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

**FORM 20-F**

**(Mark One)**

- REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934  
OR
- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2024.  
OR
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
OR
- SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
Date of event requiring this shell company report

Commission file number: 001-35224

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**Xunlei Limited**  
**(Exact name of Registrant as specified in its charter)**

N/A  
(Translation of Registrant's name into English)

**Cayman Islands**  
(Jurisdiction of incorporation or organization)  
3709 Baishi Road, Nanshan District, Shenzhen, 518000  
The People's Republic of China  
(Address of principal executive offices)

Naijiang (Eric) Zhou, Chief Financial Officer  
Telephone: +86-0755 61111571  
Email: zhounaijiang@xunlei.com  
3709 Baishi Road, Nanshan District, Shenzhen, 518000  
The People's Republic of China  
(Name, Telephone, Email and/or Facsimile number and Address of Company Contact Person)

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

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>	<u>Ticker symbol</u>
American depositary shares, each representing five common shares Common shares, par value US\$0.00025 per share*	The Nasdaq Stock Market LLC (The Nasdaq Global Select Market) The Nasdaq Stock Market LLC (The Nasdaq Global Select Market)	XNET

\* Not for trading, but only in connection with the listing on The Nasdaq Global Select Market of American depositary shares.

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

**None**  
(Title of Class)

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

**None**  
(Title of Class)

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[Table of Contents](#)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 307,351,196 common shares (excluding (i) 56,761,315 common shares that are (a) reserved for bulk issuance upon the exercise or vesting of awards granted under our share incentive plan, or (b) repurchased by our company but not yet canceled, and (ii) 10,889,429 common shares, consisting of 274,057 ADSs (representing 1,370,285 common shares) and 9,519,144 common shares held by Leading Advice Holdings Limited, a share incentive awards holding platform) as of December 31, 2024.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes  No

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes  No

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

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

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

Yes  No

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

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

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

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

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

US GAAP  International Financial Reporting Standards as issued by the International Accounting Standards Board  Other

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

Item 17  Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

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

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes  No

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## TABLE OF CONTENTS

	Page
<a href="#">INTRODUCTION</a>	1
<a href="#">Forward-Looking Information</a>	2
<a href="#">Part I</a>	3
<a href="#">Item 1. Identity of Directors, Senior Management and Advisers</a>	3
<a href="#">Item 2. Offer Statistics and Expected Timetable</a>	3
<a href="#">Item 3. Key Information</a>	3
<a href="#">Item 4. Information on the Company</a>	69
<a href="#">Item 4A. Unresolved Staff Comments</a>	119
<a href="#">Item 5. Operating and Financial Review and Prospects</a>	119
<a href="#">Item 6. Directors, Senior Management and Employees</a>	135
<a href="#">Item 7. Major Shareholders and Related Party Transactions</a>	142
<a href="#">Item 8. Financial Information</a>	146
<a href="#">Item 9. The Offer and Listing</a>	147
<a href="#">Item 10. Additional Information</a>	148
<a href="#">Item 11. Quantitative and Qualitative Disclosures about Market Risk</a>	164
<a href="#">Item 12. Description of Securities Other than Equity Securities</a>	165
<a href="#">Part II</a>	167
<a href="#">Item 13. Defaults, Dividend Arrearages and Delinquencies</a>	167
<a href="#">Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds</a>	167
<a href="#">Item 15. Controls and Procedures</a>	167
<a href="#">Item 16. [Reserved]</a>	168
<a href="#">Item 16A. Audit Committee Financial Expert</a>	168
<a href="#">Item 16B. Code of Ethics</a>	168
<a href="#">Item 16C. Principal Accountant Fees and Services</a>	168
<a href="#">Item 16D. Exemptions from the Listing Standards for Audit Committees</a>	168
<a href="#">Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers</a>	169
<a href="#">Item 16F. Change in Registrant's Certifying Accountant</a>	169
<a href="#">Item 16G. Corporate Governance</a>	169
<a href="#">Item 16H. Mine Safety Disclosure</a>	170
<a href="#">Item 16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections</a>	170
<a href="#">Item 16J. Insider Trading Policies</a>	170
<a href="#">Item 16K. Cybersecurity</a>	171
<a href="#">Part III</a>	171
<a href="#">Item 17. Financial Statements</a>	171
<a href="#">Item 18. Financial Statements</a>	171
<a href="#">Item 19. Exhibits</a>	172
<a href="#">SIGNATURES</a>	175

## INTRODUCTION

In this annual report, except where the context otherwise requires and for purposes of this annual report only:

- “we,” “us,” “our company,” “our” or “Xunlei” refers to Xunlei Limited, a Cayman Islands company, its subsidiaries, and, in the context of describing our operations and consolidated financial information, the VIE and the VIE’s subsidiaries;
- “China” or “PRC” refers to the People’s Republic of China, excluding, for the purpose of this annual report only, Hong Kong, Macau and Taiwan;
- “daily active user” refers to a user who accessed Mobile Xunlei through a mobile device, on a given day;
- “digital media content” refers to videos, music, games, software and documents transmitted in digital form;
- “monthly unique visitors” refers to the number of different individual visitors who accessed Xunlei products (including websites and software) on our platform from the same computer at least once within a month; under this method, a user who accessed Xunlei products from two different computers would count as two unique visitors;
- “shares” or “common shares” refers to our common shares, par value US\$0.00025 per share;
- “Shenzhen Xunlei” or the “VIE” refers to Shenzhen Xunlei Networking Technologies Co., Ltd., our variable interest entity in China;
- “subscriber” refers to users who can access our premium acceleration services, including accounts temporarily suspended, but excluding sub-accounts and accounts on a trial basis.
- “ADSs” refers to our American depositary shares, each representing five common shares, and “ADRs” refers to any American depositary receipts that evidence our ADSs;
- “RMB” or “Renminbi” refers to the legal currency of China; and
- “US\$,” “dollars” or “U.S. dollars” refers to the legal currency of the United States.

We use U.S. dollar as reporting currency in our financial statements and in this annual report. Transactions in Renminbi are recorded at the rates of exchange prevailing when the transactions occur. Solely for the convenience of the reader, the translations of Renminbi amounts into U.S. dollars contained in this annual report were made at RMB7.1884 to US\$1.00, the rate released by the State Administration of Foreign Exchange of the People’s Republic of China on December 31, 2024. 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, the rates stated below, or at all. The PRC government imposes control over its foreign currency reserves in part through direct regulation of the conversion of Renminbi into foreign exchange and through restrictions on foreign trade.

## FORWARD-LOOKING INFORMATION

This annual report on Form 20-F contains forward-looking statements that reflect our current expectations and views of future events. These statements are made under the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. You can identify these forward-looking statements by words or phrases such as “may,” “might,” “could,” “should,” “would,” “will,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “believe,” “likely to,” “project,” “continue,” “potential,” or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, but are not limited to, statements about:

- our business strategies, including the strategies to streamline our business;
- our future business development, results of operations and financial condition;
- our ability to maintain and strengthen our market position in China;
- our ability to retain subscribers for our premium acceleration and other services;
- our ability to develop new products and services and attract, maintain and monetize user traffic;
- trends and competition in the internet industry in China;
- rules and regulations governing the internet industry in China;
- our ability to handle intellectual property rights-related matters; and
- general economic and business conditions in China.

You should not place undue reliance on these forward-looking statements and you should read these statements in conjunction with other sections of this annual report, in particular the risk factors disclosed in “Item 3. Key Information—D. Risk Factors.” These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements. Moreover, we operate in a rapidly evolving environment. New risks emerge from time to time and it is impossible for our management to predict all risk factors, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ from those contained in any forward-looking statement. The forward-looking statements made in this annual report relate only to events or information as of the date on which the statements are made in this annual report. We do not undertake any obligation to update or revise the forward-looking statements except as required under applicable law.

## PART I

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

Not applicable.

### Item 2. Offer Statistics and Expected Timetable

Not applicable.

### Item 3. Key Information

#### Our Holding Company Structure and Contractual Arrangements with the Variable Interest Entity

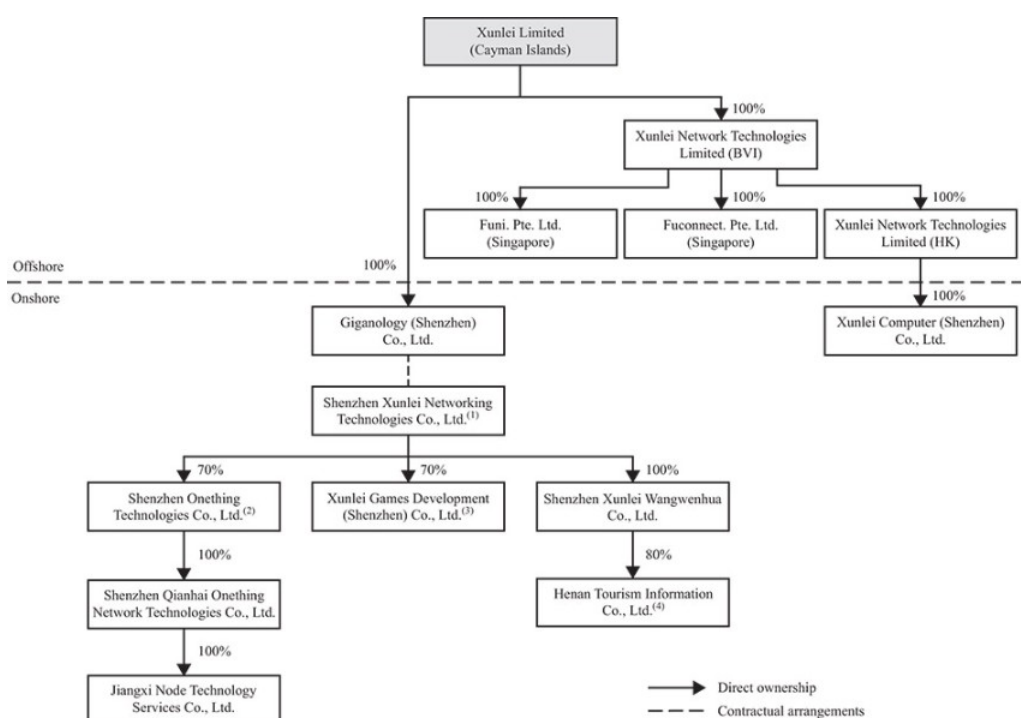
Xunlei Limited is not a Chinese operating company but a Cayman Islands holding company with no equity ownership in the variable interest entity. We conduct our operations primarily in China through (i) our PRC subsidiaries, and (ii) the variable interest entity, with which we maintain contractual arrangements and its subsidiaries in China. PRC laws and regulations place certain restrictions on foreign ownership of companies that engage in value-added telecommunication service, and prohibit foreign investment in internet cultural operating service and online transmission of audio-visual programs service. Accordingly, we operate these businesses in China through the variable interest entity, and rely on contractual arrangements among our PRC subsidiaries, the variable interest entity and its shareholders to control the business operations of the variable interest entity. Revenues contributed by the variable interest entity accounted for 88.1%, 90.7% and 79.1% of our total revenues in 2022, 2023 and 2024, respectively. As used in this annual report, “we,” “us,” “our company” and “our” refer to Xunlei Limited, its subsidiaries, and, in the context of describing our operations and consolidated financial information, the variable interest entity in China, Shenzhen Xunlei, which was established in January 2003 to operate our Xunlei internet platform together with its various subsidiaries in the PRC. Investors in our ADSs are not purchasing equity interest in the variable interest entity in China but instead are purchasing equity interest in a holding company incorporated in the Cayman Islands.

A series of contractual agreements, including business operation agreement, equity pledge agreement, powers of attorney, exclusive technology support and services agreement, exclusive technology consulting and training agreement, proprietary technology license contract, intellectual properties purchase option agreement, equity interests disposal agreement and loan agreements, have been entered into by and among our subsidiary, the variable interest entity and its shareholders. Terms contained in each set of contractual arrangements with the variable interest entity and its shareholders are substantially similar. As a result of the contractual arrangements, we are able to direct the activities that most significantly affect the variable interest entity’s economic performance and are considered the primary beneficiary of the variable interest entity, and we have consolidated the financial results of the variable interest entity and its subsidiaries in our consolidated financial statements in accordance with U.S. GAAP. For more details of these contractual arrangements, see “Item 4. Information on the Company—C. Organizational Structure—Contractual Arrangements with Shenzhen Xunlei.”

However, the contractual arrangements may not be as effective as ownership in providing us with control over the variable interest entity and we may incur substantial costs to enforce the terms of the arrangements. In addition, these agreements have not been tested in PRC courts. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—We rely on contractual arrangements with the variable interest entity in China and its shareholders for our operations, which may not be as effective as ownership in providing operational control the variable interest entity and its subsidiaries” and “—The shareholders of Shenzhen Xunlei may have potential conflicts of interest with us, which may materially and adversely affect our business.”

[Table of Contents](#)

The following diagram illustrates our corporate structure, including the variable interest entity and our principal subsidiaries and principal subsidiaries of the variable interest entity, as of the date of this annual report on Form 20-F:



Notes:

- (1) Shenzhen Xunlei is the variable interest entity. Mr. Sean Shenglong Zou, our co-founder, Mr. Hao Cheng, our co-founder, Mr. Jianming Shi, Guangzhou Shulian Information Investment Co., Ltd. and Ms. Fang Wang own 76.0%, 8.3%, 8.3%, 6.7% and 0.7% of Shenzhen Xunlei’s equity interests, respectively.
- (2) The remaining 30% of the equity interest is owned by certain plan participants or share incentive awards holding platforms under the employee share incentive plan.
- (3) The remaining 30% of the equity interest is owned by Mr. Hao Cheng.
- (4) The remaining 20% of the equity interest is owned by Service Center for Department of Culture and Tourism of Henan Province.

There are also substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations and rules regarding the status of the rights of our PRC subsidiary with respect to its contractual arrangements with the variable interest entity and its shareholders. 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 our PRC subsidiary or the 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 PRC regulatory authorities would have broad discretion to take action in dealing with such violations or failures. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—If the PRC government finds that the agreements that establish the structure for operating our businesses in China do not comply with PRC governmental restrictions on foreign investment in internet-related business and foreign investors’ mergers and acquisition activities in China, 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” and “—Uncertainties exist with respect to the interpretation and implementation of the enacted PRC Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance and business operations.”

Our corporate structure is subject to risks associated with our contractual arrangements with the variable interest entity. If the PRC government deems that our contractual arrangements with the variable interest entity do not comply with PRC regulatory restrictions on foreign investment in relevant industries, or if these regulations or the interpretation of existing regulations change or are interpreted differently in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations. Our holding company, our PRC subsidiaries and variable interest entity, and investors of our company face uncertainty about potential future actions by the PRC government that could affect the enforceability of the contractual arrangements with the variable interest entity and, consequently, significantly affect the financial performance of the variable interest entity and our company as a whole. For a detailed description of the risks associated with our corporate structure, please refer to “Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure.”

We face various risks and uncertainties related to doing business in China. Our business operations are primarily conducted in China, and we are subject to complex and evolving PRC laws and regulations. For example, we face risks associated with regulatory approvals on our future offshore offerings (if any), anti-monopoly regulatory actions and oversight on cybersecurity and data privacy, which may impact our ability to conduct certain businesses, accept foreign investments or list on or remain listed on United States or other foreign exchanges outside of China. These risks could result in a material adverse change in our operations and the value of our ADSs, significantly limit or completely hinder our ability to continue to offer securities to investors, or cause the value of such securities to significantly decline or be of little or no value. For a detailed description of risks related to doing business in China, please refer to “Item 3.D. Key Information—Risk Factors—Risks Related to Doing Business in China.”

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

The PRC government's significant authority in regulating our operations and its oversight and control over offerings conducted overseas by, and foreign investment in, China-based issuers could significantly limit or completely hinder our ability to offer or continue to offer securities to investors. Implementation of industry-wide regulations, including data security or anti-monopoly related regulations, in this nature may cause the value of such securities to significantly decline or be of little or no value. For more details, see "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—The PRC government's oversight and discretion over our business operation could result in a material adverse change in our operations and the value of our ADSs."

