This section sets forth a summary of the most significant rules and regulations that affect our business activities in China.

REGULATIONS RELATING TO FOREIGN INVESTMENT

On March 15, 2019, the National People's Congress (the "**NPC**") promulgated the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "**FIL**"). The FIL, by means of legislation, establishes the basic framework for the access, promotion, protection and administration of foreign investment in view of investment protection and fair competition.

On September 6, 2024, the MOFCOM and the NDRC released the Special Administrative Measures (Negative List) for Foreign Investment Access (2024 Version) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the "**Negative List**"). Foreign investors shall not invest in any field prohibited by the Negative List and shall meet the investment conditions stipulated for any field restricted by the Negative List, while for foreign investments outside the Negative List, it shall be administered under the principle of equal treatment to domestic and foreign investment.

As Zhejiang Shanhui and Shenzhen Xinghe, direct wholly-owned subsidiaries of Shanhui Technology, are foreign-invested enterprises and Zhejiang Shanhui is the holding company of our other PRC subsidiaries, our business operations in the PRC are subject to the PRC laws and regulations relating to foreign investment.

REGULATIONS RELATING TO INTERNET INFORMATION SERVICES AND VALUE-ADDED TELECOMMUNICATIONS SERVICES

Internet Information Services

According to the Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》), which was promulgated by the State Council on September 25, 2000 and last amended on December 6, 2024, Internet information services are categorized as either commercial or non-commercial services. Entities engaged in providing commercial Internet information services shall apply for a license for value-added telecommunications services of Internet information services with the competent telecom administrative authority or the State Council's department in charge of the information industry. As for the operation of non-commercial Internet information services, only a filing with the competent telecom administrative authority or the State Council's department in charge of the information industry is required.

Mobile Internet Application Information Services

According to the Administrative Provisions on Mobile Internet Applications Information Services (《移動互聯網應用程序信息服務管理規定》) issued by the Cyberspace Administration of China (the "**CAC**") on June 28, 2016 and last amended on June 14, 2022, application information service providers shall obtain the relevant qualifications prescribed by laws and regulations, strictly implement their information content administrator responsibilities and carry out certain duties, including authenticating the real identity information of users, establishing and completing information content inspection and management mechanisms, fulfilling the data security protection obligations and regulating personal information processing activities.

License for Value-added Telecommunications Services

According to the Administrative Measures on Telecommunications Business License (《電信業務經營許可管理辦法》) promulgated by the Ministry of Industry and Information Technology of the PRC (the "**MIIT**") on March 1, 2009 and last amended on July 3, 2017, the telecommunications business may be operated only after a business permit has been obtained from the telecommunications administrative department in accordance with the law. According to the Telecommunications Regulations of the PRC (《中華人民共和國電信條例》), which was promulgated on September 25, 2000 and amended on February 6, 2016, telecommunications services are divided into basic telecommunications services and value-added telecommunications services. In addition, according to the Classification Catalog of Telecommunications Services (2015 version) (《電信業務分類目錄(2015年版)》) (the "**2015 Telecom Catalog**") which was promulgated on March 1, 2016 and amended on June 6, 2019, online data processing and transaction processing service and information service fall within the value-added telecommunications services.

Foreign Investment in Valued-Added Telecommunications Business

According to the Circular of the Ministry of Information Industry of the PRC on Strengthening the Administration of Foreign Investment in Value-added Telecommunications Services (《信息產業部關於加強外商投資經營增值電信業務管理的通知》) promulgated by Ministry of Information Industry of the PRC (which has now been merged into MIIT), foreign investors can only operate a telecommunications business in the PRC through establishing a foreign-invested telecommunications enterprise with a valid telecommunications business operation license.

According to the Administrative Regulations for Foreign-Invested Telecommunications Enterprises (《外商投資電信企業管理規定》), promulgated by the State Council on December 11, 2001 and last amended on March 29, 2022, the ultimate foreign equity ownership in a foreign-invested value-added telecommunications enterprise shall not exceed 50%. According to the Notice of the MIIT concerning Lifting Restrictions on the Proportion of Foreign Equity in Online Data Processing and Transaction Processing Business (Operating E-commerce) (《工業和信息化部關於放開在線數據處理與交易處理業務(經營類電子商務)外資股比限制的通告》) promulgated on June 19, 2015, foreign investors are allowed to hold up to 100% of all equity interest in the online data processing and transaction processing business (operating e-commerce) in the PRC. According to Notice of the MIIT on Implementing the Pilot Plan for Expanding the Opening-Up of Value-Added Telecommunications Business (《工業和信息化部關於開展增值電信業務擴大對外開放試點工作的通告》) promulgated on April 8, 2024, the restrictions on foreign equity ratios in, among others, online data processing and transaction processing, information distribution platform and delivery services (excluding operation of internet news information, network publishing, network audio and video, and internet culture), is removed in the regions approved to carry out the pilot plan, including the Pilot Demonstration Area of Socialism with Chinese Characteristics in Shenzhen.

