

**CONFIDENTIAL AND PRIVILEGED
DUE DILIGENCE REPORT ON
PROJECT1520
PREPARED BY AL TAMIMI & COMPANY**

ADDRESSEE:

This Report is addressed to:

Xiamen Jihong Co., Ltd
No. 9 Putou Road, Dongfu Industry Park II
Haicang District
Xiamen, Fujian Province
PRC

China International Capital Corporation Hong Kong Securities Limited ("CICC")
29/F One International Finance Centre
1 Harbour View Street
Central
Hong Kong

CMB International Capital Limited ("CMBI")
45th Floor, Champion Tower
3 Garden Road
Central
Hong Kong

(CICC and CMBI (*in alphabetical order*) as joint sponsors and representatives of the several Hong Kong underwriters named in Schedule 1 of the Hong Kong Underwriting Agreement (the "**Hong Kong Underwriters**") and the persons named in Schedule I of the International Underwriting Agreement (the "**International Underwriters**"); the Company, CICC, CMBI (*in alphabetical order*), the Hong Kong Underwriters and the International Underwriters, collectively, the "**Addressees**").

Al Tamimi & Company
Advocates & Legal Consultants

Level 9, Abdulhadi Al Hugayet Tower
Prince Turki Street, Al Shamaliah Area

PO Box 1227
Al Khobar 31952, Saudi Arabia
T: +966 13 821 9960
F: +966 13 821 9966

رقم العضوية: ٢٠٨٨١٥
س.ت.: ٢٠٥١٠٦٢٨٨٥
www.tamimi.com
[Doc Ref]
Classification://Confidential

1. INTRODUCTION AND TERMS OF REFERENCE

- 1.1 This Report has been prepared by Al Tamimi & Company (**ATCO**) for the sole benefit of (Xiamen Jihong Technology Co., Ltd the “**Client**”) in relation to the proposed listing of shares (“**Proposed Transaction**”) in **Xiamen Jihong Co., Ltd** (“**XJT**”) on the Hong Kong Stock Exchange.
- 1.2 References in this document to the “**Group**” are references to XJT and each of its branches and/or subsidiaries (if any), (each a “**Group Entity**”). We have been undertaking the diligence and preparing the report in accordance with the terms of our signed terms of engagement dated 17 January 2024 with the Client (“**Proposal**”) and, in particular, the scope of work and associated assumptions contained therein.
- 1.3 This report relates only to published laws and regulations of Kingdom of Saudi Arabia in force at the date hereof (“**Saudi Laws**”). In this regard, we are qualified to practice law in the Kingdom of Saudi Arabia. We have made no independent investigation of the laws of any jurisdiction other than the Kingdom of Saudi Arabia as a basis for the opinions hereinafter expressed and do not express or imply any opinion thereon.

2. DOCUMENTS REVIEWED

For the purposes of rendering this opinion we have reviewed a copy of each of the referred to in Appendix A (the “**Documents**”).

3. ASSUMPTIONS

This report is based upon the following assumptions:

- (a) the genuineness and authenticity of all signatures, stamps, endorsements, certifications and seals (if any) on all the Documents;
- (b) the completeness and conformity to originals of all documents supplied to us as certified, electronic, scanned or photo static copies and the authenticity of the originals of such Documents;
- (c) the Documents so supplied are valid and up-to-date and have not been amended, revoked or supplemented;
- (d) there are no dealings that affect, modify or supersede the Documents;

- (e) the binding effect of the Documents is not affected by duress, undue influence or mistake, and the Documents are not entered into by any party in connection with money laundering or any other unlawful activity;
- (f) that no laws other than Saudi Arabian Laws would affect any of the conclusions stated in this report;
- (g) under all relevant laws other than those of the Kingdom of Saudi Arabia, the Documents constitute valid and legally binding obligations of each party thereto and insofar as any obligation under the Documents is to be performed in any jurisdiction outside of the Kingdom of Saudi Arabia, its performance will not be contrary to any official directive, nor will it be impossible, illegal or ineffective by virtue of any law of that jurisdiction;
- (h) the choice of the laws which govern the Documents is a valid choice under such laws;
- (i) save in respect of any matter which is the subject of an opinion herein given, each statement of fact made to us by or on behalf of the Issuer or any other party or otherwise contained in the Documents remain true, complete and accurate in all material respects;
- (j) the parties to the Documents are solvent and able to pay their debts, no receiver has been appointed to such parties (or an application made in that respect) and no action has been taken to wind-up, dissolve or liquidate such parties on a solvent or insolvent basis; and
- (k) the Documents have been executed on behalf of the parties to them by the person(s) duly authorised.