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

### **Permissions Required from the PRC Authorities for Our Operations**

We conduct our business primarily through our PRC subsidiaries, the variable interest entity and its subsidiaries in China. Our operations in China are governed by PRC laws and regulations. As of the date of this annual report, our PRC subsidiaries, the variable interest entity and its subsidiaries in China have obtained the requisite licenses and permits from the PRC government authorities that are material for the business operations of our holding company, our PRC subsidiaries, the variable interest entity and its subsidiaries in China, including, among others, the Value-added Telecommunication Services License and Online Culture Operation Permit. However, given the uncertainties of interpretation and implementation of laws and regulations and the enforcement practices of government authorities, we cannot assure you that we have obtained or will obtain all permits or licenses required for conducting our business in China. For example, Shenzhen Xunlei, an entity that provides video content display services, is not a registered owner of the license for online transmission of audio-visual programs. As a result, it is possible that the PRC government authorities could determine that these businesses are operating without sufficient licenses. We may be required to obtain additional licenses, permits, filings or approvals for the functions and services of our platform in the future. For more details, see "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business—We are strictly regulated in China. Any lack of requisite licenses or permits applicable to our businesses or to our third-party services providers and any changes in government policies or regulations may have a material and adverse impact on our businesses, financial condition and results of operations."

In addition, each of Shenzhen Xunlei and its consolidated entities that operate online games has obtained a Value-added Telecommunication Services License for operating our online game business. Shenzhen Xunlei, which holds 70% of the equity interest in Xunlei Games, had previously obtained an Internet Publishing Services License for the publication of internet games, which expired on September 17, 2022. We are in the process of renewing such license and re-submitted the required documents to the competent authorities for review in October 2023. However, we cannot assure you that Shenzhen Xunlei will successfully renew its Internet Publishing Services License. Furthermore, none of Shenzhen Xunlei and its subsidiaries that operate online games has obtained an Internet Publishing Services License. Given the uncertainties involved in the interpretation and implementation of laws and regulations and the enforcement practices of government authorities, we cannot assure you that Shenzhen Xunlei and its consolidated entities that operate online games are not required to obtain Internet Publishing Services Licenses as well. As a result, PRC government authorities may find that these entities are operating online game services without having the proper license and may penalize us accordingly. Upon such event, Shenzhen Xunlei and its consolidated entities that operate online games could be ordered to cease their operations of such online game services and could be subject to confiscation of illegal income and major equipment, or to fines. As of the date of this annual report, we have not received any administrative penalties, including fines, restrictions or suspension of our business, or regulatory inquiries for our operation without an effective Internet Publishing Services License. For more details, see "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business—We may not be able to successfully address the challenges and risks we face in the online games market, such as a failure to operate popular, high-quality games or to obtain all the licenses required to operate online games, which may subject us to penalties from the government authorities, including the discontinuance of our online game business."

Furthermore, in connection with our previous issuance of securities to foreign investors, under PRC laws, regulations and rules, as of the date of this annual report, we, our PRC subsidiaries and the variable interest entity (i) are not required to obtain permissions from the China Securities Regulatory Commission, or the CSRC, (ii) are not required to go through a cybersecurity review by the Cyberspace Administration of China, and (iii) have not received or been denied such requisite permissions by any PRC authorities.

However, the PRC government has promulgated rules and regulations to exert more oversight and control over offerings that are conducted overseas and/or foreign investment in China-based issuers. For more details, see “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—The approval of and the filing with the CSRC or other PRC government authorities may be required in connection with our future offshore offerings (if any) under PRC law, and, if required, we cannot predict whether or for how long we will be able to obtain such approval.”

### **Cash and Asset Flows through Our Organization**

Under PRC laws, Xunlei Limited may provide funding to our PRC subsidiaries only through capital contributions or loans, and to the variable interest entity only through loans, subject to satisfaction of applicable registration and approval requirements from the PRC government. For the year ended December 31, 2022, 2023 and 2024, the variable interest entity received debt financing of US\$25.5 million, US\$0.4 million and US\$7.0 million from our WFOE in this annual report, respectively.

Xunlei Limited is a holding company with no material operations of its own. We conduct our operations primarily through our PRC subsidiaries, the variable interest entity and its subsidiaries in China. As a result, Xunlei Limited’s ability to pay dividends depends upon dividends paid by our PRC subsidiaries. If our existing PRC subsidiaries or any newly formed ones 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 wholly foreign-owned subsidiaries in China 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 PRC subsidiaries and the variable interest entity is required to make appropriations to certain statutory reserve funds or may make appropriations to certain discretionary funds, which are not distributable as cash dividends except in the event of a solvent liquidation of the companies. For more details, see “Item 5. Operating and Financial Review and Prospects—Liquidity and Capital Resources” and “Item 3. Key Information—Risk Factors—Risks Related to Our Corporate Structure—We may rely principally on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have. Any limitation on the ability of Giganology Shenzhen and Xunlei Computer to pay dividends to us could have a material adverse effect on our ability to conduct our business.”

Under PRC laws and regulations, our PRC subsidiaries and the variable interest entity are subject to certain restrictions with respect to paying dividends or otherwise transferring any of their net assets to us. Remittance of dividends by a wholly foreign-owned enterprise out of China is also subject to examination by the banks designated by the State Administration of Foreign Exchange, or SAFE. The restricted amounts include the paid-up capital and the statutory reserve funds of our PRC subsidiaries and the net assets of the variable interest entity, in which we have no legal ownership, US\$172.1 million, US\$173.2 million and US\$173.8 million, as of December 31, 2022, 2023 and 2024, respectively. For details, see “Item 3. Key Information—Risk Factors—Risks Related to Our Corporate Structure—PRC regulation of loans to, and direct investment in, PRC entities by offshore holding companies and government control of currency conversion may restrict or prevent us from making loans to our PRC subsidiaries and variable interest entity and its subsidiaries or making additional capital contributions to our PRC subsidiaries, which may materially and adversely affect our liquidity and our ability to fund and expand our business.”

In the year ended December 31, 2022, 2023 and 2024, no assets other than cash were transferred through our organization.

Xunlei Limited has not declared or paid any cash dividends, nor does it have any present plan to pay any cash dividends on its common shares in the foreseeable future. We currently intend to retain most, if not all, of our available funds and any future earnings to fund the development and growth of our business. See “Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Dividend Policy.” For the material Cayman Islands, PRC and U.S. federal income tax consequences of an investment in our ADSs or common shares, see “Item 10. Additional Information—E. Taxation.”

[Table of Contents](#)

The following discussion reflects the hypothetical taxes that might be required to be paid within mainland China, assuming that:

(i) we have taxable earnings, and (ii) we determine to pay a dividend in the future:

	Tax calculation <sup>(1)</sup>
Hypothetical pre-tax earnings <sup>(2)</sup>	100%
Tax on earnings at statutory rate of 25% <sup>(3)</sup>	(25)%
Net earnings available for distribution	75%
Withholding tax at standard rate of 10% <sup>(4)</sup>	(7.5)%
Net distribution to Xunlei Limited/shareholders	67.5%

Notes:

- (1) For purposes of this example, the tax calculation has been simplified. The hypothetical book pre-tax earnings amount, not considering timing differences, is assumed to equal taxable income in China.
- (2) Under the terms of VIE agreements, our PRC subsidiaries may charge the VIE for services provided to VIE. These service fees shall be recognized as expenses of the VIE, with a corresponding amount as service income by our PRC subsidiaries and eliminate in consolidation. For income tax purposes, our PRC subsidiaries and VIE file income tax returns on a separate company basis. The service fees paid are recognized as a tax deduction by the VIE and as income by our PRC subsidiaries and are tax neutral.
- (3) Certain of our subsidiaries and VIE qualifies for a 15% preferential income tax rate in China. However, such rate is subject to qualification, is temporary in nature, and may not be available in a future period when distributions are paid. For purposes of this hypothetical example, the table above reflects a maximum tax scenario under which the full statutory rate would be effective.
- (4) The PRC Enterprise Income Tax Law imposes a withholding income tax of 10% on dividends distributed by a foreign invested enterprise to its immediate holding company outside of China. A lower withholding income tax rate of 5% is applied if the VIE's immediate holding company is registered in Hong Kong or other jurisdictions that have a tax treaty arrangement with China, subject to a qualification review at the time of the distribution. For purposes of this hypothetical example, the table above assumes a maximum tax scenario under which the full withholding tax would be applied.

The table above is based on the assumption that all profits of the VIE will be distributed as fees to our PRC subsidiaries under tax neutral contractual arrangements. If, in the future, the accumulated earnings of the VIE exceed the service fees paid to our PRC subsidiaries (or if the current and contemplated fee structure between the inter-company entities is determined to be non-substantive and disallowed by Chinese tax authorities), the VIE could make a non-deductible transfer to our PRC subsidiaries for the amounts of the stranded cash in the VIE. This would result in the double taxation of earnings: once at the VIE level (nondeductible expense) and again at the WFOE level (for presumptive earnings on the transfer). This has the impact of reducing the amount available above from 67.5% to approximately 50.6% of pre-tax income, respectively. We believe that there is only a remote possibility that this scenario would happen.

#### Financial Information Related to the Variable Interest Entity

The following table presents the condensed consolidating schedule of financial information of Xunlei Limited, our WFOE (which is the primary beneficiary of the VIE), our other subsidiaries (excluding our WFOE), and the VIE and VIE's subsidiaries, for the years ended December 31, 2022, 2023 and 2024 and as of the dates presented.

**Selected Condensed Consolidated Statements of Operations Data**

	For the year ended December 31, 2024					Consolidated Group
	Xunlei Limited	Other subsidiaries	WFOE	VIE and VIE's subsidiaries	Elimination	
	(US\$ in thousands)					
Inter-company total revenues <sup>(1)(5)</sup>	—	—	12,695	294	(12,989)	—
Third-party total revenues	—	68,255	—	256,150	—	324,405
Third-party costs of revenues	—	(41,883)	—	(113,684)	—	(155,567)
Inter-company operating expenses <sup>(1)(5)</sup>	—	(294)	—	(12,695)	12,989	—
Third-party operating expenses	(1,712)	(23,122)	(12,182)	(146,261)	—	(183,277)
(Loss)/profit from subsidiaries and consolidated VIE <sup>(2)</sup>	(627)	8,137	(8,531)	—	1,021	—
Net income/(loss) attributable to Xunlei Limited	1,215	11,707	(4,196)	(8,532)	1,021	1,215

	For the year ended December 31, 2023					Consolidated Group
	Xunlei Limited	Other subsidiaries	WFOE	VIE and VIE's subsidiaries	Elimination	
	(US\$ in thousands)					
Inter-company total revenues <sup>(1)(5)</sup>	—	—	12,896	—	(12,896)	—
Third-party total revenues	—	34,051	—	330,860	—	364,911
Third-party costs of revenues	—	(23,589)	—	(177,060)	—	(200,649)
Inter-company operating expenses <sup>(1)(5)</sup>	—	—	—	(12,896)	12,896	—
Third-party operating expenses	(7,931)	(6,753)	(10,388)	(139,613)	—	(164,685)
Profit from subsidiaries and consolidated VIE <sup>(2)</sup>	16,948	6,153	6,995	—	(30,096)	—
Net income attributable to Xunlei Limited	14,225	9,875	13,226	6,995	(30,096)	14,225

	For the year ended December 31, 2022					Consolidated Group
	Xunlei Limited	Other subsidiaries	WFOE	VIE and VIE's subsidiaries	Elimination	
	(US\$ in thousands)					
Inter-company total revenues <sup>(1)(5)</sup>	—	—	4,863	—	(4,863)	—
Third-party total revenues	—	40,711	—	301,853	—	342,564
Third-party costs of revenues	—	(28,938)	—	(171,116)	—	(200,054)
Inter-company operating expenses <sup>(1)(5)</sup>	—	—	—	(4,863)	4,863	—
Third-party operating expenses	(6,436)	(4,784)	(4,580)	(115,578)	—	(131,378)
Profit from subsidiaries and consolidated VIE <sup>(2)</sup>	27,300	—	11,136	—	(38,436)	—
Net income attributable to Xunlei Limited	21,463	16,488	16,719	11,136	(44,343)	21,463

**Selected Condensed Consolidated Balance Sheets Data**

	As of December 31, 2024					Consolidated Group
	Xunlei Limited	Other subsidiaries	WFOE	VIE and VIE's subsidiaries	Elimination	
	(US\$ in thousands)					
Cash and cash equivalents	33,275	28,531	73,009	42,514	—	177,329
Short-term investments	14,225	—	81,500	14,484	—	110,209
Accounts receivable, net	—	5,441	—	27,221	—	32,662
Inventories	—	4	—	1,251	—	1,255
Amount due from group companies <sup>(3)(5)</sup>	12,646	2,849	78,824	5,500	(99,819)	—
Due from related parties	—	19,973	14	11,532	—	31,519
Prepayments and other current assets	1,008	1,275	3,965	3,810	—	10,058
Restricted cash	—	—	—	218	—	218
Investments in subsidiaries and consolidated VIE <sup>(2)</sup>	67,997	168,345	—	—	(236,342)	—
Long-term investments	—	24,029	—	6,570	—	30,599
Deferred tax assets	—	920	195	9,873	(460)	10,528
Property and equipment, net	—	88	35	55,307	—	55,430
Operating lease assets	—	—	—	450	—	450
Intangible assets, net	—	3,409	—	4,901	—	8,310
Amount due from group companies, non-current portion <sup>(3)</sup>	200,855	—	—	—	(200,855)	—
Other long-term prepayments and non-current assets	—	2,794	8	2,532	—	5,334
<b>Total assets</b>	<b>330,006</b>	<b>257,658</b>	<b>237,550</b>	<b>186,163</b>	<b>(537,476)</b>	<b>473,901</b>
Accounts payable	—	3,634	—	19,330	—	22,964
Amount due to group companies <sup>(3)(5)</sup>	7,651	7,456	236	84,476	(99,819)	—
Due to related parties	—	—	—	17	—	17
Contract liabilities and deferred income, current portion	—	3,109	—	36,827	—	39,936
Income tax payable	35	2,284	637	6,430	—	9,386
Accrued liabilities and other payables	4,264	8,534	2,953	36,342	—	52,093
Lease liabilities, current portion	—	—	—	253	—	253
Bank borrowings, current portion	—	—	—	2,087	—	2,087
Contract liabilities and deferred income, non-current portion	—	—	—	458	—	458
Deferred tax liabilities	—	559	185	870	(460)	1,154
Bank borrowings, non-current portion	—	—	—	27,127	—	27,127
Lease liabilities, non-current portion	—	—	—	161	—	161
Deficits in subsidiaries and consolidated VIE <sup>(2)</sup>	—	—	96,254	—	(96,254)	—
Amount due to group companies, non-current portion <sup>(3)</sup>	—	92,861	39,093	68,901	(200,855)	—
Other long-term payables	—	—	—	480	—	480
<b>Total liabilities</b>	<b>11,950</b>	<b>118,437</b>	<b>139,358</b>	<b>283,759</b>	<b>(397,388)</b>	<b>156,116</b>
<b>Total shareholders' equity/(deficits)</b>	<b>318,056</b>	<b>138,150</b>	<b>98,192</b>	<b>(96,254)</b>	<b>(140,088)</b>	<b>318,056</b>
<b>Non-controlling interests</b>	<b>—</b>	<b>1,071</b>	<b>—</b>	<b>(1,342)</b>	<b>—</b>	<b>(271)</b>
<b>Total liabilities, non-controlling interests and shareholders' equity</b>	<b>330,006</b>	<b>257,658</b>	<b>237,550</b>	<b>186,163</b>	<b>(537,476)</b>	<b>473,901</b>

