperation between the Parties, introduce into the inspection operation center of Wanwuxinsheng as a non-exclusive official quality inspection cooperative agency for the second-hand commodity sales business on Kuaishou Platform within a specific geographical territory, and provide corresponding resource support therefor, subject to the specific requirements to be further confirmed by the Parties through negotiation.

**Article 4 Overall Merchandise Volume Target**

- 4.1 The Parties agree that they will, during the term hereof, make joint efforts to achieve the predetermined Overall Merchandise Volume target, with the specific amount and target acknowledgment method, among others, to be subject to further confirmation by the Parties through negotiation.
- 4.2 The Parties agree to set stage target requirements for the predetermined Overall Merchandise Volume target. In addition, the Parties shall acknowledge the achievement of the Overall Merchandise Volume target according to the acknowledgment period mutually agreed, and shall, in case of failure to achieve the target, take corresponding measures in response to the reasons for the failure.
- 4.3 In no way shall Wanwuxinsheng be allowed to adopt any form of scalping for the purpose of having the Overall Merchandise Volume target predetermined by the Parties acknowledged, subject to further confirmation by the Parties through negotiation.

**CHAPTER III OTHER PROVISIONS**

**Article 5 Taxes and Fees**

- 5.1 Unless otherwise agreed by the Parties, taxes and expenses arising from the execution and performance hereof shall be borne by the Parties respectively in accordance with applicable laws.

**Article 6 Cooperation Term**

- 6.1 The Parties acknowledge that this Agreement shall be valid for a term of thirty-six (36) months commencing from the date of execution hereof. Insofar as the Parties intend to continue their cooperation after the expiration of the aforesaid term, a separate agreement shall be executed thereon.

**Article 7 Confidentiality**

- 7.1 Unless otherwise agreed herein, the Parties shall keep the existence hereof and any information related hereto (including without limitation financial data, intellectual property right, business information, business model, data information, customer information, and algorithm, collectively, “**Confidential Information**”) in confidence without disclosure to any third party. The Parties may further make detailed agreements on the Confidentiality clause hereof.

**Article 8 Intellectual Property Rights and Data**

- 8.1 The ownership of any data and information provided by either Party to the other Party for the purpose hereof, as well as any intellectual property right attached thereto, shall remain unchanged with the cooperation contemplated hereby, unless a specific intellectual property right transfer agreement therefor has been separately entered into by the relevant parties.
- 8.2 Except as otherwise specified herein or the parties concerned have executed a specific intellectual property right authorization or license agreement, without the prior written consent of the right holder, neither Party shall use or copy the other Party’s patent, trademark, name, logo, business information, technology and other data, domain name, copyright or other intellectual property right, or apply for registration of any intellectual property right similar to the foregoing.
- 8.3 The ownership of such data as generated by each Party’s platforms shall remain with the Party. Nevertheless, for the sake of facilitating cooperation, a Party may authorize the other Party to use its own data to the extent permissible by law through negotiation by the Parties.
- 8.4 Where either Party infringes upon the intellectual property rights or other legitimate rights of the other Party in the cooperation contemplated hereby, or the goods, services and materials, among others, provided by such Party infringe upon the intellectual property rights or other legitimate rights of any third party, the Party shall bear the corresponding legal liabilities on its own, and shall, to the extent any loss is caused to the other Party, indemnify the other Party for all such losses caused thereby.

**Article 9 Modification and Termination of this Agreement**

- 9.1 This Agreement may be modified or changed by mutual consent of the Parties. Any modification or change must be made in writing and shall not come into force unless being executed by the Parties.
- 9.2 The Parties acknowledge that this Agreement will be automatically terminated under any of the following circumstances:
  - 9.2.1 The Parties consent to the termination through negotiation;
  - 9.2.2 Unless otherwise expressly agreed herein, where either Party materially breaches any provision hereof and fails to correct the same within ten (10) days upon receipt of written notification from the other Party for correction, the non-breaching Party may terminate the business cooperation hereunder;
  - 9.2.3 The purposes of this Agreement are prevented by any statutory force majeure event from realization.
- 9.3 In the event this Agreement is terminated due to Article 9.2.2, the breaching Party shall still assume the liability for breach under Article 10 hereof.9.2.2Article 10
- 9.4 If part of the provisions hereof is rescinded or terminated, the remaining provisions shall remain valid, subject to such provisions, if any, as otherwise confirmed by the Parties in the future through negotiation.

**Article 10 Liability for Breach**

- 10.1 The Parties agree that, insofar as either Party is in breach of any provision, representation or commitment hereunder, the non-breaching Party shall have the right to notify the breaching Party in writing of making corrections within ten (10) days. Should the breaching Party fail to make corrections within the time limit, the non-breaching Party shall have the right to terminate this Agreement in accordance with the provisions hereof, while the breaching Party shall indemnify the non-breaching Party for any such damages, losses, claims, lawsuits, payment demands, taxes, interests, fees and costs (including without limitation reasonable attorney's fees), among other relevant expenses, as may be required by the latter.

**Article 11 Notice and Service**

- 11.1 Any notice or other communication in connection with this Agreement shall be made in written form, and be delivered to the notified person in such ways as agreed herein. The Parties may designate the Contact (i.e., the Notified Person) under this Agreement during cooperation.
- 11.2 A notice mentioned shall be deemed to have been served:
  - 11.2.1 When the notified person signs for it, if sent by personal delivery;
  - 11.2.2 On the 7<sup>th</sup> day after posting in case of registered mail, or when the notified person signs for it in case of express, if sent by post for which registered mail or express is required;
  - 11.2.3 On the 2<sup>nd</sup> day after the e-mail is sent to the recipient's mailbox server, if sent by e-mail.