4. SEARCHES

We have made no searches or independent investigations of any factual information contained in the documents listed in paragraph 2 to verify any of the above assumptions, and we also express no opinion in respect of any laws, regulations, rules and agreements incorporated by reference into the Documents including, without limitation, PRC Law.

5. QUALIFICATIONS

This report is, however, subject to certain general and specific qualifications as follows:

- (a) The opinions in the report are our express opinions and are not to be extended by implication.

- (b) We have not reviewed any documents other than the Documents and express no opinion on any such other documents (including documents referred to, cross referenced in or produced in support of the Documents).
- (c) Other than our review of the Documents, we have made no independent official or unofficial enquiries or searches of any Saudi or governmental body to check or verify the registered particulars of the Issuer.
- (d) In making the assumptions set out in paragraph 3 of this report, we have not made any independent investigations or enquiries with respect to the matters that are the subject of those assumptions.
- (e) No opinion is expressed as to matters of fact.
- (f) We do not express any opinion as to any taxation matters under the Saudi Arabian Laws.

6. RELIANCE AND DISCLOSURE

This report is provided in connection with the Documents and is solely for the benefit of the persons to whom the opinion is addressed. It may not, without our prior written consent, be relied upon for any other purpose or be disclosed to or relied upon by any other person save that it may be disclosed without such consent to:

- (a) any person to whom disclosure is required to be made by applicable law or court order or pursuant to the rules or regulations of any supervisory or regulatory body or in connection with any judicial or arbitral proceedings relating to the Proposed Transaction;
- (b) the officers, employees, auditors and professional advisers of the Addressees; and
- (c) any affiliate of the Addressees and the officers, employees, auditors and professional advisors of such affiliates,

on the basis that (i) such disclosure is made solely to enable any such person to be informed that an opinion has been given and to be made aware of its terms but not for the purposes of reliance, and (ii) we do not assume any duty or liability to any person to whom such disclosure is made and in preparing this opinion we only had regard to the interests of the Addressees of this opinion, as at the date of this opinion.

EXECUTIVE SUMMARY

We provided a Due Diligence Request List to the client on 18 January and 24 January 2024. That list (as returned to us on 19 January 2024 and 25 January 2024) forms the basis of this report. The Company have confirmed that all their responses to our 2024 Due Diligence requests remains true, complete, accurate and not misleading as of 15 May 2025.

In response to our question on how the Group sells goods or services to the Saudi market we are told:

The company, without any self-owned physical operation in your jurisdiction, is a social media e-commerce retailer in sale of fast fashion products like umbrella, bikes, sportswear and women makeup worldwide.

Under its business model, it will advertise on mainstream social media (e.g., Google, TikTok, Facebook, etc.) accessible in your jurisdiction, and if any of the social media platform users located in your jurisdiction are interested in the products in these ads while using social media, they click on the ads and would be transferred onto a webpage owned by the company, and they then fill in their names, addresses, emails and phone numbers for product delivery and pay the products by PayPal/Credit Cards/Cash (Cash will be collected by the third party logistics companies on the company's behalf). The company's webpages and servers are also located in China.

Under this model, even if the company is selling products in your jurisdiction, they run almost all of their operation in China; they buy ads traffic from the Chinese agents of these social media; and all the products they sold into your jurisdiction are made and distributed in China (they order them directly from the Chinese distributors/manufacturers); and the local delivery service of the products are provided by third party logistics companies, which would also be responsible to clear up any tax incurred in your jurisdiction (like customs and any withholding taxes).

ARTIFICIAL INTELLIGENCE

We understand that Group makes use of artificial intelligence generated content (AIGC) in China to generate marketing content, including texts, images and videos. Such AIGC will be used in advertisements places on various social media platforms. In the Kingdom, there are no special regulations or rules with respect to advertising or marketing based on AIGC. However, Artificial Intelligence (AI) is very high profile in the Kingdom. The Saudi Data and

Artificial Intelligence Authority (SDAIA, the relevant AI regulator) has recently issued its revised AI Ethics Principles. The AI Ethics Principles are of general guidelines on the use of AI in the Kingdom and are of general application.