	As of December 31, 2023					Consolidated Group
	Xunlei Limited	Other subsidiaries	WFOE	VIE and VIE's subsidiaries	Elimination	
	(US\$ in thousands)					
Cash and cash equivalents	31,919	14,762	86,835	37,286	—	170,802
Short-term investments	28,382	—	57,871	14,825	—	101,078
Accounts receivable, net	—	3,359	—	27,851	—	31,210
Inventories	—	—	—	2,219	—	2,219
Amount due from group companies <sup>(3)(5)</sup>	6,583	3,349	87,971	5,278	(103,181)	—
Due from related parties	—	300	14	12,330	—	12,644
Prepayments and other current assets	1,720	826	4,298	2,579	—	9,423
Investments in subsidiaries and consolidated VIE <sup>(2)</sup>	68,086	162,689	—	—	(230,775)	—
Long-term investments	—	25,466	—	6,668	—	32,134
Due from related parties, non-current	—	19,619	—	—	—	19,619
Deferred tax assets	—	478	—	—	—	478
Property and equipment, net	—	126	20	59,882	—	60,028
Operating lease assets	—	—	—	575	—	575
Intangible assets, net	—	—	—	5,697	—	5,697
Goodwill	—	—	—	20,826	—	20,826
Amount due from group companies, non-current portion <sup>(3)</sup>	199,864	—	—	—	(199,864)	—
Other long-term prepayments and non-current assets	—	—	25	1,928	—	1,953
<b>Total assets</b>	<b>336,554</b>	<b>230,974</b>	<b>237,034</b>	<b>197,944</b>	<b>(533,820)</b>	<b>468,686</b>
Accounts payable	—	2,913	—	21,517	—	24,430
Amount due to group companies <sup>(3)(5)</sup>	8,150	1,088	203	93,740	(103,181)	—
Contract liabilities, current portion	—	1,652	—	34,723	—	36,375
Income tax payable	72	1,034	546	4,739	—	6,391
Accrued liabilities and other payables	3,470	4,422	3,781	42,035	—	53,708
Lease liabilities, current portion	—	—	—	276	—	276
Bank borrowings, current portion	—	—	—	6,906	—	6,906
Contract liabilities and deferred income, non-current portion	—	—	—	846	—	846
Deferred tax liabilities	—	—	—	513	—	513
Bank borrowings, non-current portion	—	—	—	15,539	—	15,539
Lease liabilities, non-current portion	—	—	—	229	—	229
Deficits in subsidiaries and consolidated VIE <sup>(2)</sup>	—	—	90,632	—	(90,632)	—
Amount due to group companies, non-current portion <sup>(3)</sup>	—	91,360	39,602	68,902	(199,864)	—
<b>Total liabilities</b>	<b>11,692</b>	<b>102,469</b>	<b>134,764</b>	<b>289,965</b>	<b>(393,677)</b>	<b>145,213</b>
<b>Total shareholders' equity/(deficits)</b>	<b>324,862</b>	<b>128,505</b>	<b>102,270</b>	<b>(90,632)</b>	<b>(140,143)</b>	<b>324,862</b>
<b>Non-controlling interests</b>	—	—	—	(1,389)	—	(1,389)
<b>Total liabilities, non-controlling interests and shareholders' equity</b>	<b>336,554</b>	<b>230,974</b>	<b>237,034</b>	<b>197,944</b>	<b>(533,820)</b>	<b>468,686</b>

	As of December 31, 2022					Consolidated Group
	Xunlei Limited	Other subsidiaries	WFOE	VIE and VIE's subsidiaries	Elimination	
	(US\$ in thousands)					
Cash and cash equivalents	32,004	13,526	79,482	52,142	—	177,154
Short-term investments	29,342	—	54,284	—	—	83,626
Accounts receivable, net	—	601	—	29,162	—	29,763
Inventories	—	—	—	457	—	457
Amount due from group companies <sup>(3)(5)</sup>	5,808	199	66,531	5,326	(77,864)	—
Due from related parties	—	19,782	14	13,121	—	32,917
Prepayments and other current assets	927	722	4,044	2,574	—	8,267
Restricted cash	—	—	—	7,654	—	7,654
Investments in subsidiaries and consolidated VIE <sup>(2)</sup>	49,888	159,146	—	—	(209,034)	—
Long-term investments	—	25,466	—	5,345	—	30,811
Deferred tax assets	—	213	—	—	—	213
Property and equipment, net	—	164	25	61,545	—	61,734
Operating lease assets	—	—	—	865	—	865
Intangible assets, net	—	—	—	6,546	—	6,546
Goodwill	—	—	—	21,179	—	21,179
Amount due from group companies, non-current portion <sup>(3)</sup>	200,471	—	28,716	—	(229,187)	—
Other long-term prepayments and non-current assets	—	—	43	2,094	—	2,137
<b>Total assets</b>	<b>318,440</b>	<b>219,819</b>	<b>233,139</b>	<b>208,010</b>	<b>(516,085)</b>	<b>463,323</b>
Accounts payable	55	1,977	2	23,398	—	25,432
Amount due to group companies <sup>(3)(5)</sup>	5,028	899	12	71,925	(77,864)	—
Due to related parties	1,560	—	—	—	—	1,560
Contract liabilities and deferred income, current portion	—	1,186	—	37,781	—	38,967
Income tax payable	10	1,223	1,011	3,342	—	5,586
Accrued liabilities and other payables	1,894	2,018	2,080	43,446	—	49,438
Lease liabilities, current portion	—	—	—	283	—	283
Bank borrowings, current portion	—	—	—	7,024	—	7,024
Contract liabilities and deferred income, non-current portion	—	—	—	876	—	876
Deferred tax liabilities	—	—	—	687	—	687
Bank borrowings, non-current portion	—	—	—	24,750	—	24,750
Lease liabilities, non-current portion	—	—	—	299	—	299
Deficits in subsidiaries and consolidated VIE <sup>(2)</sup>	—	—	101,946	—	(101,946)	—
Amount due to group companies, non-current portion <sup>(3)</sup>	—	91,381	40,189	97,617	(229,187)	—
<b>Total liabilities</b>	<b>8,547</b>	<b>98,684</b>	<b>145,240</b>	<b>311,428</b>	<b>(408,997)</b>	<b>154,902</b>
<b>Total shareholders' equity/(deficits)</b>	<b>309,893</b>	<b>121,135</b>	<b>87,899</b>	<b>(101,946)</b>	<b>(107,088)</b>	<b>309,893</b>
<b>Non-controlling interests</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(1,472)</b>	<b>—</b>	<b>(1,472)</b>
<b>Total liabilities, non-controlling interests and shareholders' equity</b>	<b>318,440</b>	<b>219,819</b>	<b>233,139</b>	<b>208,010</b>	<b>(516,085)</b>	<b>463,323</b>

*Selected Condensed Consolidated Statements of Cash Flows Data*

	For the year ended December 31, 2024					Consolidated Group
	Xunlei Limited	Other subsidiaries	WFOE	VIE and VIE's subsidiaries	Elimination	
	(US\$ in thousands)					
Purchases of goods and services from group companies <sup>(4)</sup>	—	—	(504)	—	504	—
Sales of goods and services to group companies <sup>(4)</sup>	—	—	—	504	(504)	—
Other operating activities with external parties	1,143	9,019	(8,989)	29,803	—	30,976
<b>Net cash generated from/(used in) operating activities</b>	<b>1,143</b>	<b>9,019</b>	<b>(9,493)</b>	<b>30,307</b>	<b>—</b>	<b>30,976</b>
Loans to group companies <sup>(4)</sup>	(7,081)	—	(7,003)	—	14,084	—
Repayment of loans from group companies <sup>(4)</sup>	23	500	28,028	342	(28,893)	—
Other investing activities with external parties	15,464	(2,808)	(24,136)	(10,433)	—	(21,913)
<b>Net cash generated from/(used in) investing activities</b>	<b>8,406</b>	<b>(2,308)</b>	<b>(3,111)</b>	<b>(10,091)</b>	<b>(14,809)</b>	<b>(21,913)</b>
Loans from group companies <sup>(4)</sup>	—	7,081	—	7,003	(14,084)	—
Repayment of loans to group companies <sup>(4)</sup>	(500)	(23)	(342)	(28,028)	28,893	—
Other financing activities with external parties	(7,693)	—	—	6,768	—	(925)
<b>Net cash (used in)/generated from financing activities</b>	<b>(8,193)</b>	<b>7,058</b>	<b>(342)</b>	<b>(14,257)</b>	<b>14,809</b>	<b>(925)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,356</b>	<b>13,769</b>	<b>(12,946)</b>	<b>5,959</b>	<b>—</b>	<b>8,138</b>
Cash, cash equivalents and restricted cash at beginning of year	31,919	14,762	86,835	37,286	—	170,802
Effect of exchange rates on cash, cash equivalents and restricted cash	—	—	(880)	(513)	—	(1,393)
<b>Cash, cash equivalents and restricted cash at end of year</b>	<b>33,275</b>	<b>28,531</b>	<b>73,009</b>	<b>42,732</b>	<b>—</b>	<b>177,547</b>

	For the year ended December 31, 2023					Consolidated Group
	Xunlei Limited	Other subsidiaries	WFOE	VIE and VIE's subsidiaries (US\$ in thousands)	Elimination	
Purchases of goods and services from group companies <sup>(4)</sup>	—	—	(217)	—	217	—
Sales of goods and services to group companies <sup>(4)</sup>	—	—	—	217	(217)	—
Other operating activities with external parties	(391)	4,198	(5,725)	27,634	—	25,716
<b>Net cash (used in)/generated from operating activities</b>	<b>(391)</b>	<b>4,198</b>	<b>(5,942)</b>	<b>27,851</b>	<b>—</b>	<b>25,716</b>
Loans to group companies <sup>(4)</sup>	(188)	(3,150)	(437)	—	3,775	—
Repayment of loans from group companies <sup>(4)</sup>	—	—	19,285	—	(19,285)	—
Other investing activities with external parties	2,031	—	(3,944)	(21,985)	—	(23,898)
<b>Net cash generated from/(used in) investing activities</b>	<b>1,843</b>	<b>(3,150)</b>	<b>14,904</b>	<b>(21,985)</b>	<b>(15,510)</b>	<b>(23,898)</b>
Loans from group companies <sup>(4)</sup>	3,150	188	—	437	(3,775)	—
Repayment of loans to group companies <sup>(4)</sup>	—	—	—	(19,285)	19,285	—
Other financing activities with external parties	(4,687)	—	—	(8,837)	—	(13,524)
<b>Net cash (used in)/generated from financing activities</b>	<b>(1,537)</b>	<b>188</b>	<b>—</b>	<b>(27,685)</b>	<b>15,510</b>	<b>(13,524)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(85)</b>	<b>1,236</b>	<b>8,962</b>	<b>(21,819)</b>	<b>—</b>	<b>(11,706)</b>
Cash, cash equivalents and restricted cash at beginning of year	32,004	13,526	79,482	59,796	—	184,808
Effect of exchange rates on cash, cash equivalents and restricted cash	—	—	(1,609)	(691)	—	(2,300)
<b>Cash, cash equivalents and restricted cash at end of year</b>	<b>31,919</b>	<b>14,762</b>	<b>86,835</b>	<b>37,286</b>	<b>—</b>	<b>170,802</b>

	For the year ended December 31, 2022					Consolidated Group
	Xunlei Limited	Other subsidiaries	WFOE	VIE and VIE's subsidiaries (US\$ in thousands)	Elimination	
Purchases of goods and services from group companies <sup>(4)</sup>	—	—	—	(29,738)	29,738	—
Sales of goods and services to group companies <sup>(4)</sup>	—	—	29,738	—	(29,738)	—
Other operating activities with external parties	(948)	6,519	(9,146)	54,684	—	51,109
<b>Net cash (used in)/generated from operating activities</b>	<b>(948)</b>	<b>6,519</b>	<b>20,592</b>	<b>24,946</b>	<b>—</b>	<b>51,109</b>
Loans to group companies <sup>(4)</sup>	(3,450)	—	(25,580)	—	29,030	—
Repayment of loans from group companies <sup>(4)</sup>	—	—	10,830	—	(10,830)	—
Other investing activities with external parties	11,134	(1,000)	10,425	(8,801)	—	11,758
<b>Net cash generated from/(used in) investing activities</b>	<b>7,684</b>	<b>(1,000)</b>	<b>(4,325)</b>	<b>(8,801)</b>	<b>18,200</b>	<b>11,758</b>
Loans from group companies <sup>(4)</sup>	—	3,450	—	25,580	(29,030)	—
Repayment of loans to group companies <sup>(4)</sup>	—	—	—	(10,830)	10,830	—
Other financing activities with external parties	(6,747)	—	—	13,388	—	6,641
<b>Net cash (used in)/generated from financing activities</b>	<b>(6,747)</b>	<b>3,450</b>	<b>—</b>	<b>28,138</b>	<b>(18,200)</b>	<b>6,641</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(11)</b>	<b>8,969</b>	<b>16,267</b>	<b>44,283</b>	<b>—</b>	<b>69,508</b>
Cash, cash equivalents and restricted cash at beginning of year	32,015	4,557	70,141	20,723	—	127,436
Effect of exchange rates on cash, cash equivalents and restricted cash	—	—	(6,926)	(5,210)	—	(12,136)
<b>Cash, cash equivalents and restricted cash at end of year</b>	<b>32,004</b>	<b>13,526</b>	<b>79,482</b>	<b>59,796</b>	<b>—</b>	<b>184,808</b>

Notes:

- (1) Inter-company sales of goods and services were eliminated at the consolidation level.
- (2) It represents the elimination of the investments in subsidiaries and the VIE and the VIE's subsidiaries by group companies.
- (3) It represents the elimination of inter-company balances among Xunlei Limited, other subsidiaries, our WFOE, the VIE and the VIE's subsidiaries.
- (4) It represents the elimination of inter-company operating, investing and financing activities among Xunlei Limited, other subsidiaries, our WFOE, the VIE and the VIE's subsidiaries.

(5) For the years ended December 31, 2022, 2023 and 2024, the VIE incurred US\$4.9 million, US\$12.9 million and US\$12.7 million, in fees related to technical services provided by our WFOE and our WFOE concurrently recognized the same amounts as revenues, respectively. Unsettled balance of such transactions was US\$17.5 million and US\$30.6 million as of December 31, 2023 and 2024, respectively.

**A. [Reserved]**

**B. Capitalization and Indebtedness**

Not applicable.

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

Not applicable.

**D. Risk Factors**

**Summary of Risk Factors**

An investment in our ADSs involves significant risks. You should carefully consider all of the information in this annual report, including the risks and uncertainties described below, before making an investment in our ADSs. Any of the following risks could have a material 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***

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

- Our business model is currently undergoing significant innovation and transition, and our historical growth rate may not be indicative of our future performance and our new business may not be successful;
- The laws and regulations governing the operation of blockchain products and services in China are evolving and subject to changes. If we fail to comply with existing and future applicable laws, regulations or requirements of local regulatory authorities, our business, financial condition and results of operations may be materially and adversely affected;
- We may not be able to retain our large user base, convert our users into subscribers of our premium services or maintain our existing subscribers;
- The intellectual property protection mechanism we have implemented may not always be effective or sufficient. Certain services we provide to our users have exposed us to and may continue to expose us to copyright infringement claims and other related claims. Any damage awards, injunctive relief and/or court orders could materially and adversely affect our existing business model, divert our management's attention and adversely impact our business and reputation;
- We are subject to various risks in connection with our international operations;
- If we fail to keep up with the technological development in the internet industry and users' changing demand, our business, financial condition and results of operations may be materially and adversely affected;
- We may be subject to claims or lawsuits outside of China, which could increase our risk of direct or indirect liabilities for our existing or future service offerings;
- We may not be able to prevent unauthorized use of our intellectual property or disclosure of our trade secrets and other proprietary information, which could reduce demand for our services and have material and adverse impacts on our business, financial condition and results of operations;

- The revenue model for our live-streaming business may not remain effective and we cannot guarantee that our future monetization strategies will be successfully implemented or generate sustainable revenues and profit;
- Regulatory uncertainties exist with respect to our historical LinkToken operations, which may have an adverse effect on our business and results of operations;
- We may fail to offer attractive content for our live-streaming services or to attract and retain talented and popular broadcasters, which may materially adversely affect the operation of our live-streaming services and its results of operations;
- We may be held liable for information or content displayed on, retrieved from or linked to our platform, or distributed to our users, if such content is deemed to violate laws or regulations in China and other jurisdictions, or for improper or fraudulent activities conducted on our platform, and authorities in China and the relevant jurisdictions may impose legal sanctions on us and our reputation may be damaged; and
- System failure, interruptions and downtime, including those caused by cyber-attacks or security breaches, can result in user dissatisfaction, adverse publicity or leakage of confidential information of our users and customers, and our business, financial condition, results of operations may be materially and adversely affected; and
- Our business is subject to complex and evolving PRC and international laws and regulations regarding data privacy and cybersecurity. Failure to comply with these laws and regulations would result in claims, penalties, damages to our reputation and brand or otherwise harm our business.