**Article 12 Governing Law and Dispute Resolution**

- 12.1 The formation, validity, interpretation and performance of, as well as any dispute resolution in connection with, this Agreement shall be governed by and interpreted in accordance with the laws of the PRC, provided, however, that a specific matter related to this Agreement about which the currently available PRC laws are silent shall be subject to the general international business practices to the extent permitted by the laws of the PRC.
- 12.2 Any dispute arising from or in connection with the performance hereof shall be settled by the Parties through negotiation. If the negotiation fails, either Party shall submit the dispute to the China International Economic and Trade Arbitration Commission for arbitration in accordance with its arbitration rules then in force. The seat of arbitration shall be Beijing. The arbitration award shall final and binding upon the Parties.
- 12.3 During the dispute resolution period, the Parties shall continue to respectively enjoy their other rights and perform their obligations hereunder.

**Article 13 Force Majeure**

- 13.1 **"Force majeure"** refers to any event that is out of reasonable control, unforeseeable, or unavoidable even foreseen by the Parties, which prevents, affects or delays either Party's performance of its obligations hereunder in part or in whole, including but not limited to government action, natural disaster, war, strike, epidemic disease, hacker attack, computer virus, telecommunication failure or technical adjustment, server failure and power cut.



- 13.2 In the event of force majeure, the affected Party shall promptly and fully notify the other Party in writing of the same, indicating the possible impact of the event on this Agreement, and shall provide particulars of such event within a reasonable period of time (within ten (10) days after the occurrence of the force majeure event), together with associated certificates issued by relevant organizations establishing that the affected Party is prevented thereby from performing all or part of its obligations hereunder.
- 13.3 The Parties shall be free from liabilities to each other for any breach hereof due to the failure or delay in performing this Agreement in whole or in part as a result of any force majeure event mentioned above.

**Article 14 Miscellaneous**

- 14.1 The Parties undertake that they have obtained sufficient and necessary authorization for executing this Agreement and performing their obligations hereunder. Neither Party will, by executing and performing this Agreement, violate the articles of association or similar organizational documents (if any) of it.
- 14.2 This Agreement shall, once it comes into force, constitute an entire agreement and consensus reached by the Parties with respect to the subject matter hereof. For the avoidance of doubt, this Agreement will in no way supersede the supplementary agreements reached by the Parties on specific matters herein. In case of any inconsistency between a specific supplementary agreement for business cooperation and this Agreement, the supplementary agreement shall prevail.
- 14.3 The Parties may appoint their Affiliates to carry out part or all of the cooperation matters contemplated hereby. The above matters carried out by the Affiliates of either Party shall be deemed to have been carried out by the Party, with the responsibilities therefor hereunder to be borne by the Party.
- 14.4 If any provision of this Agreement is invalid or unenforceable due to the law applicable to it, such provision shall have no prejudice to the validity of remaining provisions hereof, in which circumstance, the Parties shall determine a new provision insofar as permissible by law through negotiation, so as to ensure realization of the intention depicted by the original provision to the maximum extent.

14.5 This Agreement shall come into force from the date of execution by the Parties. This Agreement is made in two (2) copies, with either Party holding one set and each set having the same effect.

(No Text Below)

(Signature Page of the Business Cooperation Framework Agreement between Chengdu Kuaigou Technology Co., Ltd and Shanghai Wanwuxinsheng Environmental Protection Technology Group Co., Ltd.)

**Chengdu Kuaigou Technology Co., Ltd. (seal)**

/s/ Seal of Chengdu Kuaigou Technology Co., Ltd.

By: /s/ Hongyi Jia

Title: Authorized Signatory

(Signature Page of the Business Cooperation Framework Agreement between Chengdu Kuaigou Technology Co., Ltd and Shanghai Wanwuxinsheng Environmental Protection Technology Group Co., Ltd.)

**Shanghai Wanwuxinsheng Environmental Protection Technology Group Co., Ltd. (seal)**

/s/ Seal of Shanghai Wanwuxinsheng Environmental Protection Technology Group Co., Ltd.

By: /s/ Xuefeng Chen

Title: Chief Executive Officer

**Principal Subsidiaries of the Registrant**

<u>Subsidiary</u>	<u>Place of Incorporation</u>
AiHuiShou International Company Limited	Hong Kong
AHS Device Hong Kong Limited	Hong Kong
Shanghai Aihui Trading Co., Ltd.	PRC
<u>Consolidated Variable Interest Entity</u>	<u>Place of Incorporation</u>
Shanghai Yueyee Network Information Technology Co., Ltd.	PRC
Shenzhen Lvchuang Network Technology Co., Ltd.	PRC
<u>Subsidiary of Consolidated Variable Interest Entity</u>	<u>Place of Incorporation</u>
Shanghai Yueyi Network Information Technology Co., Ltd.	PRC
Changzhou Yueyi Network Information Technology Co., Ltd.	PRC

**Consent of Independent Registered Public Accounting Firm**

We consent to the use in this Registration Statement on Form F-1 of our report dated March 17, 2021 relating to the financial statements of AiHuiShou International Co. Ltd. We also consent to the reference to us under the heading “Experts” in such Registration Statement.

/s/ Deloitte Touche Tohmatsu Certified Public Accountants LLP

Shanghai, China

May 28, 2021

May 28, 2021

AiHuiShou International Co. Ltd.  
Vistra (Cayman) Limited  
P. O. Box 31119 Grand Pavilion  
Hibiscus Way, 802 West Bay Road  
Grand Cayman, KY1 – 1205  
Cayman Islands

Dear Sirs:

Pursuant to Rule 438 under the Securities Act of 1933, as amended, I hereby consent to the references to my name in the Registration Statement on Form F-1 (the "Registration Statement") of AiHuiShou International Co. Ltd. (the "Company") and any amendments thereto, which indicate that I have accepted the nomination to become a director of the Company. I further agree that immediately upon the United States Securities and Exchange Commission's declaration of effectiveness of the Registration Statement, I will serve as a member of the board of directors of the Company.