As of the Latest Practicable Date, Shenzhen Shanhui and Shenzhen Tianhai have each obtained a value-added telecommunications business operation license for online data processing and transaction processing business; Shenzhen Shanhui has obtained an approval for value-added telecommunications business pilot operation for information service business.

REGULATIONS RELATING TO THE CIRCULATION OF PRE-OWNED ELECTRONICS

The Measures for Administration of the Circulation of Second-hand Goods (for Trial Implementation) (《舊貨流通管理辦法(試行)》) 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 (the "**MPS**") 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 on the Circulation of Pre-owned Electrical and Electronic Products (《舊電器電子產品流通管理辦法》), promulgated by the MOFCOM on March 15, 2013, further specifies that 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.

REGULATIONS ON ONLINE TRADING

On August 31, 2018, the Standing Committee of the National People's Congress of the PRC (the "**SCNPC**") promulgated the E-Commerce Law of the PRC (《中華人民共和國電子商務法》) (the "**E-Commerce Law**") pursuant to which an e-commerce business operator shall fully, authentically, accurately, and timely disclose the information on commodities or services to safeguard consumers' right to know and right of choice and may not conduct false or misleading commercial promotion by fabricating transactions, making up user comments or any other means, to defraud or mislead consumers.

On March 15, 2021, the SAMR promulgated the Measures for the Supervision and Administration of Online Transactions (《網絡交易監督管理辦法》) (the "**Online Transactions Measures**"), which was amended on March 18, 2025, providing more detailed requirements for the operators and platforms, such as clarifying the specific acts infringing consumers' personal information in online transactions, the prohibited contents contained in the standard terms used by the operators, and elaborating the measures shall be applicable to the operating activities of selling goods or providing services through social network and network live-streaming.

REGULATIONS ON ONLINE LIVE-STREAMING MARKETING ACTIVITIES

On November 5, 2020, the SAMR promulgated the Guiding Opinions of the State Administration for Market Regulation on Strengthening the Regulation of Online Livestreaming Marketing Activities (《市場監管總局關於加強網絡直播營銷活動監管的指導意見》), which specifies that commodity operators selling commodities or providing services through online live-streaming shall abide by the relevant laws and regulations, and establish and implement system for inspection and acceptance of the purchased goods. It is not allowed to (i) sell through online live-streaming any goods or services whose production or sale is prohibited by laws and regulations; (ii) use online live-streaming to release commercial advertisements whose publication in mass media is prohibited by laws and regulations; or (iii) sell through online live-streaming any goods or services prohibited from online trading. On April 23, 2021, the CAC, the MPS, the MOFCOM, the Ministry of Culture and Tourism, the SAT and the State Administration of Radio and Television jointly promulgated the Administrative Measures for Online Live-Streaming Marketing (for Trial Implementation) (the "**Online Live-Streaming Marketing Measures**") (《網絡直播營銷管理辦法(試行)》) pursuant to which operators of live studios and live-streaming marketing personnel engaging in online live-streaming marketing activities shall truthfully, accurately and comprehensively release information on goods or services, perform their responsibilities and obligations of protecting consumers' rights and interests in accordance with laws and regulations, and shall not deliberately delay or refuse without justifiable reasons the legitimate and reasonable requests put forward by consumers. On March 25, 2022, the CAC, the SAT and the SAMR jointly issued the Opinions on Further Regulating the Profit-making Behaviour of Online Live-Streaming to Promote the Healthy Development of the Industry (《關於進一步規範網絡直播營利行為促進行業健康發展的意見》), which provides further requirements on maintaining a level playing field for online live-streaming and safeguarding the legitimate rights and interests of merchants and consumers.

REGULATIONS ON CONSUMER PROTECTION AND PRODUCT QUALITY

Consumers Protection

The Law on the Protection of Rights and Interests of Consumers of the PRC (《中華人民共和國消費者權益保護法》) (the "**Consumer Protection Law**") promulgated by SCNPC, which was latest amended on October 25, 2013, sets out the obligations of business operators and the rights and interests of the consumers in the PRC. Pursuant to this law, business operators must guarantee that the commodities they sell satisfy the requirements for personal or property safety, provide consumers with authentic information about the commodities, and guarantee the quality, function, usage and term of validity of the commodities. Failure to comply with the Consumer Protection Law may subject business operators to civil liabilities such as refunding purchase prices, replacement of commodities, repairing, ceasing damages, compensation, and restoring reputation, and even subject the business operators to criminal penalties.

Product Quality

The Product Quality Law of the PRC (《中華人民共和國產品質量法》) promulgated by SCNPC which was latest amended on December 29, 2018, applies to all production and sale activities in the PRC. Pursuant to this law, products offered for sale must satisfy relevant quality and safety standards. Enterprises may not produce or sell counterfeit products in any fashion, including forging brand labels or giving false information regarding a product's manufacturer. Violations of state or industrial standards for health and safety and any other related violations may result in civil liabilities and administrative penalties. Severe violations may subject the responsible individual or enterprise to criminal liabilities.