The AI Ethics Principles framework is based on seven key principles and accompanying controls. the principles are:

- (a) Fairness
- (b) Privacy & security
- (c) Humanity
- (d) Social & environmental benefits
- (e) Reliability & safety
- (f) Transparency & explainability
- (g) Accountability & responsibility

The AI Ethics Principles provide several self-assessment tools for assessing and mapping AI risks against the principles. Entities are primarily responsible for ensuring their own compliance with the AI Principles.

In January 2024, SDAIA published its Generative Artificial Intelligence Guidelines. The guidelines adopt the same seven principles provided under the AI Ethics Principles and are meant to serve as guidance for developers and users of generative AI (GenAI) in the Kingdom and it applies to all stakeholders that design, develop, deploy, implement, use or are affected by GenAI systems in the Kingdom.

E-COMMERCE REGULATION

We understand that consumers in the Kingdom will have access to webpages operated by the Group and consumers will be able to purchase products directly from the webpages. Such an activity would be considered as “E-commerce” for the purposes of the Saudi E-Commerce Law and its implementing Regulations. The E-Commerce Law has extraterritorial scope and applies to foreign e-commerce service providers that are providing goods to customers

in the Kingdom. As per the E-Commerce Law and its implementing Regulations, e-commerce service providers are required to comply with the following obligations when concluding sales online:

- (a) disclose their name or any identifying characteristic, their contact information, and any other data specified by the Regulations in their e-shop, unless they are registered with an e-shop authentication entity (this registration requirement only being available to e-commerce operators established in Saudi Arabia).
- (b) provide the consumer with a statement that includes the terms and conditions of the contract, as well as information related to the service provider, the basic characteristics of the products or services, the total price, the arrangements for payment, processing, and delivery, the warranty information, and any other information specified by the Regulations.
- (c) provide the consumer with an itemized invoice stating the total price, including all charges and taxes, and delivery fees, if any, as well as the date and place of delivery, as specified by the Regulations.
- (d) not retain, use, or disclose the consumer's personal data or electronic communications for unauthorized or impermissible purposes, unless the consumer consents or is required by law, and they must take necessary measures to protect and maintain the confidentiality of such data.
- (e) comply with the rules governing electronic advertisements, which must not include false or misleading statements, claims, or representations, or counterfeit or unauthorized logos or trademarks, and which must include the name of the advertised product or service, the name of the service provider and any identifying characteristic, the contact information of the service provider, and any other information specified by the Regulations.
- (f) respect the consumer's right to rescind the contract within seven days from the date of receipt of the product or the date of the service contract, unless the product or service falls under the exceptions specified by the Law or the Regulations, or the consumer has used or benefited from the product or service.

Breaches of the E-Commerce Law can result in penalties that include one or more of the following: a warning, a fine not exceeding 1,000,000 riyals (approx. USD 266,000), temporary or permanent suspension of the e-commerce activity, and blocking the e-shop, partially or completely, temporarily or permanently, in coordination with the competent authority.

PRODUCT REGULATION

We perceive a risk that the sale of certain products to purchasers in KSA will be regulated - for example, cosmetics and electronics. There may also be particular regulatory requirements for categories of products sold by the company to purchasers in Saudi Arabia of which we are currently unaware.

However, the company has an internal policy on the regulation and compliance of all products sold to consumers in Saudi Arabia and that adherence with this policy is monitored on a daily basis. So long as this policy is observed, the risk of prosecution/fines/adverse legal/administrative proceedings is perceived as relatively low.

DATA AND PRIVACY

The Saudi Personal Data Protection Law (PDPL) applies to the processing of “Personal Data” (by any means) that, relates to individuals that takes place in the Kingdom, including processing of Personal Data of individuals residing in the Kingdom by parties that are outside the Kingdom. The PDPL came into force on 14 September 2023 and was subject to a grace-period which ended in mid-September 2024.

As per Article 1(4) of the PDPL, “*Personal Data*” includes “*any data, regardless of its source or form that may lead to identifying an individual specifically, or that may directly or indirectly make it possible to identify an individual including name, personal identification number, addresses, contact numbers, license numbers, records, personal assets, bank and credit card numbers, photos and videos of an individual and any other data of a personal nature*”.

When collecting personal data directly from a data subject, a controller must, in accordance with Article 13 of the PDPL, provide the following information to data subjects:

- (a) Legal basis for collecting personal data;
- (b) Purpose of collection (and whether such collection is mandatory or optional);
- (c) That the personal data will not be subsequently processed in a manner that is inconsistent with the collection purpose;
- (d) Identity of the person collecting personal data;
- (e) Entities (and the capacity of such entities) to which the personal data will be disclosed and whether such entities will process personal data outside the Kingdom;
- (f) Potential consequences and risks that may result from not collecting the personal data;
- (g) Rights of the data subject (as specified in the PDPL);
- (h) Other information based on the nature of activities.