\* \* \*

Sincerely yours,

/s/ WANG Jingbo

Name: WANG Jingbo

[Signature Page to Consent of Independent Director]



May 28, 2021

AiHuiShou International Co. Ltd.  
Vistra (Cayman) Limited  
P. O. Box 31119 Grand Pavilion  
Hibiscus Way, 802 West Bay Road  
Grand Cayman, KY1 – 1205  
Cayman Islands

Dear Sirs:

Pursuant to Rule 438 under the Securities Act of 1933, as amended, I hereby consent to the references to my name in the Registration Statement on Form F-1 (the "Registration Statement") of AiHuiShou International Co. Ltd. (the "Company") and any amendments thereto, which indicate that I have accepted the nomination to become a director of the Company. I further agree that immediately upon the United States Securities and Exchange Commission's declaration of effectiveness of the Registration Statement, I will serve as a member of the board of directors of the Company.

\* \* \*

Sincerely yours,

/s/ JIANG Guoxing

\_\_\_\_\_  
Name: JIANG Guoxing

[Signature Page to Consent of Independent Director]

**AIHUI SHOU INTERNATIONAL CO. LTD.**  
**CODE OF BUSINESS CONDUCT AND ETHICS**

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**I. PURPOSE**

This Code of Business Conduct and Ethics (the “**Code**”) contains general guidelines for conducting the business of AiHuiShou International Co. Ltd., a Cayman Islands company, and its subsidiaries and affiliates (collectively, the “**Company**”) consistent with the highest standards of business ethics, and is intended to qualify as a “code of ethics” within the meaning of Section 406 of the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder. To the extent this Code requires a higher standard than required by commercial practice or applicable laws, rules or regulations, we adhere to these higher standards.

This Code is designed to deter wrongdoing and to promote:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely, and understandable disclosure in reports and documents that the Company files with, or submits to, the U.S. Securities and Exchange Commission (the “**SEC**”) and in other public communications made by the Company;
- compliance with applicable laws, rules and regulations;
- prompt internal reporting of violations of the Code; and
- accountability for adherence to the Code.

**II. APPLICABILITY**

This Code applies to all directors, officers and employees of the Company, whether they work for the Company on a full-time, part-time, consultative or temporary basis (each, an “**employee**” and collectively, the “**employees**”). Certain provisions of the Code apply specifically to our chief executive officer, chief financial officer, senior finance officer, controller, senior vice presidents, vice presidents and any other persons who perform similar functions for the Company (each, a “**senior officer**,” and collectively, the “**senior officers**”).

The Board of Directors of the Company (the “**Board**”) has appointed the Company’s Chief Financial Officer as the Compliance Officer for the Company (the “**Compliance Officer**”). If you have any questions regarding the Code or would like to report any violation of the Code, please email the Compliance Officer at [rex.chen@aihuishou.com](mailto:rex.chen@aihuishou.com).

This Code has been adopted by the Board and shall become effective (the “**Effective Time**”) upon the effectiveness of the Company’s registration statement on Form F-1 filed by the Company with the SEC relating to the Company’s initial public offering.

### III. CONFLICTS OF INTEREST

#### *Identifying Conflicts of Interest*

A conflict of interest occurs when an employee's private interest interferes, or appears to interfere, in any way with the interests of the Company as a whole. An employee should actively avoid any private interest that may impact such employee's ability to act in the interests of the Company or that may make it difficult to perform the employee's work objectively and effectively. In general, the following should be considered conflicts of interest:

- Competing Business. No employee may be employed by a business that competes with the Company or deprives it of any business.
- Corporate Opportunity. No employee should use corporate property, information or his/her position with the Company to secure a business opportunity that would otherwise be available to the Company. If an employee discovers a business opportunity that is in the Company's line of business through the use of the Company's property, information or position, the employee must first present the business opportunity to the Company before pursuing the opportunity in his/her individual capacity.
- Financial Interests.
  - (i) No employee may have any financial interest (ownership or otherwise), either directly or indirectly through a spouse or other family member, in any other business or entity if such interest adversely affects the employee's performance of duties or responsibilities to the Company, or requires the employee to devote time to it during such employee's working hours at the Company;
  - (ii) No employee may hold any ownership interest in a privately held company that is in competition with the Company;
  - (iii) An employee may hold up to 5% ownership interest in a publicly traded company that is in competition with the Company; provided that if the employee's ownership interest in such publicly traded company increases to more than 5%, the employee must immediately report such ownership to the Compliance Officer;
  - (iv) No employee may hold any ownership interest in a company that has a business relationship with the Company if such employee's duties at the Company include managing or supervising the Company's business relations with that company; and
  - (v) Notwithstanding the other provisions of this Code,

(a) a director or any family member of such director (collectively, “**Director Affiliates**”) or a senior officer or any family member of such senior officer (collectively, “**Officer Affiliates**”) may continue to hold his/her investment or other financial interest in a business or entity (an “**Interested Business**”) that:

(1) was made or obtained either (x) before the Company invested in or otherwise became interested in such business or entity; or (y) before the director or senior officer joined the Company (for the avoidance of doubt, regardless of whether the Company had or had not already invested in or otherwise become interested in such business or entity at the time the director or senior officer joined the Company); or

(2) may in the future be made or obtained by the director or senior officer, provided that at the time such investment or other financial interest is made or obtained, the Company has not yet invested in or otherwise become interested in such business or entity; provided that such director or senior officer shall disclose such investment or other financial interest to the Board;

(b) an interested director or senior officer shall refrain from participating in any discussion among senior officers of the Company relating to an Interested Business and shall not be involved in any proposed transaction between the Company and an Interested Business; and

(c) before any Director Affiliate or Officer Affiliate (i) invests, or otherwise acquires any equity or other financial interest, in a business or entity that is in competition with the Company; or (ii) enters into any transaction with the Company, the related director or senior officer shall obtain prior approval from the Audit Committee of the Board.