REGULATIONS RELATING TO CYBERSECURITY, DATA SECURITY AND PROTECTION OF PERSONAL INFORMATION

Cybersecurity and data security

On December 13, 2005, the MPS, issued the Regulations on Technological Measures for the Internet Security Protection (《互聯網安全保護技術措施規定》) (the "**Internet Protection Measures**"), which became effective on March 1, 2006. The Internet Protection Measures requires internet services providers to take proper measures including anti-virus, data back-up and other related measures, and to keep records of certain information about their users (including user registration information, log-in and log-out time, IP address, content and time of posts by users) for at least 60 days, discover and detect illegal information, stop transmission of such information, and keep relevant records. Internet services providers are prohibited from unauthorized disclosure of users' information to any third parties unless such disclosure is required by laws and regulations. Internet services providers are further required to establish management systems and take technological measures to safeguard the freedom and secrecy of the users' correspondences. Under the Administrative Measures for the Hierarchical Protection of Information Security (《信息安全等級保護管理辦法》) (the "**Measures for the Hierarchical Protection**"), which was promulgated jointly by the MPS and certain other PRC government authorities and effective on June 22, 2007, the national hierarchical protection of the information security shall follow the principle of "independent grading and independent protection". Companies operating or using information systems shall determine the security protection level of the information system pursuant to the Measures for the Hierarchical Protection and the Classification Guidelines for Classified Protection of Cybersecurity (《信息安全技術網絡安全等級保護定級指南》) (the "**Guidelines for Classified Protection**"), and report the level to the relevant department for examination and approval. According to the Measures for the Hierarchical Protection and the Guidelines for Classified Protection, the security protection of an information system may be classified into five levels, and for any system equal to or above level II as determined in accordance with these measures, a record-filing with the competent authority is required.

According to the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》)which was promulgated by the SCNPC on November 7, 2016 and effective on June 1, 2017, network operators shall comply with laws and regulations and fulfill their obligations to safeguard the security of the network when conducting business and providing services. Those who construct or operate networks or provide services through networks shall take technical measures and other necessary measures pursuant to laws, regulations and compulsory national requirements to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data, and the network operator shall not collect the personal information irrelevant to the services it provides or collect or use the personal information in violation of the provisions of laws or agreements between both parties, and operators of critical information infrastructure shall store within the territory of the PRC all personal information and important data collected and produced within the territory of the PRC. The purchase of network products and services by critical information infrastructure operators that may affect national security shall be subject to national cybersecurity review.

On June 10, 2021, the SCNPC promulgated the Data Security Law of the PRC (《中華人民共和國數據安全法》) (the "**Data Security Law**"), which came into effect on September 1, 2021. The Data Security Law provides for data security and privacy obligations on entities and individuals carrying out data processing activities. The Data Security Law also introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, as well as the degree of harm it will cause to national security, public interests, or legitimate rights and interests of individuals or organizations when such data is tampered with, destroyed, leaked, or illegally acquired or used. The appropriate level of protection measures is required to be taken for each respective category of data. For example, a processor of important data shall designate the personnel and the management body responsible for data security, carry out risk assessments for its data processing activities and file the risk assessment reports with the competent authorities. In addition, the Data Security Law provides a national data security review procedure for those data processing activities which may affect national security and imposes export restrictions on certain data and information. No entity or individual within the territory of the PRC may provide foreign judicial or law enforcement authorities with the data stored within the territory of the PRC without the approval of the competent PRC authorities.

On July 30, 2021, the State Council promulgated the Regulations on the Protection of the Security of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》), effective on September 1, 2021. According to the regulations, a "critical information infrastructure" refers to an important network facility and information system in important industries such as, among others, public communications and information services, as well as other important network facilities and information systems that may seriously endanger national security, the national economy, the people's livelihood, or the public interests in the event of damage, loss of function, or data leakage. The regulations supplement and specify the provisions on the security of critical information infrastructure as stated in the Cybersecurity Law of the PRC, and provide, among others, that the competent governmental authorities and supervision and management authorities of the aforementioned important industries will be responsible for (i) organizing the identification of critical information infrastructures in their respective industries in accordance with certain identification rules, and (ii) promptly notifying the identified operators and the MPS of the identification results. These regulations require that the relevant operator shall submit a report to the competent PRC governmental authority in accordance with relevant provisions upon the occurrence of any major cybersecurity incident or discovery of any major cybersecurity threat to the critical information infrastructures, and the operators of critical information infrastructures shall purchase the safe and trusted network products and services in the first place. If the purchase of network products and services may affect national security, such operators shall pass the cybersecurity review accordingly.

On December 28, 2021, the CAC, the NDRC, the MIIT and several other PRC governmental authorities jointly issued the Cybersecurity Review Measures (《網絡安全審查辦法》), which became effective on February 15, 2022 and replaced the Cybersecurity Review Measures published on April 13, 2020. Pursuant to Cybersecurity Review Measures, critical information infrastructure operators that purchase network products and services, and network platform operators engaging in data processing activities that affect or may affect national security are subject to cybersecurity review under the Cybersecurity Review Measures. In addition, network platform operators with personal information of over one million users shall be subject to cybersecurity review before listing abroad (國外上市). The competent governmental authorities may also initiate a cybersecurity review against the operators if the authorities believe that the network product or service or data processing activities of such operators affect or may affect national security. The Cybersecurity Review Measures provide that the relevant violators shall be subject to legal consequences in accordance with the PRC Cybersecurity Law and the PRC Data Security Law.