In practical terms, the privacy policy communicated to data subjects should contain the information required under Article 13.

Additionally, when engaging with a data processor, controllers are required to enter into data processing agreements that contain the following minimum contractual terms:

- (a) Purpose of processing
- (b) Categories of personal data being processed
- (c) Duration of processing
- (d) Processor's commitment to notify the controller in case of a personal data breach, in accordance with the PDPL and its Regulation - without undue delay
- (e) Clarification whether the processor is subject to regulations in other countries and the impact on the processors compliance with PDPL and Regulations
- (f) Not requiring the data subject's prior consent for mandatory disclosures of personal data under the applicable laws (other than PDPL) of the Kingdom of Saudi Arabia.
- (g) identifying any sub-contractors contracted by the processor, or any other party to whom the personal data will be disclosed

With respect to international transfers of personal data, Article 29 of the PDPL allows for personal data to be disclosed or transferred outside of the Kingdom for limited purposes and subject to certain conditions being met, including the condition that transfers are only made to countries that provide an adequate level of protection for personal data.

Even if the recipient country is not granted "adequacy status", transfers of personal data are still permissible, provided that an appropriate safeguard is implemented. The Regulation on Personal Data Transfer Outside the Kingdom (Transfer Regulations) provide the following safeguards: (i) binding common rules (appropriate for intra-group transfers); standard contractual clauses (model clauses issued by SDAIA which can be adopted by the transferring parties); and (iii) accreditation certifications (further guidance on this safeguard is pending). Currently, SDAIA has not published any "adequacy decisions". In the absence of "adequacy decisions", the most practical safeguard is the adoption of SDAIA's standard contractual clauses. There are template standard contractual clauses covering the following types of transfers: (i) controller to controller; (ii) controller to processor; (iii) processor to processor; and (iv) processor to controller.

- (a) Additionally, when relying on a safeguard a transfer impact assessment must be undertaken in accordance with Article 7 of the Transfer Regulations. As per Article 7(2) of the Transfer Regulations a transfer impact assessment must include the following information: The purpose and legal basis for transferring or disclosing personal data to a party outside the Kingdom
- (b) A description of the nature of the transfer or disclosure of personal data to a party outside the Kingdom, including the activities involved in processing the data and their geographical scope.
- (c) The appropriate safeguards and measures implemented for transferring or disclosing personal data to a party outside the Kingdom, and their adequacy in ensuring an appropriate level of protection for personal data not less than that prescribed by the PDPL and its regulations.
- (d) The measures used to ensure that the transfer or disclosure of personal data to a party outside the Kingdom is limited to the minimum amount of data required to achieve the intended purposes, in cases not exempted by subparagraph (c) of paragraph (2) of Article (29) of the PDPL.
- (e) The potential material or moral effects of transferring or disclosing personal data to a party outside the Kingdom and the likelihood of their occurrence.
- (f) The measures or controls that will be applied to prevent potential risks to personal data subjects or to mitigate their effects if they occur.

Currently there are no adequacy decisions published by SDAIA. In the absence of adequacy decisions the Company has ensured compliance with the transfer regime provided in the PDPL by adopting SDAIA's template standard contractual clauses for transfers of personal data outside KSA.

REPORT

(A) Legal Compliance
We understand that the Group Entity has no business establishment in Saudi Arabia. Generally, in order to conduct business in Saudi Arabia, a foreign investment licence and commercial registration are required, along with appropriate secondary registrations and licensing. In contrast, the E-Commerce Law specifically contemplates that there will be traders located outside the Kingdom, who sell to customers located in the Kingdom, but who do not have a Saudi commercial registration. The E-Commerce Law does not require that such traders obtain a Saudi commercial registration. Accordingly, it appears clear that such operators are not considered to be 'doing business in Saudi Arabia' such that they would need to establish a formal presence in the Kingdom and obtain a Saudi Commercial Registration, etc. The Group's business, operated

in the manner described, would thus appear to fall outside the requirement for those doing business in Saudi Arabia to obtain a Saudi commercial registration.