- Loans or Other Financial Transactions. No employee may obtain loans or guarantees of personal obligations from, or enter into any other personal financial transaction with, any company that is a material customer, supplier or competitor of the Company. This guideline does not prohibit arms-length transactions with recognized banks or other financial institutions.
- Service on Boards and Committees. No employee shall serve on a board of directors or trustees or on a committee of any entity (whether profit or not-for-profit) whose interests could reasonably be expected to conflict with those of the Company. Employees must obtain prior approval from the Board before accepting any such board or committee position. The Company may revisit its approval of any such position at any time to determine whether an employee’s service in such position is still appropriate.

The above is in no way a complete list of situations where conflicts of interest may arise. The following questions might serve as a useful guide in assessing a potential conflict of interest situation not specifically addressed above:

- Is the action to be taken legal?

- Is it honest and fair?
- Is it in the best interests of the Company?

#### ***Disclosure of Conflicts of Interest***

The Company requires that employees fully disclose any situations that could reasonably be expected to give rise to a conflict of interest. If an employee suspects that he/she has a conflict of interest, or a situation that others could reasonably perceive as a conflict of interest, the employee must report it immediately to the Compliance Officer. Conflicts of interest may only be waived by the Board, or the appropriate committee of the Board, and will be promptly disclosed to the public to the extent required by law and applicable rules of the applicable stock exchange.

#### ***Family Members and Work***

The actions of family members outside the workplace may also give rise to conflicts of interest because they may influence an employee's objectivity in making decisions on behalf of the Company. If a member of an employee's family is interested in doing business with the Company, the criteria as to whether to enter into or continue the business relationship and the terms and conditions of the relationship must be no less favorable to the Company compared with those that would apply to an unrelated party seeking to do business with the Company under similar circumstances.

Employees should report any situation involving family members that could reasonably be expected to give rise to a conflict of interest to their supervisor or the Compliance Officer. For purposes of this Code, "family members" or "members of employee's family" include an employee's spouse, parents, children and siblings, whether by blood, marriage or adoption or anyone residing in such employee's home.

#### **IV. GIFTS AND ENTERTAINMENT**

The giving and receiving of appropriate gifts may be considered common business practice. Appropriate business gifts and entertainment are welcome courtesies designed to build relationships and understanding among business partners. However, gifts and entertainment should never compromise, or appear to compromise, an employee's ability to make objective and fair business decisions.

It is the responsibility of employees to use good judgment in this area. As a general rule, employees may give or receive gifts or entertainment to or from customers or suppliers only if the gift or entertainment is in compliance with applicable law, insignificant in amount and not given in consideration or expectation of any action by the recipient. All gifts and entertainment expenses made on behalf of the Company must be properly accounted for on expense reports.

We encourage employees to submit gifts received to the Company. While it is not mandatory to submit small gifts, gifts of over US\$150 must be submitted immediately to the human resources department of the Company.

Bribes and kickbacks are criminal acts, strictly prohibited by law. An employee must not offer, give, solicit or receive any form of bribe or kickback anywhere in the world.

#### **V. FCPA COMPLIANCE**

The U.S. Foreign Corrupt Practices Act (“**FCPA**”) prohibits giving anything of value, directly or indirectly, to officials of foreign governments or foreign political candidates in order to obtain or retain business. A violation of FCPA does not only violate the Company’s policy but also constitute a civil or criminal offense under FCPA which the Company is subject to after the Effective Time. No employee shall give or authorize directly or indirectly any illegal payments to government officials of any country. While the FCPA does, in certain limited circumstances, allow nominal “facilitating payments” to be made, any such payment must be discussed with and approved by an employee’s supervisor in advance before it can be made.

#### **VI. PROTECTION AND USE OF COMPANY ASSETS**

Employees should protect the Company’s assets and ensure their efficient use for legitimate business purposes only. Theft, carelessness and waste have a direct impact on the Company’s profitability. Any use of the funds or assets of the Company, whether for personal gain or not, for any unlawful or improper purpose is strictly prohibited.

To ensure the protection and proper use of the Company’s assets, each employee should:

- exercise reasonable care to prevent theft, damage or misuse of the Company’s assets;
- promptly report any actual or suspected theft, damage or misuse of the Company’s assets;
- safeguard all electronic programs, data, communications and written materials from unauthorized access; and
- use the Company’s assets only for legitimate business purposes.

Except as approved in advance by the Chief Executive Officer or Chief Financial Officer of the Company, the Company prohibits political contributions (directly or through trade associations) by any employee on behalf of the Company. Prohibited political contributions include:

- any contributions of the Company’s funds or other assets for political purposes;
- encouraging individual employees to make any such contribution; and
- reimbursing an employee for any political contribution.

## **VII. INTELLECTUAL PROPERTY AND CONFIDENTIALITY**

Employees should abide by the Company's rules and policies in protecting the intellectual property and confidential information, including the following:

- All inventions, creative works, computer software, and technical or trade secrets developed by an employee in the course of performing the employee's duties or primarily through the use of the Company's assets or resources while working at the Company shall be the property of the Company.
- Employees should maintain the confidentiality of information entrusted to them by the Company or entities with which the Company has business relations, except when disclosure is authorized or legally mandated. Confidential information includes all non-public information that might be of use to competitors, or harmful to the company or its business associates, if disclosed.
- The Company maintains a strict confidentiality policy. During an employee's term of employment with the Company, the employee shall comply with any and all written or unwritten rules and policies concerning confidentiality and shall fulfill the duties and responsibilities concerning confidentiality applicable to the employee.
- In addition to fulfilling the responsibilities associated with his/her position in the Company, an employee shall not, without obtaining prior approval from the Company, disclose, announce or publish trade secrets or other confidential business information of the Company, nor shall an employee use such confidential information outside the course of his/her duties to the Company.
- Even outside the work environment, an employee must maintain vigilance and refrain from disclosing important information regarding the Company or its business, business associates or employees.
- An employee's duty of confidentiality with respect to the confidential information of the Company survives the termination of such employee's employment with the Company for any reason until such time as the Company discloses such information publicly or the information otherwise becomes available in the public sphere through no fault of the employee.
- Upon termination of employment, or at such time as the Company requests, an employee must return to the Company all of its property without exception, including all forms of medium containing confidential information, and may not retain duplicate materials.