#### ***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 our businesses in China do not comply with PRC governmental restrictions on foreign investment in internet-related business and foreign investors' mergers and acquisition activities in China, 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 the variable interest entity in China and its shareholders for our operations, which may not be as effective as ownership in providing operational control the variable interest entity and its subsidiaries; and
- Any failure by Shenzhen Xunlei or its shareholders to perform their obligations under our contractual arrangements with them may have a material 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. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Changes in China's economic, political or social conditions or government policies could have a material adverse effect on our business and operations";
- Regulation and censorship of information disseminated over the internet in China have adversely affected our business and may continue to adversely affect our business, and we may be liable for the digital media content on our platform. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Regulation and censorship of information disseminated over the internet in China have adversely affected our business and may continue to adversely affect our business, and we may be liable for the digital media content on our platform";

- The PRC government’s oversight and discretion over our business operation could result in a material adverse change in our operations and the value of our ADSs. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—The PRC government’s oversight and discretion over our business operation could result in a material adverse change in our operations and the value of our ADSs”;
- Uncertainties with respect to the PRC legal system could adversely affect us. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Uncertainties with respect to the PRC legal system could adversely affect us”;

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

#### **General Risks Related to Our ADSs**

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

- The market price of our ADSs may be volatile;
- You may be subject to limitations on transfer of your ADSs;
- The voting rights of holders of ADSs are limited by the terms of the deposit agreement, and you may not be able to exercise your right to direct how the common shares which are represented by your ADSs are voted; and
- You may face difficulties in protecting your interests, and your ability to protect your rights through the U.S. federal courts may be limited because we are incorporated under Cayman Islands law, we conduct our operations primarily in China and substantially all of our directors and officers reside outside the United States.

#### **Risks Related to Our Business**

***Our business model is currently undergoing significant innovation and transition, and our historical growth rate may not be indicative of our future performance and our new business may not be successful.***

We launched our core product, Xunlei Accelerator, in 2004 and introduced subscription services in 2009 to enable users to quickly access and consume digital media content. Coupled with our core product and services, we also provide a range of internet value-added services. Our cloud acceleration product offered by our subscription services has maintained nationwide popularity over the past few years. Our business model is currently undergoing significant innovation and continued transition. We have launched cloud computing products and services in recent years. Changes in business model and expansion into the new services involve new risks and challenges. There are also substantial uncertainties with respect to our cloud computing business. For instance, revenues from one purchaser of our content delivery network (CDN) services contributed a large portion of our total revenues generated by the provision of CDN services. Moreover, the technologies supporting our cloud computing business and blockchain business are new and rapidly evolving. If we fail to explore these new technologies and apply them innovatively to keep our products and services competitive, we may experience immediate decline in the growth of our businesses. In addition, the regulatory environment surrounding these businesses may also be evolving and any unfavorable developments may adversely affect our businesses.

Apart from Xunlei Accelerator and cloud computing products and services, we launched our video live-streaming business in 2016 and audio live-streaming business in 2018. In 2021, we further diversified our live-streaming products portfolio by rolling out Hiya in April 2021, an audio live-streaming product for overseas markets primarily in the Middle East, North Africa and Southeast Asia, and Hiya Voice in September 2021, another audio live-streaming product mainly focusing on the China market. Users may chat and interact with broadcasters, and they can purchase virtual gifts from the platform to reward the broadcasters they like. In 2023, we streamlined our audio live-streaming business by terminating the operations of Hiya Voice in China to adapt to the evolving market conditions. In 2024, we further terminated our video live-streaming services offered on Xunlei Live in China. As a result, we have ceased providing both audio and video live-streaming services in China, while we continue to provide audio live-streaming services in overseas markets.

Although we continue to improve our existing products and services and roll out new offerings to capitalize on growth opportunities, our efforts may not be successful. For instance, in November 2024, we established a global technology center in Hong Kong, which serves as an integrated platform for technological research and development, innovation incubation, and international collaboration. The center may encompass a technology open platform, an AI laboratory, and an investment incubator, among other components. This initiative aims to facilitate the dissemination of cutting-edge technologies for global businesses while providing decentralized solutions for various industries. We also announced to set up an AI research center in Hangzhou, Zhejiang Province. There can be no assurance that we will be successful in these endeavors, if at all. In addition, the laws and regulations concerning these technologies in China and around the globe are evolving and subject to changes. If we fail to comply with existing and future applicable laws, regulations or requirements for our future products and services, our business, financial condition and results of operations may be materially and adversely affected. See also “—We may not be able to retain our large user base, convert our users into subscribers of our premium services or maintain our existing subscribers” and “—Risks Related to Doing Business in China—Regulation and censorship of information disseminated over the internet in China have adversely affected our business and may continue to adversely affect our business, and we may be liable for the digital media content on our platform.”

Additionally, we may from time to time in the future divest certain portion of our business or undergo strategic business reorganization. Such potential divestment and reorganization of our business may create uncertainty and disrupt our operations, adversely affecting our relationships with employees, customers, suppliers, and other stakeholders. Successfully executing these processes involves complex procedures that require significant management attention and resources. There can be no assurance of timely or successful completion. Such potential divestment and reorganization of our business may incur significant financial costs, such as increased costs or reduced revenues, and the anticipated benefits, such as cost savings or improved operational efficiency, may not be realized as expected. These activities are typically subject to various regulatory approvals and legal requirements, and failure to obtain necessary approvals or comply with legal requirements could delay or prevent completion, potentially resulting in legal liabilities or penalties. Even after completion, long-term uncertainties regarding the stability and success of our business may persist, posing ongoing risks to our financial health and operational stability. Specifically, such potential divestment and reorganization may hinder our ability to pursue growth opportunities and maintain competitive advantage. These risks could disrupt our ability to manage our business, which may materially and adversely affect our business operations, results of operations, and financial position.

Due to the abovementioned factors, our historical growth rate may not be indicative of our future performance and our new business initiatives may not be successful. As a result, we cannot assure you that we will grow at the same rate as we did in the past, if at all.

***The laws and regulations governing the operation of blockchain products and services in China are evolving and subject to changes. If we fail to comply with existing and future applicable laws, regulations or requirements of local regulatory authorities, our business, financial condition and results of operations may be materially and adversely affected.***

We launched ThunderChain, a blockchain infrastructure platform, in 2018. Our strategic focus in the blockchain sector was on the development of blockchain applications. In 2022, we launched a blockchain-based enterprise digital collection service platform to utilize ThunderChain to provide a number of services, including digital collection minting, showcasing and management. The digital collections minted via blockchain technology are permanently preserved in ThunderChain with unique serial numbers through the deployment of smart contract technology.

The blockchain industry in China is an emerging industry. The PRC government has yet to establish a comprehensive regulatory framework. The laws and regulations governing the operation of blockchain products and services in China are also developing and evolving. On January 10, 2019, the Cyberspace Administration of China issued the *Provisions on the Administration of Blockchain Information Services*, which came into effect on February 15, 2019. Pursuant to these provisions, a blockchain information service provider is required to file its particulars, including its name, service category, service form, application field and server address, with the blockchain information service filing management system managed by the Cyberspace Administration of China and go through filing procedures within ten business days after it starts to provide services. After completing the filing procedure, the blockchain information service provider should display the filing number in a conspicuous position on the service provider’s websites and applications through which it provides services. Our subsidiaries providing blockchain information services have completed these filing procedures with the regulatory authorities and obtained the filing numbers. In addition to the filing requirements, these provisions also impose an array of other requirements on the blockchain information service providers. See “Item 4. Information on the Company—B. Business Overview—Regulation—PRC regulation on blockchain information services” for more details.

Laws and regulations on digital assets in China, such as *Circular on Further Preventing and Disposing of Risks in Virtual Currency Trading and Speculation*, prohibit all fungible tokens trading activities, including, but not limited to, initial coin offerings, information intermediary and pricing services and derivative transactions. Additionally, *the Proposals on Preventing NFT-related Financial Risks*, which were jointly issued by the National Internet Finance Association of China, China Banking Association and the Securities Association of China in April 2022, contain an undertaking from these three associations not to financialize or securitize non-fungible tokens, or NFTs, and not to provide trading services or related financial services for NFTs in any form. As of the date of this annual report, there is no clear definition and scope of NFTs under these laws and regulations, which results in uncertainties on whether the digital collections that used to be provided on our platform will be deemed to be NFTs. We have terminated to provide digital collections on our platform.

Our practices may be inconsistent with new laws or regulations or the interpretation and application of existing laws or regulations, and thus we may need to adjust our business to comply with new laws, regulations and orders from competent governmental authorities, if any, from time to time, which could cause us to incur substantial costs or require us to change our business practices in a manner materially adverse to our business. We cannot assure you that we would be able to satisfy the governmental authorities' orders or requirements and fully comply with any new token-related rules or interpretations on a timely basis. We might be subject to additional regulatory risks, including adjustment or even termination of our current business practices, and our business and results of operations may be adversely affected.

Since blockchain technology and other related technologies are evolving rapidly, new laws, regulations and governmental policies may be adopted from time to time by PRC authorities to impose additional restrictions or require filings, licenses or permits for operating blockchain related business. If we fail to maintain any of the required filings, permits, approvals or licenses in a timely manner, or at all, we may be subject to various penalties, including fines and discontinuation of or restriction on our operations. In addition, we are unable to predict with certainty the impact, if any, that future legislation, judicial interpretations or regulations relating to the blockchain industry will have on our business, financial condition and results of operations. To the extent that we are not able to fully comply with any new laws or regulations when they are promulgated, our business, financial condition and results of operations as well as the price of our ADSs may be materially and adversely affected.

***We may not be able to retain our large user base, convert our users into subscribers of our premium services or maintain our existing subscribers.***

Our Xunlei Accelerator had approximately 47.9 million monthly unique visitors in December 2024 according to our internal records. If we are unable to consistently provide our users with quality services and experience, if users do not perceive our service offerings to be of value, or if we introduce new or adjust existing features or change the mix of digital media content in a manner that is not favorably received by our users, we may not be able to retain our existing user base.

We experienced fluctuations in the number of subscribers in the past partly due to the intensified scrutiny over internet content from the Chinese government, and may continue to experience fluctuations in the future. We have put in more efforts to monitor the content on our platform in response to government campaigns against inappropriate internet content and experienced a decline in the number of subscribers from 2014 to 2020. However, we have managed to realize a growth in the number of subscribers since 2020 primarily as a result of our continuous product optimization and development. Specifically, we recorded a record high of the number of subscribers in December 2024. Nonetheless, such favorable trends may not sustain, and any increase in the number of subscribers may not necessarily lead to a corresponding increase in revenue. Similar government action or other forces may make it challenging for us to retain our user base, or may contribute to a decline in our user base, in the future. See “—Risks Related to Doing Business in China—Regulation and censorship of information disseminated over the internet in China have adversely affected our business and may continue to adversely affect our business, and we may be liable for the digital media content on our platform.”

In the long term, even without taking into account the abovementioned restrictions, we cannot assure you that we would be able to retain our large user or subscriber base. For example, our efforts to provide greater incentives for our users to subscribe, including marketing activities to highlight the value of differentiated subscriber-only services, such as Green Channel, may not continue to succeed. Our subscribers may stop their subscriptions or other spending on our products or services because we no longer serve their needs or if we are unable to offer a satisfying user experience or successfully compete with current and new competitors in both retaining our existing subscribers and attracting new subscribers, which would adversely impact our business, results of operations and prospects. In addition, the development of technologies may also render our acceleration technology obsolete. For example, the development of 5G technology significantly increased the speed of wireless mobile communications. Although it is generally expected that 5G technology would significantly change people's life, when and how it will happen are yet to be fully demonstrated. The new technology will create new business opportunities, but it may also alter people's online habits, which in turn may have a negative impact on our businesses such as our subscription and cloud computing business.

We believe that maintaining and enhancing our Xunlei brand is of significant importance to the success of our business. A well-recognized brand is critical to increasing our user base and, in turn, enhancing our attractiveness to advertisers, subscribers and paying users. If we fail to sustain or improve the strength of our brand, we may subsequently experience difficulty in maintaining market share. We have developed our reputation and established a leading position by providing our users with superior acceleration services and cloud computing services. We will continue to conduct various marketing and brand promotion activities. We cannot assure you, however, that these activities will be successful and achieve the brand promotion effects we expect. In addition, any negative publicity in relation to our services or our marketing or promotion practices, regardless of its veracity, could harm our brand image and, in turn, result in a reduced number of users and advertisers. Historically, there was negative publicity about our company, our products and services and certain key members of our management team, which adversely affected our brand, public image and reputation. If we fail to maintain and enhance our brand, or if we incur excessive expenses in this effort, our business, financial condition and results of operations may be materially and adversely affected.

***The intellectual property protection mechanism we have implemented may not always be effective or sufficient. Certain services we provide to our users have exposed us to and may continue to expose us to copyright infringement claims and other related claims. Any damage awards, injunctive relief and/or court orders could materially and adversely affect our existing business model, divert our management's attention and adversely impact our business and reputation.***

Our success depends, in large part, on our ability to operate our business without infringing, misappropriating or otherwise violating third-party rights, including third-party intellectual property rights. Internet, technology and media companies are frequently involved in litigations based on allegations of infringement of intellectual property rights, unfair competition, invasion of privacy, defamation and other violations of third-party rights. In the ordinary course of our business, we receive, from time to time, written notices from third parties claiming that certain content and games on our network, websites, products or services infringe their copyrights or the copyrights of third parties. These notices may contain threats to take legal actions against us or requests for cessation of distribution, marketing or displaying such content or games on our network, websites, products or services. As of the date of this annual report, we are involved in seven pending copyright lawsuits in China. Almost all of these claims alleged that content on our network, products or services constitute infringements of the plaintiffs' copyrights. The total amount of damages claimed in these pending copyright lawsuits is approximately RMB9.2 million (US\$1.3 million). See also "Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Legal Proceedings." These pending lawsuits, claims alleging copyright infringement or other claims arising from the content accessible through our distributed computing network, or on our websites or through our other services, with or without merit, may lead to damage awards and/or court orders, diversion of our management's attention and financial resources and negative publicity affecting our brand and reputation, and therefore may adversely affect our results of operations and business prospects.

We provide subscribers with limited space to temporarily store content downloaded on our servers for optimal acceleration performance. Subscribers may also request our cloud servers to transmit a file on their behalf and download it to their local storage. We also provide users with cloud storage services through Xunlei Cloud Drive, which allows users to download and upload documents, images, audios, videos and other files to cloud servers at an accelerated speed. See “Item 4. Information on the Company—B. Business Overview—Our Platform.” Although we have made commercially reasonable efforts to request users to comply with applicable intellectual property laws, we cannot ensure that all of our users have the rights to use, transmit or share such content or if such content do not infringe third-party intellectual property rights. We have implemented internal procedures to meet the requirements under laws and regulations of the PRC and certain other jurisdictions to monitor and review content available on our platform, and remove content promptly once we receive notice of infringement from the legitimate right holder. See also “Item 4. Information on the Company—B. Business Overview—Intellectual Property—Digital media data monitoring and copyright protection” for more details. However, due to the significant amount of digital media content accessible through our acceleration services and other value-added services, we cannot guarantee the effectiveness of our intellectual property protection mechanisms and measures. We may be liable for temporarily storing or transmitting content or creating links representing content on behalf of our subscribers if such content infringes third-party intellectual property rights, and any such potential legal liabilities could materially and adversely affect our business.