On July 7, 2022, the CAC promulgated the Cross-border Data Transfer Security Assessment Measures (《數據出境安全評估辦法》) (the "**Security Assessment Measures**"), which became effective on September 1, 2022. The Security Assessment Measures provide that, among others, data processors shall apply to competent authorities for security assessment when (i) the data processors transferring important data abroad, (ii) a critical information infrastructure operator or a personal information processor that has processed personal information of more than one million people, transferring personal information abroad, (iii) a data processor who has provided personal information of 100,000 individuals or sensitive personal information of 10,000 individuals abroad, in each case as calculated cumulatively, since January 1 of the last year, transferring personal information abroad, and (iv) other circumstances where the security assessment of data cross-border transfer is required as prescribed by the CAC.

Later on September 24, 2024, the State Council published the Regulations on Network Data Security Management (《網絡數據安全管理條例》) (the "**Network Data Security Regulations**"), which became effective on January 1, 2025, providing detailed operational guidelines for the implementation of the Cybersecurity Law of the PRC and the Data Security Law. According to the Network Data Security Regulations, data processors shall identify and report important data according to relevant rules, and processors of important data shall adopt specific measures to secure important data, such as designing the personnel and management institution responsible for the network data security, conducting risk assessment under prescribed circumstances as well as submitting annual risk assessment reports to competent authorities. Failure to protect important data, including failure to identify and report important data, can lead to administrative penalties, including fines, suspension of business operations, and revocation of business licenses.

Protection of Personal Information

Under the Several Provisions on Regulating the Market Order of Internet Information Services (《規範互聯網信息服務市場秩序若干規定》) (the "**Internet Information Services Provisions**") issued by the MIIT in 2011, without the consent of users, internet information service providers shall not collect information relevant to the users that can lead to the recognition of the identity of the users independently or in combination with other information (hereinafter referred to as "**Users' Personal Information**"), nor shall they provide Users' Personal Information to others, unless otherwise required by laws and administrative regulations. An internet information service provider must expressly inform the users of the method, content and purpose of the collection and processing of such Users' 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 keep the Users' Personal Information, and in case of any leak or likely leak of the Users' Personal Information, the internet information service provider must take immediate remedial measures and, in severe circumstances, to make an immediate report to the telecommunications regulatory authority.

In addition, pursuant to the Decision on Strengthening the Protection of Online Information (《關於加強網絡信息保護的決定》) issued by the SCNPC on December 28, 2012 and the Order for the Protection of Telecommunications and Internet User Personal Information (《電信和互聯網用戶個人信息保護規定》) issued by the MIIT on July 16, 2013, any collection and use of users' personal information must be subject to the consent of the user, abide by the principles of legality, rationality and necessity and be within the specified purposes, methods and scopes. An internet information service provider must also keep such information strictly confidential, and is further prohibited from divulging, tampering or destroying any such information, or selling or providing such information to other parties. Any violation of the above decision or order may subject the internet information service provider to warnings, fines, confiscation of illegal gains, revocation of licenses, cancelation of filings, closedown of websites and/or even criminal liabilities. Furthermore, the Mobile Applications Administrative Provisions strengthens the regulation of the mobile app information services. Pursuant to the Mobile Applications Administrative Provisions, owners or operators of mobile apps that provide information services are required to be responsible for personal information protection, observe the principles of legality, appropriateness, necessity and good faith, and comply with the relevant provisions.

On November 28, 2019, the CAC, the MIIT, the MPS and the SAMR promulgated the Identification Method of Illegal Collection and Use of Personal Information Through App (《APP違法違規收集使用個人信息行為認定方法》), which provides guidance for the regulatory authorities to identify illegal collection and use of personal information through mobile apps, and for the app operators to conduct self-examination and self-correction and for other participants to voluntarily monitor compliance thereof. Pursuant to the Rules on the Scope of Necessary Personal Information for Common Types of Mobile Internet Applications (《常見類型移動互聯網應用程序必要個人信息範圍規定》), which was promulgated jointly by the CAC, the MIIT, the MPS and the SAMR on March 12, 2021 and became effective on May 1, 2021, "necessary personal information" refers to personal information necessary for ensuring the normal operation of an application's basic functional services. Specifically, it refers to the personal information of the consumers, excluding the personal information of the suppliers. Any mobile internet application shall not refuse users to use its basic functional services on the ground that users disagree to provide unnecessary personal information.