Artificial Intelligence

Although there are no special rules/regulations with respect to AIGC, the AI Ethics Principles and Generative Artificial Intelligence Guidelines published by SDAIA (i.e., the AI regulator) should be considered when making use of AIGC marketing/advertising materials in the Kingdom. However, the AI Ethics Principles and Generative Artificial Intelligence Guidelines published by SDAIA (i.e., the AI regulator) are meant to serve as guidance only. There are no penalties or enforcement actions for non-compliance with the guidance.

E-Commerce Regulation

We have reviewed the terms of service provided to us. In our view, it reflects the relevant requirements of the E-Commerce Law in material respects.

Product Regulation

We perceive a risk that the sale of certain products to purchasers in KSA will be regulated - for example, cosmetics and electronics. There may also be particular regulatory requirements for categories of products sold by the company to purchasers in Saudi Arabia of which we are currently unaware.

The company has an internal policy on the regulation and compliance of all products sold to consumers in Saudi Arabia and that adherence with this policy is monitored on a daily basis.

We have reviewed the relevant licensing requirements applicable to the sale of the relevant electronic and cosmetic products identified to us in response to our due diligence requests. This has been done by searching against the product description provided in the relevant search-engine provided by the Zakat, Tax, and Customs Authority.

It should be noted that seeking definitive confirmation of the relevant regulatory requirements may not be a quick or straightforward process. Based on the product descriptions provided and as already noted, we understand that the company has an internal policy on the regulation and compliance of all products sold to consumers in Saudi Arabia and that adherence with this policy is monitored on a daily basis.

Based on the business model, it is not currently clear under applicable laws regarding who is actually responsible (whether the shipper, carrier or consumer) for the license application and this may depend on the product type. We note that the company has entered into an International Freight Forwarding Agency Agreement with Hong Kong CSZX Trading Co., Limited, which we understand to be a Hong Kong subsidiary of a PRC express company. Under the terms of that contract (which is governed by PRC law), the carrier assumes many of the obligations relating to carriage of the goods, but the shipper (a Group Entity) is responsible for providing the complete and valid shipping documents in the first instance.

However, the company has adopted an internal control policy to address this risk. So long as this policy is observed, the risk of prosecution/fines/adverse legal/administrative proceedings is therefore perceived as relatively low.

Data and Privacy

The privacy policy provided to us materially meets the requirements under the Personal Data Protection Law (PDPL) and its regulations. The Company will be required to comply with the PDPL by September 2024; by which time those subject to the PDPL (i.e., the company) are required to ensure their personal data processing operations are compliant, when the PDPL becomes enforceable.

We have also been provided with a template data processing agreement which will be used data processing arrangements that the company enters into with processors for the purposes of processing personal data of Saudi data subjects. The data processing agreement materially meets the minimum contractual provisions provided in the PDPL and its regulations.

Based on the Group's responses, the business has received "no notice of non-compliance so far."

Based on the Group's responses, the business, with respect to personal data breaches has, "so far no notice of breach".

Other

The business has received "no notice of non-compliance so far." This does not indicate that there has been no non-compliance or that there is no risk of non-compliance being sanctioned.

The business, with respect to personal data breaches has, "so far no notice of breach". This does not indicate that there has been no personal data related incident or that there is no risk of being sanctioned for a personal data related incident.

(B) Material Contracts
We understand that there are no material contracts. The response to our requests in this regard was “none.”
(C) Assets, Real Properties and Intellectual Property Rights
We understand that there are no Assets, Real Properties and Intellectual Property Rights. The response to our requests in this regard was “none.”
Tax clearance/ confirmation has not been obtained.

APPENDIX 1

LIST OF RECEIVED DOCUMENTS

1.	List Electronic Products Types Purchased by KSA residents - translated into Arabic - Co's further clarification.
2.	List Electronic Products Types Purchased by KSA residents - translated into Arabic
3.	List of Cosmetics related products translated in Arabic
4.	Copy of List of Cosmetics related products translated in Arabic
5.	DD Request List - 18 January 0930 FXP CLEAN - company input
6.	DD List 24 January 2024 1712 (003) - Co's Reply Highlighted in Yellow
7.	Logistics Agreement
8.	LUCKY ECOMMERCE LIMITED Contract - July 2023 Version
9.	Privacy Policy
10.	Terms of Service
11.	Screenshot of the webpage for a product
12.	Policy on selection process of products in the cross-border e-commerce business of Giikin Digital Technology Co., Ltd. to ensure that the sale of products does not violate any jurisdictional restrictions
13.	Template Data Processing Agreement

Yours faithfully,



Grahame Nelson
Partner, Head of Office - Al Khobar
Al Tamimi & Company