In addition, we cannot assure you that our technologies, business methods and services will be free from claims of patent infringements, and that patent holders would not seek to enforce such patents against us in China, the United States or any other jurisdictions. We are currently not involved in any patent infringement case in China. However, we were involved in a patent infringement case in the past and we cannot assure you that we will not be involved in similar cases in the future. In addition, our analysis may fail to identify all relevant patents and patent applications. For example, there may be currently pending applications, unknown to us, that may later result in issued patents that are infringed by our products, services or other aspects of our business. There could also be existing patents of which we are not aware that our products may inadvertently infringe. Third parties may attempt to enforce such patents against us. Further, the application and interpretation of PRC patent laws and the procedures and standards for granting patents in China are still evolving, and we cannot assure you that PRC courts or regulatory authorities would agree with our analysis. Any patent infringement claims, regardless of their merits, could be time-consuming and costly to us. If we were found to infringe third-party patents and were not able to adopt non-infringing technologies, our ability to operate our business may be severely limited, and our results of operations could be materially and adversely affected.

The validity, enforceability and scope of protection of intellectual property in internet-related industries in different jurisdictions are uncertain and still evolving. As we face increasing competition and as litigation becomes more common in resolving commercial disputes in China and overseas countries, we face a higher risk of intellectual property infringement claims. Pursuant to a judicial interpretation on infringement of the right of internet dissemination promulgated by the Supreme People’s Court of China in December 2012, which was revised in December 2020 and became effective on January 1, 2021, service providers are required to remove not only links or content specifically mentioned in the notices of infringement from rights holders, but also links or content they “should have known” to contain infringing content. The interpretation further provides that where an internet service provider has directly obtained economic benefits from any content made available by an internet user, it has a higher duty of care with respect to internet users’ infringement of third-party copyrights. This interpretation may subject internet service providers, including us, to significant administrative burdens and litigation risks. See “Item 4. Information on the Company—B. Business Overview—Regulation—PRC regulation on intellectual property rights.” Interested parties may lobby for more robust intellectual property protection in jurisdictions in which we conduct business or may conduct business, and intellectual property laws in China and other such jurisdictions where we have business operations, such as the Middle East and Southeast Asia, may become less favorable to our business. Any of such changes could materially affect our users’ experience and in turn have a material adverse impact on our business.

***We are subject to various risks in connection with our international operations.***

We have been exploring opportunities in overseas markets. For example, in 2021, we launched Hiya, an audio live-streaming platform targeting overseas markets. In 2024, Hiya realized a rapid growth and generated a revenue of US\$31.4 million, accounting for 9.7% of our total revenues in 2024. Users of Hiya are mainly from countries in the Middle East, Southeast Asia, South Asia and North Africa. Operating business internationally may expose us to additional risks and uncertainties. As we have very limited experience in operating our business in overseas markets, we may be unable to attract a sufficient number of users, fail to anticipate competitive conditions or face difficulties in operating effectively or adapting our business models in overseas markets. Our international operations and expansion efforts have resulted in and may continue to result in increased costs and are subject to a variety of risks, including difficulties in obtaining licenses, approvals or other applicable government authorizations, content controls imposed by local authorities, uncertain enforcement of our intellectual property rights, potential claims for intellectual property infringements and the complexity of compliance with foreign laws and regulations. Compliance with applicable laws, regulations and rules related to our business in multiple jurisdictions, including those related to live-streaming services, content, data privacy, virtual items, anti-corruption, anti-money laundering and protection of minors, results in costs and potential risks in doing business in these jurisdictions, including the Middle East, Southeast Asia, South Asia and North Africa. In some cases, compliance with the laws and regulations in one jurisdiction may result in a violation of the laws and regulations of another jurisdiction. As we expand our business overseas, we cannot assure you that we will be able to fully comply with the legal requirements of each jurisdiction and successfully adapt our business model to local market conditions.

Our overseas operations could also be materially and adversely affected by heightened tensions in international relations. In recent years, there have been changes in international trade policies and rising political tensions, particularly between the U.S. and China. See “The current tensions in international trade and rising international political tensions may adversely affect our business, financial condition, and results of operations.” Against this backdrop, China has implemented, and may further implement, measures in response to the changing trade policies, treaties, tariffs and sanctions and restrictions against Chinese companies initiated by the U.S. government. For example, the Ministry of Commerce of China published Rules on Counteracting Unjustified Extra-Territorial Application of Foreign Legislation and Other Measures in January 2021 to counter restrictions imposed by foreign countries on Chinese citizens and companies.

We are also exposed to credit and collectability risk on our trade receivables in certain international markets. There can be no assurance that we can effectively limit our credit risk and avoid losses. In addition, political instability may also expose us to additional risks and uncertainties. If any of these economic or political risks materializes and we fail to anticipate and effectively manage them, we may suffer a material adverse effect on our business and results of operations.

***The current tensions in international trade and rising political tensions, may adversely impact our business, financial condition, and results of operations.***

There have been heightened tensions in international economic relations in recent years and these tensions may continue to escalate in the future. These tensions have resulted in changes in international trade policies and, as they further escalate, may result in additional barriers to trade. For example, the tensions between the United States and China in recent years have led to additional, or higher tariffs imposed by the United States on products imported from China and restrictions on the sale of certain products into the United States. China has responded by imposing, and proposing to impose additional, or higher tariffs on products imported from the United States, among other measures. In addition, international political tensions have escalated and continue to be subject to uncertainties with respect to a wide range of issues. The U.S. government has also adopted measures aiming to prohibit or restrict U.S. investment in China-associated companies that operate in certain industries. Rising political tensions could reduce levels of trades, investments, technological exchanges, and other economic activities, which would materially and adversely affect the global economic conditions and the stability of global financial markets. These developments may also lead to increased compliance costs, operational disruptions, and potential constraints on our access to capital markets. The possibility of the U.S. government delisting China-associated companies from U.S. stock exchanges, as recently reported in the media, creates uncertainty regarding our ability to maintain our Nasdaq listing. Any further escalation of international tensions may have a negative impact on the general, economic, political, and social conditions of the countries where we operate and, in turn, adversely impact our business, financial condition, results of operations, and the price of our ADSs.

***If we fail to keep up with the technological development in the internet industry and users' changing demand, our business, financial condition and results of operations may be materially and adversely affected.***

The internet industry is rapidly evolving and subject to continual technological changes. As the internet infrastructure continues to develop, the internet may become more easily accessible through alternative technological innovations in the future, which may make our existing products and services less attractive to our users. In addition, user demand for internet content may also shift over time. Currently, internet users appear to have significant demand for multimedia acceleration, online games and online streaming services, and we expect such demand to continue. However, we cannot assure you that the behavior of internet users will not change in the future. For example, it is expected that the development of 5G technology may have impacts on mobile internet user's behavior. If 5G technology reduces our users' demand for internet acceleration, our membership subscription and cloud computing services will be negatively affected unless we are able to successfully develop alternative products or services to take advantage of new opportunities created by this new technology. If we fail to upgrade our services in response to changes in user demand in an effective and timely manner, the number of our users and advertisers may decrease.

Furthermore, changes in technologies and user demand may require substantial capital expenditures in product development and infrastructure. To further expand our user base and offer our users a wider range of access points, we are expanding our business to mobile devices in part through potentially pre-installed acceleration products in mobile phones. In addition, we are continually developing and upgrading products and services, including our cloud computing services, and seeking strategic cooperation with hardware manufacturers such as smartphone makers, all of which may require us to devote significant resources. However, if we are not able to perfect our new technologies or to achieve the intended results, if our innovations cannot respond to the needs of our users, or if our users are not attracted to our upgraded or new products and services, we may not be able to maintain or expand our user base, and our business, results of operations and prospects may be materially and adversely affected.

***We may be subject to claims or lawsuits outside of China, which could increase our risk of direct or indirect liabilities for our existing or future service offerings.***

We may be subject to claims or lawsuits outside of China, such as the United States, the Middle East and Southeast Asia, by virtue of our listing in the United States, the ownership of our ADSs by investors, doing business in overseas markets, the extraterritorial application of foreign law by foreign courts or for other reasons. We have attracted, and expect to continue to attract, attention from intellectual property owners outside of China. With the expansion of our overseas business, users in different jurisdictions such as the Middle East and Southeast Asia are able to access our products and services. If we are determined to be bound by the copyright laws and regulations in jurisdictions outside of China by virtue of allowing users in those jurisdictions to access our products and services, we would be subject to heightened risks of intellectual property infringement liabilities. If a claim of infringement brought against us in the United States or other jurisdictions is successful, we may be required to (i) pay substantial statutory or other damages and fines, (ii) remove relevant content from our website, (iii) discontinue products or services, (iv) disable access through our service to certain sites or content; (v) terminate users, and/or (vi) seek royalty or license agreements that may not be available on commercially reasonable terms, or at all.

In addition, as a publicly listed company, we may be exposed to increased risk of litigation. For example, we were involved in shareholder class action lawsuits in the United States. See "Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Legal Proceedings." We may be involved in more class action lawsuits in the future. While these claims may be without merit, such kinds of lawsuits could 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 lawsuits. 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 adverse effect on our financial condition and results of operations.

***We may not be able to prevent unauthorized use of our intellectual property or disclosure of our trade secrets and other proprietary information, which could reduce demand for our services and have material and adverse impacts on our business, financial condition and results of operations.***

Our patents, trademarks, trade secrets, copyrights and other intellectual property rights are important assets for us. Events that are outside of our control may pose a threat to our intellectual property rights. For example, effective intellectual property protection may not be available in China and some other jurisdictions in which our services are distributed or made available through the internet. Also, the efforts we have made to protect our proprietary rights may not be sufficient or effective. Therefore, legal proceedings to enforce our intellectual property in these jurisdictions may progress slowly, during which time infringement may continue largely unimpeded. These factors may make it more challenging for us to enforce our intellectual property rights against infringement. The infringement of our intellectual property rights, particularly in these jurisdictions, may materially harm our business and competitiveness in these markets and elsewhere by reducing our sales, adversely affecting our results of operations and diluting our brand or reputation. Any significant impairment of our intellectual property rights could harm our business or our competitiveness. Also, protecting our intellectual property rights is costly and time-consuming. Any increase in the unauthorized use of our intellectual property could make it more expensive to conduct our business and harm our results of operations.

We seek to obtain patent protection for our innovations. However, it is possible that patent protection may not be available for some of these innovations. In addition, given the costs of obtaining patent protection, we may choose not to protect certain innovations that later turn out to be important. Furthermore, there is always the possibility that, despite our efforts, the scope of the protection gained will be insufficient or that an issued patent may be deemed invalid or unenforceable.

We also seek to maintain certain intellectual property as trade secrets. We require our employees, consultants, advisors and collaborators to enter into confidentiality agreements in order to protect our trade secrets and other proprietary information. These agreements might not effectively prevent disclosure of our trade secrets, know-how or other proprietary information and might not provide an adequate remedy in the event of unauthorized disclosure of such confidential information. In addition, others may independently discover our trade secrets and proprietary information, in which case we cannot assert such trade secret rights against such parties. Any unauthorized disclosure or independent discovery of our trade secrets would deprive us of the associated competitive advantages. Costly and time-consuming litigations could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive position.

***The revenue model for our live-streaming business may not remain effective and we cannot guarantee that our future monetization strategies will be successfully implemented or generate sustainable revenues and profit.***

We provide live-streaming services in overseas markets mainly through Hiya mobile app. Historically, we also provide live-streaming services in China mainly through Hiya Voice and Xunlei Live, which we have terminated in 2023 and 2024, respectively, due to evolving market conditions. Live-streaming services contributed a significant portion of our total revenues in recent years. In 2024, revenue from live-streaming services contributed approximately 19.0% of our total revenues. The live-streaming industry is highly competitive and there are several well-established and successful players in this market. We may not be able to compete effectively with our competitors and realize intended growth of our live-streaming business. We are not sure whether our services will be accepted by the market and generate projected revenues. The user demand may also change, decrease substantially or dissipate, and we may fail to anticipate and serve user demands effectively and timely. We factor in industry standards and expected user demand in determining how to optimize virtual item merchandise effectively. However, if we fail to properly manage the supply and timing of our virtual items and their appropriate prices, our users may be less likely to purchase these virtual items from us. In addition, if users' spending habits change and they choose to only access our content for free without additional purchases, we may not be able to continue to successfully implement the virtual items-based revenue model for our live-streaming business, in which case we may have to provide other value-added services or products to monetize our user base. We cannot guarantee that our attempts to monetize our user base and products and services will continue to be successful, profitable or widely accepted, and therefore the future revenue and income potential of our business may be difficult to evaluate.

Hiya is available in various overseas markets and each country or region has different regulations and judicial systems. We cannot assure you that we will be able to carry out business operations in different jurisdictions in a fully compliant manner. If the regulatory authorities in these countries or regions believe that our products or services violate the laws and regulations of the country or region, they have the right to take legal measures such as ordering us to cease business operations and imposing administrative penalties, which could materially and adversely affect our live-streaming business in overseas markets. In addition, the legal systems of different countries and regions such as the Middle East and Southeast Asia may not be as developed as in certain other jurisdictions, such as the United States. Once disputes or lawsuits arise in connection with our business in these countries and regions, it may be difficult for us to obtain effective remedies, which may adversely affect our business operations, results of operations and financial condition.

***Regulatory uncertainties exist with respect to our historical LinkToken operations, which may have an adverse effect on our business and results of operations.***

Our past involvement with LinkToken, a digital ticket based on blockchain technology developed in 2017 and disposed of in 2019, presents regulatory uncertainties that may impact our business. LinkToken was used in the OneThing Cloud reward program, allowing users to earn tokens by sharing bandwidth and storage, which could be redeemed for products and services. In April 2019, we transferred all LinkToken operations to an independent third party, who terminated the reward program in April 2020.

Despite no longer operating LinkToken, we continue to receive user complaints, particularly concerning the program's termination. Additionally, evolving laws and regulations on virtual currencies could be retroactively applied to our previous LinkToken activities. Specifically, on September 4, 2017, several PRC government authorities jointly promulgated *the Announcement on Prevention of Token Fundraising Risks* to strengthen the administration of initial coin offerings activities, which prohibits certain activities and trading platform operations.

In July 2022, the Shenzhen Financial Office inspected our past LinkToken operations following user complaints about alleged token fundraising involvement. In response, we promptly submitted all materials as requested by the Shenzhen Financial Office. As of the date of this annual report, we have not received any further feedback from the Shenzhen Financial Office and no financial regulators have imposed any administrative penalties against us relating to our previous operations of LinkTokens on the basis that we previously engaged in token fundraising activities. However, we cannot assure you that going forward, PRC authorities will have the same view with us and not impose retroactive regulatory restrictions or penalties on us for our prior dealings with LinkToken. Were that to happen, we might be subject to additional regulatory risks, and our business and results of operations may be adversely affected.

***We may fail to offer attractive content for our live - streaming services or to attract and retain talented and popular broadcasters, which may materially adversely affect the operation of our live - streaming services and its results of operations.***

We have ceased providing audio and video live-streaming services in China since June 2023 and October 2024, respectively, and continue to offer audio live-streaming services in overseas markets.

We have focused on growing our audio content library to align with users' evolving interests. We actively monitor viewership trends and community feedback to identify popular audio content and encourage our broadcasters to create engaging topics. However, if we fail to continue to diversify and enhance our audio content offerings, or maintain the quality of our audio content, we may experience decreased viewership and user engagement, which may materially and adversely affect our results of operations and financial condition.