## **VIII. ACCURACY OF FINANCIAL REPORTS AND OTHER PUBLIC COMMUNICATIONS**

Upon the Effective Time, the Company will be required to report its financial results and other material information about its business to the public and the SEC. It is the Company's policy to promptly disclose accurate and complete information regarding its business, financial condition and results of operations. Employees must strictly comply with all applicable standards, laws, regulations and policies for accounting and financial reporting of transactions, estimates and forecasts. Inaccurate, incomplete or untimely reporting will not be tolerated and can severely damage the Company and result in legal liability.



Employees should be on guard for, and promptly report, any possibility of inaccurate or incomplete financial reporting. Particular attention should be paid to:

- Financial results that seem inconsistent with the performance of the underlying business;
- Transactions that do not seem to have an obvious business purpose; and
- Requests to circumvent ordinary review and approval procedures.

The Company's senior financial officers and other employees working in the finance department have a special responsibility to ensure that all of the Company's financial disclosures are full, fair, accurate, timely and understandable. Any practice or situation that might undermine this objective should be reported to the Compliance Officer.

Employees are prohibited from directly or indirectly taking any action to coerce, manipulate, mislead or fraudulently influence the Company's independent auditors for the purpose of rendering the financial statements of the Company materially misleading. Prohibited actions include but are not limited to:

- issuing or reissuing a report on the Company's financial statements that is not warranted in the circumstances (due to material violations of U.S. GAAP, generally accepted auditing standards or other professional or regulatory standards);
- not performing audit, review or other procedures required by generally accepted auditing standards or other professional standards;
- not withdrawing an issued report when withdrawal is warranted under the circumstances; or
- not communicating matters required to be communicated to the Company's Audit Committee.

## **IX. COMPANY RECORDS**

Accurate and reliable records are crucial to the Company's business and form the basis of its earnings statements, financial reports and other disclosures to the public. The Company's records are a source of essential data that guides business decision-making and strategic planning. Company records include, but are not limited to, booking information, payroll, timecards, travel and expense reports, e-mails, accounting and financial data, measurement and performance records, electronic data files and all other records maintained in the ordinary course of business.

All Company records must be complete, accurate and reliable in all material respects. There is never an acceptable reason to make false or misleading entries. Undisclosed or unrecorded funds, payments or receipts are strictly prohibited. An employee is responsible for understanding and complying with the Company's recordkeeping policy. An employee should contact the Compliance Officer if he/she has any questions regarding the recordkeeping policy.

#### **X. COMPLIANCE WITH LAWS AND REGULATIONS**

Each employee has an obligation to comply with the laws of the cities, provinces, regions and countries in which the Company operates. This includes, without limitation, laws covering commercial bribery and kickbacks, patent, copyrights, trademarks and trade secrets, information privacy, insider trading, offering or receiving gratuities, employment harassment, environmental protection, occupational health and safety, false or misleading financial information, misuse of corporate assets and foreign currency exchange activities. Employees are expected to understand and comply with all laws, rules and regulations that apply to their positions at the Company. If any doubt exists about whether a course of action is lawful, the employee should seek advice immediately from the Compliance Officer.

#### **XI. DISCRIMINATION AND HARASSMENT**

The Company is firmly committed to providing equal opportunity in all aspects of employment and will not tolerate any illegal discrimination or harassment based on race, ethnicity, religion, gender, age, national origin or any other protected class. For further information, employees should consult the Compliance Officer.

#### **XII. FAIR DEALING**

Each employee should endeavor to deal fairly with the Company's customers, suppliers, competitors and employees. None should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice.

#### **XIII. HEALTH AND SAFETY**

The Company strives to provide employees with a safe and healthy work environment. Each employee has responsibility for maintaining a safe and healthy workplace for other employees by following environmental, safety and health rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions. Violence or threats of violence are not permitted.

Each employee is expected to perform his/her duty to the Company in a safe manner, not under the influence of alcohol, illegal drugs or other controlled substances. The use of illegal drugs or other controlled substances in the workplace is prohibited.

#### **XIV. VIOLATIONS OF THE CODE**

All employees have a duty to report any known or suspected violation of this Code, including any violation of laws, rules, regulations or policies that apply to the Company. Reporting a known or suspected violation of this Code by others will not be considered an act of disloyalty, but an action to safeguard the reputation and integrity of the Company and its employees.

If an employee knows of or suspects a violation of this Code, it is such employee's responsibility to immediately report the violation to the Compliance Officer, who will work with the employee to investigate his/her concern. All questions and reports of known or suspected violations of this Code will be treated with sensitivity and discretion. The Compliance Officer and the Company will protect the employee's confidentiality to the extent possible, consistent with the law and the Company's need to investigate the employee's concern.

It is the Company's policy that any employee who violates this Code will be subject to appropriate discipline, including termination of employment, based upon the facts and circumstances of each particular situation. An employee's conduct, if it does not comply with the law or with this Code, can result in serious consequences for both the employee and the Company.

The Company strictly prohibits retaliation against an employee who, in good faith, seeks help or reports known or suspected violations. An employee inflicting reprisal or retaliation against another employee for reporting a known or suspected violation will be subject to disciplinary action, including termination of employment.

#### **XV. WAIVERS OF THE CODE**

Waivers of this Code will be granted on a case-by-case basis and only in extraordinary circumstances. Waivers of this Code may be made only by the Board, or the appropriate committee of the Board, and may be promptly disclosed to the public if so required by applicable laws and regulations and rules of the applicable stock exchange.