On May 28, 2020, the NPC adopted the Civil Code of the PRC (《中華人民共和國民法典》) (the "**Civil Code**"), which came into effect on January 1, 2021. Pursuant to the Civil Code, the personal information of a natural person shall be protected by the law. Any organization or individual shall legally obtain such personal information of others when necessary and shall ensure the safety of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally buy or sell, provide or make public personal information of others. Personal information refers to all kinds of information recorded by electronic or otherwise that can be used to independently identify or be combined with other information to identify the natural persons' names, date of birth, ID numbers, biometric information, addresses, telephone numbers, e-mail addresses, health information, whereabouts, etc.

On August 20, 2021, the SCNPC promulgated the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) (the "**Personal Information Protection Law**"), which became effective on November 1, 2021. The Personal Information Protection Law requires, among others, that the processing of personal information should have a clear and reasonable purpose and should be limited to the minimum scope necessary to achieve the processing purpose, adopt a method that has the least impact on personal rights and interests, and shall not process personal information that is not related to the processing purpose. The processing of personal information includes the collection, storage, use, processing, transmission, provision, disclosure and deletion of personal information. The Personal Information Protection Law applies to the processing of personal information of natural persons within the territory of the PRC, as well as personal information processing activities outside the territory of PRC, for the purpose of providing products or services to natural persons located within China, for analysing or evaluating the behaviours of natural persons located within China, or for other circumstances as prescribed by laws and administrative regulations. A personal information processor may process the personal information of this individual only under the following circumstances: (i) where consent is obtained from the individual, (ii) where it is necessary for the execution or performance of a contract to which the individual is a party, or where it is necessary for carrying out human resource management pursuant to employment rules legally adopted or a collective contract legally concluded, (iii) where it is necessary for performing a statutory responsibility or statutory obligation, (iv) where it is necessary in response to a public health emergency, or for protecting the life, health or property safety of a natural person in the case of an emergency, (v) where the personal information is processed within a reasonable scope to carry out any news reporting, supervision by public opinions or any other activity for public interest purposes, (vi) where the personal information, which has already been disclosed by an individual or otherwise legally disclosed, is processed within a reasonable scope, or (vii) any other circumstance as provided by laws or administrative regulations. In principle, the consent of an individual must be obtained for the processing of his or her personal information, except under the circumstances of the aforementioned items (ii) to (vii). Where personal information is to be processed based on the consent of an individual, such consent shall be a voluntary and explicit indication of intent given by such individual on a fully informed basis. If laws or administrative regulations provide that the processing of personal information shall be subject to the separate consent or written consent of the individual concerned, such provisions shall prevail. In addition, the processing of the personal information of a minor under 14 years old must obtain the consent by a parent or a guardian of such minor and the personal information processors must adopt special rules for processing the personal information of minors under 14 years old.

Pursuant to the Ninth Amendment to the Criminal Law of the PRC (《中華人民共和國刑法修正案(九)》), issued by the SCNPC in August 2015, which became effective in November 2015, any Internet services provider that fails to fulfill its obligations related to Internet information security administration as required under applicable laws and refuses to rectify upon orders shall be subject to criminal penalty. In addition, Interpretations of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues Concerning the Application of Law in the Handling of Criminal Cases Involving Infringement of Citizens Personal Information (《最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋》), issued on May 8, 2017 and effective as of June 1, 2017, clarified certain standards for the conviction and sentencing of the criminals in relation to personal information infringement.

The Administrative Provisions on the Account Information of Internet Users (《互聯網用戶賬號信息管理規定》), which was promulgated by the CAC on June 27, 2022 and became effective on August 1, 2022, sets out guidelines on the provision of the account information of internet users. Internet-based information service providers shall perform their responsibilities as the administrative subjects of the account information of internet users, have in place professionals and technical capacity appropriate to the scale of services, and establish, improve and strictly implement the authentication of real identity information, verification of account information, security of information content, ecological governance, emergency responses, protection of personal information and other management systems.

As mentioned above, the Security Assessment Measures provide that, among others, data processors shall apply to competent authorities for security assessment when certain conditions are met. In addition, on February 22, 2023, the Provisions on the Prescribed Agreement on Cross-border Data Transfer of Personal Information (《個人信息出境標準合同辦法》) (the "**Provisions on Prescribed Agreement**") were promulgated by the CAC, which took effect on June 1, 2023. The Provisions on Prescribed Agreement attach the prescribed template for a cross-border data transfer agreement that could be used to satisfy one of the conditions for the cross-border transfer of personal information under Article 38 of the Personal Information Protection Law.

Moreover, the Network Data Security Regulations published on September 24, 2024 provided that network data processors processing the personal information of more than 10 million individuals shall implement additional measures on personal information protection, including but not limited to, designating the personnel and management institution responsible for network data security.