The success of our audio live-streaming services heavily relies on our broadcasters, who are instrumental in producing high-quality and engaging content. We have implemented a comprehensive incentive mechanism to motivate broadcasters to deliver content that appeals to our audience. Additionally, we have established cooperation agreements with popular broadcasters. Nonetheless, if broadcasters or talent agencies breach these agreements, choose not to renew them, or if we fail to attract new talented broadcasters, our platform's popularity may decline, which could materially and adversely affect our results of operations and financial condition.

***We may be held liable for information or content displayed on, retrieved from or linked to our platform, or distributed to our users, if such content is deemed to violate laws or regulations in China and other jurisdictions, or for improper or fraudulent activities conducted on our platform, and authorities in China and the relevant jurisdictions may impose legal sanctions on us and our reputation may be damaged.***

Our live-streaming services provided in overseas market enable users to interact and chat with broadcasters and other users and engage in various other online activities, for which, we do not require our broadcasters to register their real names. Therefore, broadcasters and/or users may engage in illegal, obscene or incendiary conversations or activities, including publishing inappropriate or illegal content that may be deemed unlawful under laws and regulations of the relevant jurisdictions on our platform or in the chat-rooms created through our apps.

We had historically provided audio live-streaming and video live-streaming services through Hiya Voice and Xunlei Live, respectively, in China.

We received two notices from the Cyberspace Administration of China in 2022, stating that certain sensitive information had been found on our platform. In response, we promptly intercepted the users who attempted to download such information, fixed the issue and managed to avoid the risk of being removed from app stores by regulatory authorities.

In addition, we entered into a definitive agreement to acquire Shanghai Kuanghui Network Technology Co., Ltd., or Shanghai Kuanghui, which operates Hupu, for a total cash consideration of RMB500 million, subject to certain adjustments. Hupu is China's leading sports media and data platform. The closing of the transaction is subject to certain conditions and is currently expected to occur in the first half of 2025. Hupu is a community platform, and accordingly, the operator of Hupu, Shanghai Kuanghui has significant responsibilities for review and management of the content posted by users on it. Any failure to fulfill such responsibility could subject it to penalties, including fines, suspension of business and revocation of the relevant licenses. For example, in 2024, Shanghai Kuanghui was fined by the Shanghai Cyberspace Administration for failing to fully perform its responsibility in managing illegal content posted by users. After the consummation of the acquisition of Shanghai Kuanghui, we will assume the responsibility of content review and management for Hupu. There can be no assurance that we will fully fulfill such responsibility.

If any content on our platform is deemed illegal, obscene or incendiary, or if appropriate licenses and third-party consents have not been obtained, claims may also be brought against us for defamation, libel, negligence, copyright, patent or trademark infringement, other unlawful activities or other theories and claims based on the nature and content of the materials that are provided, uploaded, shared, published or otherwise accessed by users or us through our platform. Defending any such actions could be costly and involve significant amounts of time and attention of our management and other resources. In addition, government authorities of the PRC or other jurisdictions may impose sanctions on us, including, in serious cases, suspending or revoking the licenses necessary to operate our platform if they find that we have not adequately managed the content on our platform. Any such claims or sanctions against us could materially and adversely affect our business and our brand.

***System failure, interruptions and downtime, including those caused by cyber-attacks or security breaches, can result in user dissatisfaction, adverse publicity or leakage of confidential information of our users and customers, and our business, financial condition, results of operations may be materially and adversely affected.***

Our operations rely on our networks and servers, which can suffer system failures, interruptions and downtime. Despite the implementation of our security measures, our network systems are vulnerable to damage from computer viruses, fires, floods, earthquakes, power losses, telecommunication failures, computer hacking, security breach and similar events, which may result in interruptions to the services we provide, degrade of user experience, disclosure of our data or user data, such as personal information, names, accounts, user IDs and passwords, and payment or transaction related information, or cause users to lose confidence in our products and services. Our efforts to protect our data and user data may also be unsuccessful due to software bugs or other technical malfunctions, employee error or malfeasance, government surveillance, or other factors.

The satisfactory performance, stability, security and availability of our websites and our network infrastructure are critical to our reputation and our ability to attract and retain users and business partners. Our network and servers contain information regarding file index, advertising records, premium licensed digital media content and various other facets of the business to assist management and help ensure effective communication among various departments and offices of our company. Any failure to maintain the satisfactory performance, stability, security and availability of our network, website, servers or technology platform, whether such failure results from intentional cyber-attacks by hackers, from issues with our own technology and team or from other factors beyond our control, may cause significant harm to our reputation and impact our ability to attract and maintain users and business partners. We have implemented various measures to prevent such incidents from happening and put in place internal reporting procedures in dealing with such incidents. However, such preventive measures may not function in a way as we expect due to the evolution and sophistication of cyber-attacks, advances in technology, an increased level of sophistication and diversity of our products and services, an increased level of expertise of hackers, new discoveries in the field of cryptography or others, software bugs or other technical malfunctions, or other evolving threats.

Due to server interruptions, power shutdowns, internet connection issues or other reasons, our users in certain locations may not be able to gain access to our network or our websites for a period of time lasting from several minutes to several hours from time to time. For example, in 2020, one of our products experienced a system failure due to an extremely high usage rate, which lasted for around three hours and affected a large portion of our users. Although we have fixed the server promptly, we cannot assure you that such instances will not occur in the future. Any server interruptions, break-downs or system failures, including failures attributable to events within or outside our control that could result in a sustained shutdown of all or a material portion of our network or website, could reduce the attractiveness of our service offerings. In addition, any substantial increase in the volume of traffic on our network or website will require us to increase our investment in bandwidth, expand and further upgrade our technology platform. We do not maintain insurance policies covering losses relating to our network systems due to very limited available insurance products in the insurance market in China. As a result, any system failure, interruptions or network downtime for an extended period may have a material adverse impact on our revenues and results of operations.

We rely on information technology systems to process, transmit and cache or store electronic information in our day-to-day operations, including customer, employee and company data. The secure processing, maintenance and transmission of such information are critical to our operations and the regulatory environment surrounding the security, storage, use, processing, disclosure and privacy of information is demanding, evidenced by frequent imposition of new and changing requirements. We also store certain information with third parties. Our information systems and those of our third-party vendors are vulnerable to computer viruses or other malicious codes, unauthorized access attempts, cyber- or phishing-attacks, an increasing threat of continually evolving cybersecurity risks and external hazards, as well as improper or inadvertent staff behavior, all of which could expose confidential data systems and information to security breaches. Any such breach could compromise our networks, and the information stored therein could be accessed, publicly disclosed, lost or stolen. Such attacks could result in our intellectual property and other confidential information being lost or stolen, disruption of our operations and other negative consequences, such as increased costs for security measures or remediation costs. Any actual or perceived access, disclosure or other loss of information or any significant breakdown, intrusion, interruption, cyber-attack or corruption of customer, employee or company data or our failure to comply with federal, state, local and foreign privacy laws or contractual obligations with customers, vendors, payment processors and other third parties, could result in legal claims or proceedings, liability under laws or contracts that protect the privacy of personal information, regulatory penalties, disruption of our operations, and damage to our reputation, all of which could materially adversely affect our business, revenue and competitive position. For example, in 2020, a few individual users took advantage of a technical flaw of our products to make fraudulent purchases and managed to cash out. We have promptly identified and patched the technical flaw. While we will continue to implement additional protective measures to reduce the risk of and detect cyber-incidents, cyber-attacks are becoming more sophisticated and frequent, and the techniques used in such attacks change rapidly. Our protective measures may not protect us against attacks and such attacks could have a significant impact on our business and reputation.

***Our business is subject to complex and evolving PRC and international laws and regulations regarding data privacy and cybersecurity. Failure to comply with these laws and regulations would result in claims, penalties, damages to our reputation and brand or otherwise harm our business.***

There has been a trend tightening the regulation of privacy and user data protection globally. We may become subject to new laws and regulations applicable to the solicitation, collection, processing or use of personal or consumer information that could affect how we store, process and share data with our customers, suppliers and third-party sellers. The PRC Civil Code, the PRC Cyber Security Law, the PRC Data Security Law, the PRC Personal Information Protection Law and the Administrative Measures for Network Data Security protect individual privacy and personal data security by requiring internet service providers to collect data in compliance with the laws and regulations and obtain the prior consents from internet users prior to the collection, use or disclosure of internet users' personal data. In November 2019, the Ministry of Industry and Information Technology issued the Notice on Carrying Out the *Special Rectification of App Infringement on Users' Rights and Interests*, according to which a number of mobile apps were removed from application stores as these apps infringed users' rights and interests and rectifications cannot be completed within a specified period of time. In particular, the PRC Cyber Security Law, which took effect on June 1, 2017, requires network operators to strictly treat users' personal information confidential and to establish and improve user information protection mechanism. In addition, the PRC Data Security Law, which took effect on September 1, 2021, establishes a classified and tiered system for data protection based on the level of importance of the data in terms of economic and social development, as well as the level of danger of the data for national security, public interests, or the legal interests of individuals and organizations in the event of data manipulation, destruction, leakage, illegal acquisition or illegal usage. The PRC Personal Information Protection Law, which took effect on November 1, 2021, requires that collection of personal information shall be limited to the minimum scope necessary for the processing purpose in order to avoid the excessive collection of personal information. See "Item 4. Information on the Company—B. Business Overview—Regulation—PRC regulation on internet privacy" and "Item 4. Information on the Company—B. Business Overview—Regulation—PRC regulation on information security and censorship." Moreover, numerous regulations, guidelines and measures have been or are expected to be adopted under the umbrella of, or in addition to, these laws. For example, on February 14, 2025, the Cyberspace Administration of China promulgated the Personal Information Protection Compliance Audit Management Measures with effect from May 1, 2025, which requires personal information processors processing data of over 10 million individuals to conduct personal information protection compliance audits at least once every two years. In addition, personal information processors processing the personal information of over 1 million individuals shall designate a personal information protection officer in charge of the compliance audit. The personal information processors providing important internet platform services, having large number of users and complicated business type, shall establish an independent body mainly composed of external members to oversee the situation of personal information protection compliance audit.

In addition, the Cyberspace Administration of China, the Ministry of Industry and Information Technology, the Ministry of Public Security and the State Administration for Market Regulation jointly promulgated the *Administrative Provisions on Algorithm Recommendations of Internet Information Services* on December 31, 2021, effective from March 1, 2022, which requires algorithm recommendation service providers to establish and improve their management systems and technical measures for, among others, data security and personal information protection. In addition, the algorithm recommendation service provider capable of social mobilization or influencing public opinion shall complete the filing with the internet information service algorithm filing system. To comply with the laws and regulations, we have established information security systems to protect users' privacy, adopted a risk detection mechanism for data security defects and vulnerabilities, and set up an emergency response mechanism for data security incidents. We also periodically review our privacy policies and amend as needed based on the development and changes of the personal information we collect and process to ensure that we comply with relevant requirements such as obtaining users' prior consent before the collection and processing of their personal information. While we strive to comply with our privacy guidelines as well as all applicable data protection laws and regulations, any failure or perceived failure to comply with laws and regulations may result in proceedings or actions against us by government entities or others, which could damage our reputation. However, we cannot guarantee you that regulatory authorities will not find our privacy policies insufficient again in the future, and we may be ordered to modify our privacy policies and make rectifications to meet the requirements of relevant laws or regulations. If we fail to make modifications or rectifications to the satisfaction of regulatory authorities, we may be subject to administrative penalties or even removals of our mobile applications.

These laws and regulations are relatively new and substantial uncertainties exist with respect to their interpretation and implementation. Any change in laws and regulations relating to privacy, data protection and information security and any implementation of such laws and regulations could significantly increase our costs in providing our products and services, limit their use or adoption or require certain changes to our operations. We may need to adjust our business practice to comply with these cyber security and data security requirements from time to time. We have taken measures to comply with existing laws and regulations, such as submitting the filing application pursuant to *the Administrative Provisions on Algorithm Recommendations of Internet Information Services*, which is in the process of review by the competent authority. However, we cannot assure you that we will be compliant with these new laws and regulations in all respects in a timely manner. We may be ordered to rectify and terminate any actions that are deemed to be illegal by the regulatory authorities and become subject to fines and other regulatory sanctions, which may materially and adversely affect our business, financial condition, and results of operations. For example, in 2024, we received three notices from the Ministry of Industry and Information Technology on our applications infringing users' interests and rights and three notices from the Ministry of Industry and Information Technology on our cyber security risks. We promptly took actions in response to the identified issues in these notices and completed the required rectification.

As we expand our business overseas, we are subject to laws and regulations and other policies in different jurisdictions related to the collection, use, retention, security, transfer or other processing of identifiable personal information. We may need to comply with increasingly complex and stringent regulations protecting business and personal data in the United States, Europe and other jurisdictions. These legal requirements are constantly evolving and impose different obligations in different jurisdictions. For example, the European Union adopted the General Data Protection Regulation, which became effective on May 25, 2018. It imposes additional obligations on companies regarding the handling of personal data and provides certain individual privacy rights to persons whose data is stored. Privacy laws continued to come into effect around the world in 2020, with one of the most significant being the California Consumer Privacy Act, which became effective on January 1, 2020. Compliance with existing, proposed and newly enacted laws, including implementation of the privacy and process enhancements called for under the General Data Protection Regulation, the California Consumer Privacy Act and regulations from other legislations can be costly as these laws may be interpreted and applied in ways that are inconsistent with our business practices. Compliance with emerging and evolving requirements in multiple jurisdictions may result in us changing our business practices, which could adversely affect our business and results of operations. We cannot assure you that we will be able to comply with the requirements of laws and regulations in different jurisdictions and other laws and regulations in a timely manner or in full. Any inability, or perceived inability, to adequately address privacy laws and regulations laws, regulations, policies, industry standards, contractual obligations, or other legal obligations could result in various administrative penalties, including fines, suspension of business operations in local jurisdictions and reputational damage.

***Our results of operations could be materially and adversely affected if our cooperation with Itui regarding online advertising is unsuccessful. We may also be subject to penalties from government authorities due to certain actions or inactions of Itui in connection with online advertising, which is beyond our control.***

In May 2020, we entered into an advertising revenue sharing agreement with a subsidiary of Itui International Inc., our largest shareholder, and we renewed such agreement on a yearly basis. Under such agreement, Itui provides us with online traffic monetization services, including operation and placement of advertisements, research and technology support with respect to advertising systems, business algorithm platform as well as content recommendation and other optimization services. By outsourcing our advertising business to Itui, we intend to take advantage of Itui's advanced precision targeting algorithm to achieve better placement of advertisement. However, we cannot assure you that we can further improve the results of operations of online advertising through such cooperation in the future. In our cooperation with Itui, we require Itui to comply with all laws and regulations regarding advertising. However, we have no control over Itui and we cannot assure you that Itui will be able to operate the advertising business and its advertising platform legally and successfully. We may still be liable for certain circumstances in connection with Itui that are beyond our control, and our business may also be negatively affected. In addition, if we are unable to maintain our cooperation with Itui for whatever reasons and we are unable to find a suitable replacement in a timely manner, or at all, our advertising revenue may experience significant decline. As a result, our business and financial condition may be negatively affected.

***We rely on third-party platforms to distribute our mobile applications. If we are unable to maintain a good relationship with such platform providers, if their terms and conditions or pricing were changed to our detriment, if we violate, or if a platform provider believes that we have violated, the terms and conditions of its platform, or if any of these platforms loses market share or falls out of favor or is unavailable for a prolonged period of time, our mobile strategy may suffer.***

We are subject to the standard policies and terms of service of third-party platforms, which govern the distribution of our mobile application on such platforms. Each platform provider has broad discretion to change and interpret its terms of service and other policies with respect to us and other users, and those changes and interpretation may be unfavorable to us. A platform provider may also change its fee structure, add fees associated with access to and use of its platform, alter how we are able to advertise or distribute on the platform, or change how personal information of its users is made available to application developers on the platform. Such changes may decrease the visibility or availability of our applications, limit our distribution capabilities, prevent access to our applications, reduce the amount of downloads and revenue we may recognize from the applications, increase our costs to operate on these platforms or result in the exclusion or limitation of our application on such platforms. Any such changes could adversely affect our business, financial condition or results of operations.