#### **XVI. CONCLUSION**

This Code contains general guidelines for conducting the business of the Company consistent with the highest standards of business ethics. If employees have any questions about these guidelines, they should contact the Compliance Officer. We expect all employees to adhere to these standards. Each employee is separately responsible for his/her actions. Conduct that violates the law or this Code cannot be justified by claiming that it was ordered by a supervisor or someone in higher management positions. If an employee engages in conduct prohibited by the law or this Code, such employee will be deemed to have acted outside the scope of his/her employment. Such conduct will subject the employee to disciplinary action, including termination of employment.

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**HANKUN**  
汉坤律师事务所  
Han Kun Law Offices

May 28, 2021

**To: Aihuishou International Co. Ltd.** (the "Company")

12th Floor, No. 6 Building, 433 Songhu Road, Shanghai  
People's Republic of China

**Dear Sirs or Madams:**

We are lawyers qualified in the People's Republic of China (the "PRC" or "China", which, for purposes of this opinion only, does not include the Hong Kong Special Administrative Region, the Macau Special Administrative Region or Taiwan) and as such are qualified to issue this opinion on the laws, regulations, rules, judicial interpretations and other legislations of the PRC effective as of the date hereof.

We are acting as PRC counsel to the Company in connection with (i) the proposed initial public offering (the "Offering") of the Company's American depositary shares (the "ADSs"), each representing a certain number of Class A ordinary shares, par value of US\$0.001 per share, of the Company (the "Class A Ordinary Shares"), as set forth in the Company's registration statement on Form F-1, including all amendments or supplements thereto (the "Registration Statement"), filed by the Company with the Securities and Exchange Commission under the U.S. Securities Act of 1933 (as amended) in relation to the Offering, and (ii) the Company's proposed listing of the ADSs on the New York Stock Exchange.

**A. Documents and Assumptions**

In rendering this opinion, we have carried out due diligence and examined copies of the Registration Statement, due diligence documents and other materials provided to us by the Company and the PRC Companies (as defined below), and such other documents, corporate records and certificates issued by the relevant Governmental Agencies in the PRC (collectively, the "Documents"). In giving this opinion, we have made the following assumptions (the "Assumptions"):

- (1) all signatures, seals and chops are genuine, each signature on behalf of a party thereto is that of a person duly authorized by such party to execute the same, all Documents submitted to us as originals are authentic, and all Documents submitted to us as certified or photostatic copies conform to the originals;
- (2) each of the parties to the Documents, other than the PRC Companies, (i) if a legal person or other entity, is duly organized and is validly existing in good standing under the laws of its jurisdiction of organization and/or incorporation, (ii) if an individual, has full capacity for civil conduct; each of them, other than the PRC Companies, has full power and authority to execute, deliver and perform its, her or his obligations under the Documents to which it, she or he is a party in accordance with the laws of its jurisdiction of organization and/or the laws that it, she or he is subject to;

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CONFIDENTIALITY. This document contains confidential information which may be protected by privilege from disclosure. Unless you are the intended or authorized recipient, you shall not copy, print, use or distribute it or any part thereof or carry out any act pursuant thereto and shall advise Han Kun Law Offices immediately by telephone, e-mail or facsimile and return it promptly by mail. Thank you.

- (3) the Documents presented to us remain in full force and effect on the date of this opinion and have not been revoked, amended or supplemented, and no amendments, revisions, supplements, modifications or other changes have been made, and no revocation or termination has occurred, with respect to any of the Documents after they were submitted to us for the purposes of this opinion;
- (4) the laws of jurisdictions other than the PRC which may be applicable to the execution, delivery, performance or enforcement of the Documents are complied with;
- (5) all requested Documents have been provided to us and all factual statements made to us by the Company and the PRC Companies in connection with this opinion, including but not limited to the statements set forth in the Documents, are true, correct and complete;
- (6) all explanations and interpretations provided by government officials duly reflect the official position of the relevant Governmental Agencies and are complete, true and correct;
- (7) each of the Documents is legal, valid, binding and enforceable in accordance with their respective governing laws other than PRC Laws (as defined below) in any and all respects;
- (8) all consents, licenses, permits, approvals, exemptions or authorizations required by, and all required registrations or filings with, any governmental authority or regulatory body of any jurisdiction other than the PRC in connection with the transactions contemplated under the Documents have been obtained or made, and are in full force and effect as of the date thereof; and
- (9) all Governmental Authorizations (as defined below) and other official statements and documentation obtained by the Company or any PRC Company from any Governmental Agency have been obtained by lawful means in due course, and the Documents provided to us conform with those documents submitted to Governmental Agencies for such purposes.

In addition, we have assumed and have not verified the truthfulness, accuracy and completeness as to factual matters of each Document we have reviewed.

## **B. Definitions**

In addition to the terms defined in the context of this opinion, the following capitalized terms used in this opinion shall have the meanings ascribed to them as follows.