REGULATIONS RELATING TO ALGORITHMS

On December 31, 2021, the CAC and certain other PRC governmental authorities promulgated the Provisions on the Administration of Algorithm Recommendation for Internet Information Services (《互聯網信息服務算法推薦管理規定》), which took effect on March 1, 2022. These provisions apply to the use of generation and synthesis, personalized push, selection and sort, search and filtering, scheduling and decision, and other algorithm technologies to provide information to users in the provision of internet information services. These provisions require that algorithmic recommendation service providers shall perform certain compliance obligations, especially (i) establishing and improving the management systems and technical measures for algorithm mechanism review, scientific and technological ethics review, user registration, information and content review, data security and personal information protection, anti-telecommunications and Internet fraud, security assessment and monitoring, and security emergency response; (ii) formulating and disclosing relevant rules for algorithm recommendation services; (iii) having professional personnel and technical support appropriate to the concerning algorithm recommendation service; (iv) regularly reviewing, evaluating and verifying the models, data and application results of algorithm mechanisms; (v) informing users in a conspicuous manner of their provision of algorithmic recommendation services, and publicizing the basic principles, purposes, and main operating mechanisms of algorithmic recommendation services in an appropriate manner; (vi) providing users with options not based on their personal characteristics or with the option of opting out algorithm recommendation services in a convenient manner; (vii) protecting consumers' rights to fair transactions, and avoiding using algorithms to implement unreasonably differential treatment in transaction prices and other transaction conditions based on consumers' preferences, transaction habits, and other characteristics and other illegal acts while selling goods or providing services to consumers.

As advised by our PRC Data Compliance Adviser, our use of model and algorithms in proposing the trade-in prices of pre-owned consumer electronics may be regarded as using scheduling and decision algorithm in the provision of internet information services under the aforesaid provisions as the trade-in prices proposed by the algorithm are shown to consumers for their consideration and acceptance in relevant transactions. We have necessary technical and managerial measures in place (please refer to "Regulatory Overview — Regulations Relating to Cybersecurity, Data Security and Protection of Personal Information" in this document for further details about the technical and managerial measures adopted by us.) and have filed the pricing model and algorithm with the competent regulators, as required to comply with the Provisions on the Administration of Algorithm Recommendation for Internet Information Services. As advised by our PRC Data Compliance Adviser, we comply with all applicable regulatory requirements related to algorithm in all material respects.

REGULATIONS RELATING TO FOREIGN EXCHANGE

General Provisions on Foreign Exchange

The principal regulation governing foreign exchange in the PRC is the Foreign Exchange Administration Rules of the PRC (《中華人民共和國外匯管理條例》) which was promulgated by the State Council on January 29, 1996 and last amended on August 5, 2008. Under these rules, the current account incomes of foreign exchanges can be retained or sold to financial authorities which manage exchange settlement and sale and purchase of foreign exchange. However, approval from the State Administration of Foreign Exchange (the "**SAFE**") or its local branches is required for the relevant capital account transactions of the foreign-invested enterprises, such as the capital increase and decrease. Foreign-invested enterprises may purchase foreign exchange without the approval of the SAFE for trade and service-related foreign exchange transactions by providing documents evidencing such transactions. In addition, foreign exchange transactions involving direct investment, loans and investment in securities outside the PRC are subject to limitations and require approvals from the SAFE.

According to the Circular of the SAFE on Further Simplifying and Improving Foreign Exchange Management Policies on Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) (the "**SAFE Circular 13**"), which was promulgated on February 13, 2015 and amended on December 30, 2019, the SAFE has canceled, among others, confirmation of foreign exchange registration under domestic direct investment and confirmation of foreign exchange registration under overseas direct investment, and investors should register with banks for direct domestic investment and direct overseas investment.

Pursuant to the Circular of SAFE on Further Improving and Adjusting Foreign Exchange Administration Policies for Direct Investment (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》) (the "**SAFE Circular 59**") promulgated by SAFE on November 19, 2012 and last amended on December 30, 2019, approval is not required for the opening of and account entry in foreign exchange accounts under direct investment. SAFE Circular 59 also further improved the administration on exchange settlement of foreign exchange capital of foreign-invested entities.

According to the Circular of the SAFE on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement under the Capital Account (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) which was promulgated on June 9, 2016 and amended by the SAFE Notice on Further Deepening the Reform to Facilitate Cross-border Trade and Investment (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》) (the "**SAFE Circular 28**") on December 4, 2023, the settlement of foreign exchange under the capital account (including foreign exchange capital, external debts, funds repatriated from overseas listing, etc.) entitled to discretionary settlement according to relevant policies, shall be conducted in the banks for real business needs.

On January 26, 2017, the SAFE promulgated the Circular of the SAFE on Further Improving Reform of Foreign Exchange Administration and Optimizing Authenticity and Compliance Verification (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》), which stipulates several capital control measures with respect to the outbound remittance of profit from domestic entities to offshore entities, including (i) banks should check the profit distribution resolution made by the board of directors (or profit distribution resolution made by partners), the original version of tax filing form, and audited financial statements under the principle of genuine transactions, and (ii) the domestic institution shall make up its losses of previous years according to law.

In accordance with the Circular of the SAFE on Further Promoting Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) which was promulgated on October 23, 2019 and amended by the SAFE Circular 28, foreign-invested enterprises engaged in non-investment business are permitted to settle foreign exchange capital in RMB and make domestic equity investments with such RMB funds according to laws and regulations under the condition that the Negative List is not violated and the relevant domestic investment projects are authentic and compliant.