If we violate, or a platform provider believes we have violated its terms of service (or if there is any change or deterioration in our relationship with these platform providers), or if it establishes more favorable relationships with one or more of our competitors or it determines that we are a competitor, that platform provider could limit or discontinue our access to the platform. Any limit of, or discontinuation to, our access to any platform could adversely affect our business, financial condition or results of operations. Our mobile applications had previously been removed from Apple's iOS App Store as a result of alleged violations of the developer license agreement between Apple and us. Although we successfully re-launched our mobile applications on App Store, we cannot assure you such removal will not happen again in the future. In addition, we have experienced in the past where Google Play Store failed to accept the launch of a new app by us where the specific reasons for such failures were not fully disclosed to us. Although we have managed to launch such apps on Google Play Store, the delay in our new app launch may negatively affect our business expansions, and we cannot assure you such delay will not happen again in the future. Furthermore, other app stores also have the right to update their store policies. If we are deemed to violate their policies, our mobile applications may be removed from App Store again or other app stores at the same time, which may significantly harm our mobile strategy, materially and adversely affect our business operations, results of operations and financial condition.

***Any lack of requisite licenses or permits applicable to our businesses or to our third-party services providers and any changes in government policies or regulations in China may have a material and adverse impact on our businesses, financial condition and results of operations.***

Our business is subject to government supervision and regulations by various PRC government authorities, including the State Council, the Ministry of Industry and Information Technology, the National Radio and Television Administration, the National Press and Publication Administration and the Ministry of Culture and Tourism. Together these government authorities promulgate and enforce regulations that cover many aspects with respect to the operation of telecommunications and internet information services, including entry into the telecommunications industry, the scope of permissible business activities, licenses and permits for various business activities and foreign investment. For instance, the Ministry of Industry and Information Technology issued the Notice on the Filing of Mobile Internet Applications on July 21, 2023, which requires operators of internet application programs in China to complete the record filing for their internet application programs by the end of March 2024. We have fulfilled such filing obligations as required. However, we cannot guarantee that we will be able to complete the filing for any new application programs in the future, if any, in a timely manner, or at all.

As advised by our PRC legal counsel, a license for online transmission of audio-visual programs is required for Shenzhen Xunlei providing video content display services through Xunlei Media Player. See “Item 4. Information on the Company—B. Business Overview—Regulation—PRC regulation on online transmission of audio-visual programs.” In June 2018, Shenzhen Xunlei, through its subsidiary, Shenzhen Wangwenhua acquired 80% of the equity interest of Henan Tourism Information Co., Ltd., a registered owner of the license for online transmission of audio-visual programs, from an independent third party. Such license will expire on February 28, 2027. However, Shenzhen Xunlei, the entity that provides our video content display services is not a registered owner of the license for online transmission of audio-visual programs.

In addition, we entered into a definitive agreement to acquire Shanghai Kuanghui, which operates Hupu. Shanghai Kuanghui holds a Value-added Telecommunication Services License and an Internet Cultural Business License. However, it has not obtained the internet news information services license, the license for online transmission of audio-visual programs, or the internet publishing permit, which might be necessary for its operations. Additionally, as advised by our PRC legal counsel, the licensed scope of its existing licenses may not cover all the services it provides. If Shanghai Kuanghui is required to obtain such permissions or approvals, we cannot assure you that it will be able to do so in a timely manner, or at all. After the consummation of the acquisition of Shanghai Kuanghui, we will assume the responsibility of obtaining such permissions or approvals. Any failure to obtain required permissions or approvals may subject us to penalties, including fines, suspension of business, and revocation of relevant licenses.

In addition to the above, if the PRC government promulgates new laws and regulations that require additional licenses or imposes additional restrictions on the operation of any part of our business, it has the power to, among other things, levy fines, confiscate our income, revoke our business licenses, require us to discontinue our business or impose restrictions on the affected portion of our business. Any of these actions by the PRC government may have a material and adverse effect on our results of operations.

Furthermore, we operate our cloud computing business that integrates the idea of shared economy model and are subject to risks related to this business model. As the business model is relatively new and there are no specific laws and regulations for this model so far, it is unclear how existing laws and regulations for CDN services apply. It is possible that the PRC authority may challenge the model, request rectifications, or determine that we are operating without proper licenses or approvals. If that happens, we could be warned, fined, ordered to rectify violations, or face restrictions or suspension of our business.

In November 2024, Shenzhen Onething Technologies Co., Ltd., or Shenzhen Onething, received a notice from a regulatory authority, requesting the self-inspection and rectification for certain resources in cloud computing business. Following the notice, we proactively engaged with the regulatory authorities and submitted the required rectification report. We cannot guarantee that our rectification actions and report fully comply with regulatory requirements, and there remains uncertainty as to whether the regulatory authorities will request further rectifications or impose penalties. In addition, any rectification efforts may materially and negatively affect the business operations of cloud computing business, which may materially and negatively affect our financial position and results of operations.

Further, we cannot assure you that our cooperation with all third parties for our cloud computing business complies with all laws and regulations. For example, we cannot assure you that our third-party service providers have obtained or applied for all permits and licenses required for providing services to us. We cooperate with various third-party service providers to provide Internet Data Center (IDC) and Internet Service Provider (ISP) services for our CDN services. As PRC laws and regulations require IDC and ISP service providers to obtain the corresponding IDC licenses and ISP licenses, we require our third-party service providers to obtain such licenses. However, we cannot assure you that these third-party services providers maintain or are able to obtain all the required licenses in a timely manner, or at all. If our third-party service providers fail to obtain or maintain approvals, licenses or permits required for operating such businesses, our third-party service providers could be subject to liabilities, penalties and operational disruptions. Even if these service providers are able to maintain proper licenses, it is possible that the services and bandwidth resources they provide may not meet our requirements.

In addition, PRC government authorities may find that we are operating license-required businesses without a proper license, and thus may issue warnings, order us to rectify our operations and impose fines on us. In the case of serious violations as determined by government authorities at their discretion, they may ban such operations, seize our equipment in connection with such operations and impose a penalty of one to two times of the amount of the total investment in such operations. The cloud computing services we provide to internet users may be deemed to have included the CDN services. Pursuant to the Circular of the Ministry of Industry and Information Technology on Clearing up and Regulating the Internet Access Service Market, we shall update our existing Value-added Telecommunication Services License to specifically cover the CDN services. Shenzhen Onething and one of its subsidiaries, Shenzhen Qianhai Onething Network Technologies Co., Ltd., have obtained the Value-added Telecommunication Services Licenses that cover the CDN services.

***We may not be able to generate sufficient cash from operations or to obtain sufficient capital to meet the additional capital requirements of our changing business.***

In order to implement our development strategies, we will make continual capital investments to devote more research and development efforts into investigating user needs, develop new mobile products and update existing ones, continue enhancing our technologies and provide more frequent updates to our existing products. Thus, we will continue to incur substantial capital expenditures on an ongoing basis, and it may become difficult for us to meet such capital requirements.

If we fail to retain a sufficient number of users and continue to convert such users into paying users or subscribers, we may not be able to generate sufficient revenues to cover our business development strategies, and our business may be materially and adversely affected. Further, since the completion of the construction of Xunlei Tower, our new headquarters, at the end of 2022, we have been operating the building ourselves, which may subject us to additional real estate related financial and operating risks.

We may obtain additional financing, including from equity offerings and debt financing in capital markets, to fund the operation and planned expansion of our business. Our ability to obtain additional financing in the future, however, is subject to a number of uncertainties, including:

- our future business development, financial condition and results of operations;
- general market conditions for financing activities by companies in our industry; and
- macroeconomic, political, regulatory and other conditions in China and elsewhere.

If we cannot obtain sufficient capital to meet our capital expenditure needs, we may not be able to execute our growth strategies, and our business, results of operations and prospects may be materially and adversely affected.

***Our costs and expenses, such as research and development expenses, may increase and our results of operations may be adversely affected.***

The operation of our extensive cloud-based acceleration and cloud computing business as well as our exploration and implementation of our new business strategies require significant upfront capital expenditures as well as continual, substantial investment in content, technology and infrastructure. Since inception, we have invested substantially in research and development to maintain our technology leadership, and in equipment to increase our network capacity. We expect our research and development expenses to increase in the near term as we continue to expand our research and development team to develop new products and update existing products, particularly as we continue devoting resources in developing our overseas business and updating our mobile products. Most of our capital expenditures, such as expenditures on servers and other equipment, are based upon our estimation of potential future demand and we are generally required to pay the entire purchase price and license fees upfront. As a result, our cash flow may be negatively affected in the periods in which such payments are made. We may not be able to quickly generate sufficient revenue from such expenditures, which may negatively affect our results of operations within certain periods thereafter; and if we overestimate future demand for our services, we may not be able to achieve expected rates of return on our capital expenditures, or at all.

In addition, bandwidth and other costs are subject to change and are determined by market supply and demand. For example, the revenue sharing costs for broadcasting may change from time to time due to intense market competition, leading to an increase in our costs. In addition, if bandwidth and other providers cease their business with us or raise the prices of their products and services, we will incur additional costs to find alternative service providers or to accept the increased costs in order to provide our services. If we cannot maintain a cost-effective operation, or if our costs to deliver our services do not decline commensurate with any future declines in the prices we charge our users, our results of operations may be adversely affected and we may fail to achieve profitability.

***If we are unable to collect accounts receivable in a timely manner or at all, our financial condition, results of operations and prospects may be materially and adversely affected.***

We generated a large portion of our revenue from the sales of CDN in 2024, and had a considerable portion of accounts receivable arising from such sales as of December 31, 2024. In addition, we have outsourced our advertising operations to Itui since 2020. As a result, we generated a considerable portion of revenues from the advertising revenue sharing agreement we entered into with Itui, which resulted in a large account receivable as well. Thus, the financial soundness of our customers purchasing CDN from us, Itui, advertising agencies or advertisers may affect our collection of accounts receivable. In general, a credit assessment of our CDN purchasers will be made to evaluate the collectability of the service fees before entering into any business contracts, and we require Itui to do the same with advertising agencies or advertisers. However, we cannot assure you that we or Itui will always be able to accurately assess the creditworthiness of each CDN purchaser, advertising agency or advertiser, as applicable. Any inability of Itui, advertisers, advertising agencies or CDN purchasers, especially those that accounted for a significant percentage of our accounts receivables in the past, to pay us in a timely manner may adversely affect our liquidity and cash flows. In addition, the online advertising market in China is dominated by a small number of large advertising agencies. If the large advertising agencies that Itui has business relationships with demand higher rebates for their agency services, or if we are unable to collect account receivable from Itui pursuant to our revenue sharing agreement in a timely manner, our results of operations will be materially and adversely affected.

***We may not be able to successfully address the challenges and risks we face in the online games market, such as failure to operate popular, high-quality games or to obtain all the licenses required to operate online games, which may subject us to penalties from government authorities, including the discontinuance of our online game business.***

We have cooperated with third parties to operate certain web games since 2019. See “Item 4. Information on the Company—B. Business Overview—Our Platform—Online game services.” Operating online games in China requires several permits and approvals. For example, *the Administrative Provisions on Online Publishing Services* provides that ICP service operators must obtain the Internet Publishing Services License prior to provision of any online game publishing services. The *Notice Regarding the Consistent Implementation of the “Stipulations on ‘Three Provisions’ of the State Council and the Relevant Interpretations of the State Commission Office for Public Sector Reform and the Further Strengthening of the Administration of Pre-examination and Approval of Internet Games and the Examination and Approval of Imported Internet Games* issued jointly by the General Administration of Press and Publication, Radio, Film, and Television, or GAPPRFT, and other administrations confirmed that the entities operating internet games must obtain the Internet Publication Services License. In addition, on December 22, 2023, the National Press and Publication Administration released the draft *Online Game Administrative Measures*, which requires both online game publishers and operating entities to obtain Internet Publishing Services License. See “Item 4. Information on the Company—B. Business Overview—Regulation—PRC regulation on online games” for more details. Therefore, as advised by our PRC legal counsel, a Value-added Telecommunication Services License is required for operating online games and an Internet Publishing Services License is required for operating internet publishing services. Each of Shenzhen Xunlei and its subsidiaries that operate online games has obtained the Value-added Telecommunication Services License for operating our online game business. Shenzhen Xunlei, which holds 70% of the equity interest in Xunlei Games, had previously obtained an Internet Publishing Services License for the publication of internet games, which expired on September 17, 2022. We are in the process of renewing such license and re-submitted the required documents to the competent authorities for review in October 2023, however, we cannot assure you that such renewal will be successful. In addition, none of Shenzhen Xunlei and its subsidiaries that operate online games has obtained the Internet Publishing Services License. Given the uncertainties involved in the interpretation and implementation of laws and regulations and the enforcement practices of government authorities, we cannot assure you that government authorities would not require Shenzhen Xunlei and its subsidiary that operates online games to obtain the Internet Publishing Services Licenses as well. As a result, PRC government authorities may find that these entities are operating online game services without proper license and thus may penalize us accordingly. If that were to happen, we would be subject to orders to shut down the website or delete all online publications, confiscation of illegal income and major equipment or fines. As of the date of this annual report, we have not received any administrative penalties, including fines, restrictions or suspension of our business, or regulatory inquiries for our operation without an effective Internet Publishing Services License. In addition, an approval number (ISBN number) from the National Press and Publication Administration shall be obtained for an online game before it is launched online. In our cooperation with online game providers, we require ISBN numbers be obtained for the online games within the scope of our cooperation. However, as we are not the developers or publishers of those online games, we cannot assure you that the ISBN numbers of those online games are obtained in strict compliance with legal requirements and procedures without any defects, or any required amendment filings are made in compliance with legal requirements. If the ISBN numbers are obtained not in compliance with laws and regulations, or amendment filings are not made timely, government authorities may impose fines on us, confiscate our income generated from operating such online games and require us to delete all online publications or discontinue our online game business.

In addition, PRC laws and regulations require that online game content shall not advocate cult, superstition, obscenity, pornography, gambling or violence, or abet commission of crime. As we are not the developers of the online games we operate, we cannot assure you that the content of the online games we operate is fully in compliance with such requirement. Failure to comply with PRC laws and regulations may subject us to liability, administrative actions or penalties imposed by PRC authorities. The imposition of any of these penalties may result in a material and adverse effect on our ability to operate our online game business and our results of operations. As of the date of this annual report, we were not involved in any lawsuits relating to the online games we operate. However, as we do not have control over the content of the online games we operate, we cannot assure you that we will not be subject to any intellectual property infringement claims or misappropriation claims. Defending those claims, with or without merits, could be costly and time-consuming, and diverge our management’s attention. If we or our third-party online game providers lose the cases, we may be required to pay a large amount of damages or immediately discontinue the operation of relevant online games. If we are unable to find alternative solutions on commercially reasonable terms on a timely basis, our online game business, reputation and results of operations may be materially and adversely affected.