“ <u>Governmental Agency</u> ”	means any national, provincial or local governmental, regulatory or administrative authority, agency or commission in the PRC, or any court, tribunal or any other judicial or arbitral body in the PRC, or any body exercising, or entitled to exercise, any administrative, judicial, legislative, law enforcement, regulatory, or taxing authority or power of a similar nature in the PRC.
“ <u>Governmental Authorization</u> ”	means any license, approval, consent, waiver, order, sanction, certificate, authorization, filing, declaration, disclosure, registration, exemption, permission, endorsement, annual inspection, clearance, qualification, permit or license by, from or with any Governmental Agency pursuant to any PRC Laws.
“ <u>M&amp;A Rules</u> ”	means the Provisions on Merging and Acquiring Domestic Enterprises by Foreign Investors, which was promulgated by six Governmental Agencies, namely, the Ministry of Commerce, the State-owned Assets Supervision and Administration Commission, the State Administration for Taxation, the State Administration for Industry and Commerce, the China Securities Regulatory Commission (the “CSRC”), and the SAFE, on August 8, 2006 and became effective on September 8, 2006, as amended by the Ministry of Commerce on June 22, 2009.
“ <u>PRC Companies</u> ”	means, collectively, all entities listed in Appendix A hereof, and each, a “PRC Company”.
“ <u>PRC Laws</u> ”	means all applicable national, provincial and local laws, regulations, rules, notices, orders, decrees and judicial interpretations of the PRC currently in effect and publicly available on the date of this opinion.
“ <u>SAFE</u> ”	means the State Administration of Foreign Exchange of the PRC.
“ <u>VIEs</u> ”	means Shanghai Wanwuxinsheng Environmental Protection Technology Group Co., Ltd. (上海万物新生环保科技有限公司集团有限公司) and Shenzhen Lvchuang Network Technology Co., Ltd. (深圳市绿创网络科技有限公司).
“ <u>WFOE</u> ”	means Shanghai Aihui Trading Co., Ltd. (上海艾慧商贸有限公司).

### C. Opinions

Based on our review of the Documents and subject to the Assumptions and the Qualifications (as defined below), we are of the opinion that:

- (1) Corporate Structure. Based on our understanding of the explicit provisions under the current PRC Laws, (i) the ownership structures of WFOE and VIEs in China, both currently and immediately after giving effect to this Offering, are not in violation of mandatory PRC laws and regulations currently in effect in all material respects, and the ownership structure of other PRC Companies as set forth in the Registration Statement, both currently and immediately after giving effect to this Offering, are not in violation of mandatory PRC laws and regulations in effect in all material respects; (ii) the contractual arrangements between WFOE, VIEs and their respective shareholders, currently and immediately after giving effect to this Offering, are not in violation of mandatory PRC laws and regulations currently in effect in all material respects, and are valid, binding upon each party to such arrangements and enforceable against each party thereto in accordance with their terms and applicable PRC laws and regulations currently in effect. However, there are substantial uncertainties regarding the interpretation and application of current and future PRC Laws, it is uncertain whether any new PRC Laws relating to variable interest entity structures will be adopted or if adopted, what they would provide.
- (2) M&A Rules. Based on our understanding of the explicit provisions under current PRC Laws, the CSRC's approval may not be required for the listing and trading of the Company's ADSs on the New York Stock Exchange in the context of this Offering, given that: (i) the CSRC currently has not issued any definitive rule or interpretation concerning whether offerings similar to the Offering are subject to the M&A Rules; (ii) the Company did not establish its PRC subsidiaries through merger with or acquisition of PRC domestic companies using equities as consideration as defined in the M&A Rules; and (iii) no provision in the M&A Rules classifies the contractual arrangements with variable interest entities as a type of acquisition that fall within the M&A Rules. However, there remains uncertainty as to how the M&A Rules will be interpreted or implemented in the context of an overseas offering and its opinions summarized above are subject to any new laws, rules and regulations or detailed implementations and interpretations in any form relating to the M&A Rules.
- (3) Enforceability of Civil Procedures. There is uncertainty as to whether the courts of China would (i) recognize or enforce judgments of United States courts obtained against the Company or its 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 (ii) entertain original actions brought in each respective jurisdiction against the Company or its directors or officers predicated upon the securities laws of the United States or any state in the United States. The recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. PRC courts 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 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 the PRC will not enforce a foreign judgment against the Company or its directors and officers if they decide that the judgment violates the basic principles of PRC Laws or national sovereignty, security, or public interest. As a result, it is uncertain whether and on what basis a PRC court would enforce a judgment rendered by a court in the United States or in the Cayman Islands.

- (4) Taxation. The statements made in the Registration Statement under the caption “Taxation—People’s Republic of China Taxation” and the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations-Taxation-PRC”, with respect to the PRC tax laws and regulations, constitute true and accurate descriptions of the matters described therein in all material aspects.
- (5) *Statement in the Registration Statement*. The statements in the Registration Statement under the sections entitled “Prospectus Summary”, “Risk Factors”, “Corporate History and Structure”, “Enforceability of Civil Liabilities”, “Use of Proceeds”, “Dividend Policy”, “Business”, “Related Party Transactions”, and “Regulation”, to the extent that they describe or summarize matters of PRC Laws, are true, correct and accurate in all material respects, and nothing has been omitted from such statements which would make the same misleading in any material respect.

Our opinions expressed above are subject to the following qualifications (the “Qualifications”):

- (1) Our opinions are limited to PRC Laws of general application on the date hereof. We have made no investigation of, and do not express or imply any views on, the laws of any jurisdiction other than the PRC, and we have assumed that no such other laws would affect our opinions expressed above.
- (2) PRC Laws referred to herein are laws and regulations publicly available and currently in force on the date hereof and there is no guarantee that any of such laws and regulations, or the interpretation or enforcement thereof, will not be changed, amended or revoked in the future with or without retrospective effect.
- (3) Our opinions are subject to (i) applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or similar laws in the PRC affecting creditors’ rights generally, and (ii) possible judicial or administrative actions or any PRC Laws affecting creditors’ rights.
- (4) Our opinions are subject to the effects of (i) certain legal or statutory principles affecting the enforceability of contractual rights generally under the concepts of public interests, social ethics, national security, good faith, fair dealing, and applicable statutes of limitation; (ii) any circumstance in connection with the formulation, execution or performance of any legal documents that would be deemed materially mistaken, clearly unconscionable, fraudulent, coercive or concealing illegal intentions with a lawful form; (iii) judicial discretion with respect to the availability of specific performance, injunctive relief, remedies or defenses, or the calculation of damages; and (iv) the discretion of any competent PRC legislative, administrative or judicial bodies in exercising their authority in the PRC.