Foreign Exchange Registration of Offshore Investment by PRC Residents

On July 4, 2014, the SAFE promulgated the Circular of the SAFE on Relevant Issues Concerning Foreign Exchange Administration of Overseas Investment and Financing and Roundtrip Investment Conducted by Domestic Residents through Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) pursuant to which (i) "a special purpose vehicle" is defined as offshore enterprise directly established or indirectly controlled by domestic residents (including domestic institution and individual resident) with their legally owned assets or equity of domestic enterprises, or legally owned offshore assets or equity, for the purpose of offshore investment and financing, (ii) a domestic resident must register with the SAFE before he or she contributes assets or equity interests to a special purpose vehicle, and failing to comply with the registration procedures may result in penalties. The SAFE Circular 13 allows PRC residents or entities to register with qualified banks in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing.

REGULATIONS RELATING TO TAXATION

Enterprise Income Tax

On March 16, 2007, the NPC passed the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the "**EIT Law**"), which was last amended on December 29, 2018. According to the EIT Law, the enterprise income tax rate is 25%, and that for high and new technology enterprises is 15%. A non-resident enterprise shall pay enterprise income tax on its incomes derived from the PRC at a rate of 20%. The Implementing Regulations of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) (the "**EIT Law Implementing Regulations**") which were promulgated by the State Council on December 6, 2007 and last amended on December 6, 2024 reduced the tax rate applicable to the aforesaid non-resident enterprises from 20% to 10%.

Dividends Withholding Tax

According to the EIT Law and EIT Law Implementing Regulations, dividends paid by foreign-invested companies to their foreign investors that are non-resident enterprises as defined under the law are subject to withholding tax at a rate of 10%, unless otherwise provided in the relevant tax agreements entered into with the central government of the PRC. Pursuant to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation on Income and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (the "**Double Tax Avoidance Arrangement**") promulgated on August 21, 2006, and applied in Hong Kong to income derived in any year of assessment commencing on or after April 1, 2007, and in mainland China to any year commencing on or after January 1, 2007, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under the Double Tax Avoidance Arrangement, the withholding tax rate on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may not exceed 5%. However, based on the Circular of the State Taxation Administration (the "**SAT**") on Certain Issues Concerning the Implementation of Dividend Provisions in Tax Treaties (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》), which was promulgated on February 20, 2009, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to an arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment.

According to the Announcement of the SAT on Issues Concerning "Beneficial Owners" in Tax Treaties (《國家稅務總局關於稅收協定中"受益所有人"有關問題的公告》), which was promulgated on February 3, 2018, a comprehensive analysis will be used to determine beneficial ownership based on the actual situation of a specific case combined with certain principles, and if an applicant was obliged to pay more than 50% of its income to a third country (region) resident within 12 months of the receipt of the income, or the business activities undertaken by an applicant did not constitute substantive business activities including substantive manufacturing, distribution, management, and other activities, the applicant was unlikely to be recognized as a beneficial owner to enjoy tax treaty benefits.

Value-Added Tax

Pursuant to the Value-Added Tax Law of the PRC (《中華人民共和國增值稅法》) (the "**VAT Law**") promulgated by the SCNPC on December 25, 2024, enterprises and individuals engaged in sale of goods, services, intangible assets and immovables and importation of goods within the territory of the PRC shall pay value-added tax. According to the VAT Law, the VAT rates applicable to ordinary taxpayers are 13%, 9%, 6% and 0% and the VAT rate to which the simple tax computation method applies is 3%.

Enterprise Income Tax on Indirect Transfer of Non-Resident Enterprises

According to the Announcement on Several Issues Concerning Enterprise Income Tax for the Indirect Transfer of Assets by Non-Resident Enterprises (《國家稅務總局關於非居民企業 間接轉讓財產企業所得稅若干問題的公告》) promulgated by the SAT on February 3, 2015 and last amended on December 29, 2017, where a non-resident enterprise indirectly transfers equity interests or other assets of a PRC resident enterprise by implementing arrangements that are not for reasonable commercial purposes to avoid its obligation to pay enterprise income tax, such an indirect transfer shall, in accordance with the EIT Law, be recognized by the competent PRC tax authorities as a direct transfer of equity interests or other assets by the PRC resident enterprise.

REGULATIONS RELATING TO INTELLECTUAL PROPERTY

Copyright

Copyright in the PRC is principally protected under the Copyright Law of the PRC (《中華人民共和國著作權法》) promulgated by the SCNPC on September 7, 1990 and last amended on November 11, 2020, and its implementation rules. Reproducing, distributing, performing, projecting, broadcasting or compiling a work or communicating the same to the public via an information network without permission from the owner of the copyright therein, unless otherwise provided in the Copyright Law of the PRC and related rules and regulations, shall constitute infringements of copyrights. Pursuant to the Computer Software Copyright Protection Regulations (《計算機軟件保護條例》) promulgated by the State Council on June 4, 1991 and last amended on January 30, 2013, the software copyright owner may go through the registration formalities with a software registration authority recognized by the State Council's copyright administrative department.

Patents

According to the Patent Law of the PRC (《中華人民共和國專利法》) issued by the SCNPC on March 12, 1984 and last amended on October 17, 2020, a patentable invention or utility model must meet three conditions: novelty, inventiveness and practical applicability. A patent is valid for a twenty-year term for an invention, a ten-year term for a utility model, and a fifteen-year term for a design, starting from the application date.

Trademarks

The Trademark Law of the PRC (《中華人民共和國商標法》) which was promulgated by the SCNPC on August 23, 1982 and last amended on April 23, 2019 and its implementation rules provide legal protection for holders of registered trademarks. Registered trademarks are valid for a period of ten years. The registered owner should proceed with renewal procedures with 12 months before the expiry of the valid period to be able to continue the use of the registered trademarks upon its expiry.

REGULATIONS RELATING TO EMPLOYMENT AND SOCIAL WELFARE

The Labor Law and the Labor Contract Law

According to the Labor Law of the PRC (《中華人民共和國勞動法》), which was promulgated by the SCNPC on July 5, 1994 and last amended on December 29, 2018, and the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) promulgated by the SCNPC on June 29, 2007 and last amended on December 28, 2012 and its implementation rules, labor relationship between employers and employees must be executed in written form. Where a labor relationship has already been established but no formal contract has been made, a written labor contract shall be entered into within one month from the date when the employee begins to work. In addition, wages may not be lower than the local minimum wage standard.

Social Insurance and Housing Provident Fund

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) which was promulgated by the SCNPC on October 28, 2010 and amended on December 29, 2018, and the Provisional Regulations for the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), which was promulgated by the State Council on January 22, 1999 and amended on March 24, 2019, the employer shall contribute to social insurance plans covering basic pensions insurance, basic medical insurance, maternity insurance, work injury insurance and unemployment insurance. Employers who failed to promptly make social insurance contributions in full amount shall be ordered by the social insurance collection agency to make or supplement contributions within a prescribed time limit, and shall be subject to a late payment fine computed from the due date at the rate of 0.05% per day; where payment is not made within prescribed time limit, the relevant administrative authorities shall impose a fine ranging from 1 to 3 times the outstanding amount.

According to the Interpretation II of the Supreme People's Court of Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) promulgated by the Supreme People's Court on July 31, 2025 and effective on September 1, 2025, any agreement between an employer and an employee for the non-payment of social insurance or any employee undertaking to waive such payment shall be determined as void by the people's court.

According to the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》) (the "**Regulations on Housing Provident Fund**"), which was promulgated by the State Council on April 3, 1999 and was last amended March 24, 2019, enterprises in the PRC are required to pay and deposit housing provident fund on behalf of their employees in full and in a timely manner. If an employer does not register the contribution of the housing provident fund or does not establish housing provident fund account for its employees, the housing provident fund management center shall order it to be handled within a prescribed period. Employers who fail to make up the procedures within the prescribed period shall be given a fine of RMB10,000 to RMB50,000. Where an employer is overdue in the payment and deposit of, or underpays, the housing provident fund, the housing provident fund management center shall order it to make the payment and deposit within a prescribed period; where the payment and deposit have not been made after the expiration of the prescribed period, an application may be made to a people's court for compulsory enforcement.

REGULATIONS RELATING TO M&A RULES AND OVERSEAS LISTINGS

On August 8, 2006, six PRC regulatory agencies, including the MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the SAT, the SAMR, the China Securities Regulatory Commission (the "**CSRC**") and SAFE, issued the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the "**M&A Rules**") which was implemented on September 8, 2006 and amended on June 22, 2009. Foreign investors shall comply with the M&A Rules when they purchase equity interests of a domestic company or subscribe to the increased capital of a domestic company, thus changing the nature of the domestic company into a foreign-invested enterprise; or when the foreign investors establish a foreign-invested enterprise in the PRC, purchase the assets of a domestic company and operate the assets; or when the foreign investors purchase the asset of a domestic company, establish a foreign-invested enterprise by injecting such assets and operate the assets.

On February 17, 2023, with the approval of the State Council, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) (the "**Trial Measures**") and five supporting guidelines, which came into effect on March 31, 2023. According to the Trial Measures, domestic companies that seek to offer or list securities overseas, both directly and indirectly, should fulfill the filing procedure and report relevant information to the CSRC within three business days after listing application is submitted.

Furthermore, on February 24, 2023, the CSRC, together with other relevant government authorities, released the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "**Confidentiality and Archives Provisions**"). Pursuant to the Confidentiality and Archives Provisions, where a domestic enterprise provides or publicly discloses to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses through its overseas listing subjects, documents and materials involving state secrets and working secrets of state organs, it shall report the same to the competent department with the examination and approval authority for approval in accordance with the law, and submit the same to the secrecy administration department of the same level for filing. Domestic enterprises providing accounting archives or copies thereof to entities and individuals concerned such as securities companies, securities service institutions and overseas regulatory authorities shall perform the corresponding procedures pursuant to the relevant provisions of the State.