- (5) This opinion is issued based on our understanding of PRC Laws. For matters not explicitly provided under PRC Laws, the interpretation, implementation and application of the specific requirements under PRC Laws, as well as their application to and effect on the legality, binding effect and enforceability of certain contracts, are subject to the final discretion of competent PRC legislative, administrative and judicial authorities. Under PRC Laws, foreign investment is restricted in certain industries.
- (6) The term “enforceable” or “enforceability” as used in this opinion means that the obligations assumed by the relevant obligors under the relevant Documents are of a type which the courts of the PRC may enforce. It does not mean that those obligations will necessarily be enforced in all circumstances in accordance with their respective terms and/or additional terms that may be imposed by the courts. As used in this opinion, the expression “to the best of our knowledge after due inquiry” or similar language with reference to matters of fact refers to the current, actual knowledge of the attorneys of this firm who have worked on matters for the Company in connection with the Offering and the transactions contemplated thereby. We may rely, as to matters of fact (but not as to legal conclusions), to the extent we deem proper, on certificates and confirmations of responsible officers of the Company, the PRC Companies and Governmental Agencies.
- (7) We have not undertaken any independent investigation, search or other verification action to determine the existence or absence of any fact or to prepare this opinion, and no inference as to our knowledge of the existence or absence of any fact should be drawn from our representation of the Company or the PRC Companies or the rendering of this opinion.
- (8) This opinion is intended to be used in the context which is specifically referred to herein; each paragraph shall be construed as a whole and no part shall be extracted and referred to independently.

We hereby consent to the use of this opinion in, and the filing hereof as an exhibit to the Registration Statement, and to the reference to our name in such Registration Statement.

*[SIGNATURE PAGE TO FOLLOW]*

Yours faithfully,

/s/ HAN LAW OFFICES  
HAN KUN LAW OFFICES

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**Appendix A**

**List of the PRC Companies**

- | #  | Name of PRC Companies  |
|----|--|
| 1  | Shanghai Wanwuxinsheng Environmental Protection Technology Group Co., Ltd.<br>(上海万物新生环保科技集团有限公司) |
| 2  | Shanghai Aihui Trading Co., Ltd.<br>(上海艾慧商贸有限公司)   |
| 3  | Shenzhen Runchu Technology Co., Ltd.<br>(深圳市润楚科技有限公司)  |
| 4  | Shanghai Yueou Information Technology Co., Ltd.<br>(上海悦欧信息技术有限公司)                                |
| 5  | Shanghai Yueqi Information Technology Co., Ltd.<br>(上海悦祁信息科技有限公司)                                |
| 6  | Shanghai Yuerui Information Technology Co., Ltd.<br>(上海悦芮信息科技有限公司)                               |
| 7  | Shenzhen Lvchuang Network Technology Co., Ltd.<br>(深圳市绿创网络科技有限公司)                                |
| 8  | Chengdu Yuechuan Network Information Technology Co., Ltd.<br>(成都悦川网络信息技术有限公司)                    |
| 9  | Shanghai Yuecheng Network Information Technology Co., Ltd.<br>(上海悦丞网络信息技术有限公司)                   |
| 10 | Leyi Commercial Factoring (Shenzhen) Co., Ltd.<br>(乐易商业保理(深圳)有限公司)                               |
| 11 | Shanghai Yueyi Network Information Technology Co., Ltd.<br>(上海悦亿网络信息技术有限公司)                      |
| 12 | Shanghai Yuechuan Network Information Technology Co., Ltd.<br>(上海悦川网络信息技术有限公司)                   |
| 13 | Changzhou Yueyi Network Information Technology Co., Ltd.<br>(常州悦亿网络信息技术有限公司)                     |
| 14 | Daye Yuecheng Network Information Technology Co., Ltd.<br>(大冶悦丞网络信息技术有限公司)                       |
| 15 | Tianjin Yuechuan Network Information Technology Co., Ltd.<br>(天津悦川网络信息技术有限公司)                    |
| 16 | Nantong Yueyi Network Information Technology Co., Ltd.<br>(南通悦亿网络信息技术有限公司)                       |
| 17 | Hainan Yueyi Network Information Technology Co., Ltd.<br>(海南悦亿网络信息技术有限公司)                        |

**Appendix A**

Date: May 28, 2021

**AiHuiShou International Co. Ltd.**

12th Floor, No. 6 Building, 433 Songhu Road,

Shanghai

People's Republic of China

**Re: AiHuiShou International Co. Ltd.**

Ladies and Gentlemen,

We understand that AiHuiShou International Co. Ltd. (the "Company") plans to file a registration statement on Form F-1 (the "Registration Statement") with the United States Securities and Exchange Commission (the "SEC") in connection with its proposed initial public offering (the "Proposed IPO").

We hereby consent to the references to our name and the inclusion of information, data and statements from our research reports and amendments thereto (collectively, the "Reports"), and any subsequent amendments to the Reports, as well as the citation of our research reports and amendments thereto, in the Registration Statement and any amendments thereto, in any other future filings with the SEC by the Company, including, without limitation, filings on Form 20-F or Form 6-K or other SEC filings (collectively, the "SEC Filings"), on the websites of the Company and its subsidiaries and affiliates, in institutional and retail road shows and other activities in connection with the Proposed IPO, and in other publicity materials in connection with the Proposed IPO.

We further hereby consent to the filing of this letter as an exhibit to the Registration Statement and any amendments thereto and as an exhibit to any other SEC Filings.

中国 上海市 静安区普济路88号静安国际中心B座10楼, 邮编: 200070  
10F, Block B, Jing'an International Center, 88 Puji Road, Jing'an District, Shanghai 200070, China

Yours faithfully

For and on behalf of  
**China Insights Industry Consultancy Limited**

/s/ Ruby Jiang

Name : Ruby Jiang

Title : Consulting Director