In October 2019, General Administration of Press and Publication issued *the Notice by the General Administration of Press and Publication of Preventing Minors from Indulging in Online Games*, which imposes an array of restrictive measures to prevent underage users from indulging in online games. For example, this notice requires game operators to implement a real-name registration system for players of online games and take effective measures to restrict underage players from using paid services. Furthermore, on August 30, 2021, the National Press and Publication Administration issued *the Notice on Further Strict Management to Prevent Minors from Indulging in Online Games*, which requires all online game operators to provide services to minors only on any Friday, Saturday, Sunday and statutory holidays for one hour from 8:00 p.m. to 9:00 p.m., and not to provide online games in any form to users who have not registered or logged in with their real names. We have implemented a real-name registration system for our online games. Game operators or developers of the online games on our platform are able to access our real-name registration system and implement their anti-indulgence measures based on the identity information in our system. In addition to the real-name registration system in place, we have adjusted the systems in the games we operate to comply with this notice. In February 2021, Shenzhen Press and Publication Bureau issued *the Notice on Interface Docking of Anti-indulgence and Real Name Registration System to Prevent Minors from Indulging in Online Games*, which requires all online game enterprises in Guangdong Province to file an application before April 30, 2021, and all such games to connect with the National Anti-Indulgence and Real-Name Registration System established by Publication Bureau of the Publicity Department of the Communist Party of China Central Committee before June 1, 2021. We completed the requisite filing and connected our online games to the National Anti-Indulgence and Real Name Registration System in June 2021. In addition, on December 22, 2023, the National Press and Publication Administration released the draft *Online Game Administrative Measures*, which requires both online game publishers and operating entities to obtain Internet Publishing Services License and curb excessive spending through setting spending limits and prohibitions on rewards to entice frequent gameplay. See “Item 4. Information on the Company—B. Business Overview—Regulation—PRC regulation on online games” for more details. The National Press and Publication Administration solicited public comments on this draft by January 22, 2024, but there is no timetable as to when it will be enacted. If it is enacted as is, it is uncertain whether we can or how long it will take us to obtain license or approval or meet relevant requirements, and any such approval or filing could be rescinded or rejected. However, if any third-party online game operators, developers or we fail to comply with the above requirements, we may have joint or several liabilities and thus be subject to administrative penalties. Penalties may include fines, taking corrective actions during specified periods, shutting down of our online games operations and license revocation. If any of the above were to happen, our online game business and results of operations would be negatively affected.

***We operate in a competitive market and may not be able to compete effectively.***

We face significant competition in different areas of our business. Some of our existing or potential competitors have a longer operating history and significantly greater financial resources than we do, and in turn may be able to attract and retain more users and advertisers. Our competitors may compete with us in a variety of ways, including by conducting brand promotions and other marketing activities and making acquisitions. For example, in the cloud computing sector, we face intensive competition from leading Chinese internet companies such as Alibaba and Tencent. They generally have a stronger competitive position and have more resources and technological capability to compete in this sector. We cannot guarantee you that we will be able to compete effectively with them or to maintain or increase our market share. In the cloud acceleration sector, although we currently enjoy a niche market in China for cloud acceleration products and services, we cannot guarantee that we will be able to maintain our market position in the future. We may face competition from leading Chinese internet companies if they start to allocate resources and focus on the development in this business sector or from startups who may develop similar or alternative products. With more entrants into the cloud acceleration business, aggressive price cutting by competitors may result in a loss of our existing subscribers. We may have to take actions to retain our user base and attract more subscribers at significant cost, including upgrading and developing existing and new products and services in order to meet users’ changing demand, but we cannot assure you that such efforts will succeed, especially given the tightening control over internet content by the Chinese government. See “—If we fail to keep up with the technological development in the internet industry and users’ changing demand, our business, financial condition and results of operations may be materially and adversely affected” and “—Regulation and censorship of information disseminated over the internet in China have adversely affected our business and may continue to adversely affect our business, and we may be liable for the digital media content on our platform.” If we are unable to effectively compete in any aspect of our business, our business, financial condition and results of operations may be materially and adversely affected.

***Undetected programming errors or flaws or failure to maintain effective customer service could harm our reputation or decrease market acceptance of our services, particularly our resource discovery network, which would materially and adversely affect our results of operations.***

Our programs may contain programming errors that may only become apparent after their release, especially in terms of upgrades to, for example, Xunlei Accelerator or subscription services. We receive user feedback in connection with programming errors affecting user experience from time to time, and such errors may also come to our attention during our monitoring process. However, we cannot assure you that we will be able to detect and resolve all these programming errors effectively or in a timely manner. Undetected programming errors or defects may adversely affect user experience and cause our users to stop using our services and our advertisers to reduce their use of our services, any of which could materially and adversely affect our business and results of operations.

***Advertisements displayed on our platform may subject us to penalties and other administrative actions***

Under PRC advertising laws and regulations, advertisement channels such as us are obligated to monitor the advertising content they display to ensure that such content is true, accurate and in full compliance with applicable laws and regulations. PRC advertising laws and regulations set forth certain content requirements for advertisements in the PRC including, among other things, prohibitions on false or misleading content, superlative wording, socially destabilizing content or content involving obscenities, superstition, violence, discrimination or infringement of the public interest. In April 2015, the Standing Committee of the National People’s Congress enacted the PRC Advertisement Law, which took effect on September 1, 2015 and was last amended on April 29, 2021, to further strengthen the supervision and management of advertisement services. Pursuant to the PRC Advertisement Law, any advertisement that contains false or misleading information to deceive or mislead consumers shall be deemed false advertising. Furthermore, the PRC Advertisement Law explicitly stipulates detailed requirements for the content of several different kinds of advertisements, including those for medical treatment, pharmaceuticals, medical instruments, health food, alcoholic drinks, education or training, products or services having an expected return on investment, real estate, pesticides, feed and feed additives and agriculture. On February 25, 2023, the State Administration for Market Regulation issued the Measures for the Administration of Internet Advertising, effective May 1, 2023, which provides requirements on various forms of online advertising. See “Item 4. Information on the Company—B. Business Overview—Regulation—PRC regulation on advertising business” for details. In providing advertising services, we are required to review the supporting documents provided to us by advertising agencies or advertisers for the advertisements and verify that the content of the advertisements complies with PRC laws and regulations. Prior to distributing advertisements that are subject to government censorship and approval, we are obligated to verify that such censorship has been performed and approval has been obtained. Violation of these regulations may result in penalties, including fines, confiscation of advertising income, orders to eliminate the effect of illegal advertisement and cessation of publishing the advertisement. In circumstances involving serious violations, the State Administration for Market Regulation or its local branches may revoke the licenses or permits of the offenders for their advertising business operations.

We have taken several measures to fulfill these obligations specified by the PRC laws and regulations set forth above. We have outsourced our advertising business to Itui since 2020 and required Itui to set up an effective review mechanism for each advertisement it placed on our websites and platform so as to ensure the content is in full compliance with legal requirements. However, we cannot assure you that all the content contained in such advertisements are true and accurate as required by the advertising laws and regulations, especially given the uncertainty in the application of these laws and regulations. If we are found to be in violation of PRC advertising laws and regulations in the future, we may be subject to penalties and our reputation may be harmed, which may have a material and adverse effect on our business, financial condition and results of operations.

***We face risks relating to third parties’ billing and payment systems.***

The billing and payment systems of third parties such as online third-party payment processors help us maintain accurate records of payments of sales proceeds by certain subscribers and other paying users and collect such payments. Our business and results of operations could be adversely affected if these third parties fail to accurately account for or calculate the revenues generated from the sales of our products and services. Moreover, if there are security breaches or failure or errors in the payment process of these third parties, user experience may be affected and our business results may be negatively impacted.

The channels for the payment of our services and products typically comprise third-party online system, landline and mobile phone payment. A significant portion of the payments have been made through our online payment system since 2014. Although we have been able to control our payment handling charges by encouraging our subscribers to use the third-party online payment system which charges relatively lower levels of handling fees compared with other payment channels, we cannot assure you that these third-party payment service providers will not increase fee levels charged to us or we are able to continuously maintain our cooperative relationship with them in commercially acceptable terms. Also, the subscribers may change their habits to make payments through mobile phones or other third-party online payment channels with higher costs. If that were to happen in the future, or if we fail to minimize the associated payment handling charges, our results of operations may be adversely affected due to any suspension of these payment channels and we may not be able to find any suitable alternatives in a timely manner, or at all.

We also do not have control over the security measures of our third-party payment service providers, and security breaches of the online payment systems that we use could expose us to litigation and possible liability for failing to secure confidential customer information and could, among other things, damage our reputation and the perceived security of all of the online payment systems we use. In addition, there may be billing software errors that would damage customer confidence in these payment systems. If any of the above were to occur, we may lose paying users and users may be discouraged from purchasing our products, which may have an adverse effect on our business and results of operations.

***We have granted, and may continue to grant, share awards under our share incentive plans, which may result in increased share-based compensation expenses.***

We have granted share-based compensation awards, including share options and restricted shares, to various employees, key personnel and other non-employees to incentivize performance and align their interests with ours. In June 2020, we terminated our 2010 share incentive plan, 2013 share incentive plan and 2014 share incentive plan and adopted a 2020 share incentive plan, or, as restated and amended, the 2020 Plan. Upon the termination of our then-existing share incentive plans, the awards that are granted and outstanding under those share incentive plans and the evidencing original award agreements shall remain effective and binding under the 2020 Plan, subject to any amendment and modification to the original award agreements that we shall determine. Under the 2020 Plan, we were authorized to issue a maximum number of 31,000,000 common shares of our company upon exercise of the options or other types of awards. Our board of directors amended and restated the 2020 Plan in March 2023 and April 2024 for the purpose of increasing the number of reserved shares under the plan. The maximum number of shares available for grant of awards under the 2020 Plan is currently 61,525,345. As of March 31, 2025, 1,967,486 restricted share units had been granted and outstanding under the 2020 Plan. As of March 31, 2025, our unrecognized share-based compensation expenses relating to the awards outstanding under the 2020 Plan amounted to US\$3.2 million. See “Item 6. Directors, Senior Management and Employees—B. Compensation—Share Incentive Plan” for details.

In addition, on April 26, 2024, we adopted an employee share incentive plan for Shenzhen Onething Technologies Co., Ltd., a subsidiary of Shenzhen Xunlei, and transferred 30% of the equity interests in Shenzhen Onething Technologies Co., Ltd. directly held by Shenzhen Xunlei to certain plan participants or share incentive awards holding platforms at nominal costs.

We have issued the equivalent number of common shares upon the vesting and exercise of options, restricted shares and restricted share units under our share incentive plans. The amount of these expenses is based on the fair value of the share-based compensation awards we granted. The expenses associated with share-based compensation have affected our net income and may reduce our net income in the future, and any additional securities issued under share-based compensation schemes will dilute the ownership interests of our shareholders, including holders of our ADSs. We believe the granting of incentive awards is of significant importance to our ability to attract and retain key personnel and employees, and we will continue to grant stock options, restricted shares and other share awards to employees in the future. As a result, our expenses associated with share-based compensation may continue to increase, which may have an adverse effect on our results of operations.

***The continuing and collaborative efforts of our senior management and key employees are crucial to our success, and our business may be harmed if we were to lose their services.***

Our success depends on the continuous efforts and services of our senior management team. If one or more of our executives or other key personnel are unable or unwilling to continue to provide services to us for whatever reasons, we may not be able to find suitable replacements easily or at all. Competition for management and key personnel in the industries we operate is intense and the pool of qualified candidates is limited. We may not be able to retain the services of our executives or key personnel or attract and retain experienced executives or key personnel in the future. If any of our executive officers or key employees joins a competitor or forms a competing company, we may lose advertisers, know-how and key professionals and staff members. Each of our executive officers has entered into an employment agreement with us, which contains a non-compete provision. However, if any dispute arises between us and our executives or key employees, these agreements may not be enforceable in China, where these executives and key employees reside.

In addition, while we often grant additional incentive shares to management personnel and other key employees after their hire dates, the initial grants are usually much larger than subsequent grants. Employees may be more likely to leave us after their initial incentive share grant fully vests, especially if the value of such incentive shares has significantly appreciated in value relative to the exercise price. If any member of our senior management team or other key personnel leaves our company, our ability to successfully operate our business and execute our business strategy could be impaired.

***Any misconduct of our employees may negatively affect our reputation and corporate image, which in turn may adversely affect our business and prospects.***

We believe that maintaining and enhancing our reputation and corporate image is of significant importance to the success of our business. If any of our employees engages in any misconduct, whether or not related to the employee's work at our company, our reputation and corporate image may be negatively affected. Historically, there was negative publicity about our company and our management, which adversely affected our brand, public image and reputation. A member of our senior management team who is also our director was subject to certain legal sanctions in China in the past due to copyright infringement activities when working at another company unrelated to us. Even though the infringement activities took place a number of years before the executive joined our company and had nothing to do with us, the past misconduct of the executive and the sanctions he was subject to may negatively affect our reputation and corporate image, which in turn may adversely affect our business and prospects. As part of our internal compliance procedures, we routinely conduct internal audits and inspections, including exit interviews and audits, on current and former employees. Any misconduct by our current or former employees uncovered from such compliance procedures, whether the misconduct relates to the employees' work with us or not, would potentially have material adverse impacts on our reputation, results of operations, financial performance or future prospects. For example, in October 2020, we received a notification from Shenzhen Municipal Public Security Bureau that the bureau has filed a case for investigation of our former CEO, Mr. Lei Chen, for alleged embezzlement of our company's assets, which, although did not result in any material adverse impact on our financial reporting, caused harm to our company. In addition, we may also face disputes with former or current disgruntled employees. Any allegations against us, with or without merits, may negatively affect our reputation and corporate image.

***Strategic alliances, investments or acquisitions may have a material and adverse effect on our business, reputation, results of operations and financial condition.***

We may establish strategic alliances with various third parties to further our business purposes from time to time. Strategic alliances with third parties could subject us to a number of risks, including risks associated with sharing proprietary information, nonperformance by the counterparty, and an increase in expenses incurred in establishing new strategic alliances, any of which may materially and adversely affect our business. We may have limited ability to control or monitor their actions. To the extent the third parties suffer negative publicity or harm to their reputation from events relating to their businesses, we may also suffer negative publicity or harm to our reputation by virtue of our association with such third parties.

We have in the past invested in or acquired assets, technologies or businesses that are complementary to our existing business. If we are presented with appropriate opportunities, we may continue to do so in the future. For example, we entered into a definitive agreement to acquire Shanghai Kuanghui, which operates Hupu, for a total cash consideration of RMB500 million, subject to certain adjustments. Hupu is China's leading sports media and data platform. The closing of the transaction is subject to certain conditions and is currently expected to occur in the first half of 2025. Investments or acquisitions and the subsequent integration of new assets and businesses 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. The costs of identifying and consummating investments and acquisitions may be significant. We may also incur significant expenses in obtaining necessary approvals from government authorities in China and elsewhere in the world. In addition, investments and acquisitions could result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities and exposure to potential unknown liabilities or legal risks of the acquired business. The cost and duration of integrating newly acquired businesses could also materially exceed our expectations. Even if we complete the desired acquisitions or investment, such acquisitions and investment may expose us to new operational, regulatory, market and geographic risks and challenges, including:

- our inability to maintain the key business relationships and the reputation of the businesses we acquire or invest in;
- our inability to retain key personnel of the acquired or invested company;
- uncertainty of entry into markets in which we have limited or no prior experience and in which competitors have stronger market positions;
- failure to comply with laws and regulations as well as industry or technical standards of the markets into which we expand;
- our dependence on unfamiliar affiliates and partners of the companies we acquire or invest in;
- unsatisfactory performance of the businesses we acquire or invest in;
- our responsibility for the liabilities associated with the businesses we acquire, including those that we may not anticipate;
- goodwill impairment risks associated with the businesses that we acquire;
- our inability to integrate acquired technology into our business and operations;
- our inability to develop and maintain a successful business model and to monetize and generate revenues from the businesses we acquire; and
- our inability to maintain internal standards, controls, procedures and policies.

Any of these events could disrupt our ability to manage our business. These risks could also result in our failure to derive the intended benefits of the acquisitions or investments, and we may be unable to recover our investment in such initiatives or may have to recognize impairment charges as a result.

Furthermore, the financing and payment arrangements we use in any acquisition could have a negative impact on you as an investor, because if we issue shares in connection with an acquisition, your holdings could be diluted. Moreover, if we take on significant debt to finance such acquisitions, we would incur additional interest expenses, which would divert resources from our working capital and potentially have a material adverse impact on our results of operations.

***Our business, financial condition and results of operations, as well as our ability to obtain financing, may be adversely affected by a downturn in the global or Chinese economy. A severe or prolonged downturn in the Chinese or global economy could materially and adversely affect our business and financial condition.***

The industries in which we operate may be affected by economic downturns. For example, a prolonged slowdown in the world economy, including in the Chinese economy, may lead to a reduced amount of advertising and a lower level of purchasing power by our users, which could materially and adversely affect our business, financial condition and results of operations. In addition, certain of our products and services may be viewed as discretionary by our users, who may choose to discontinue or reduce spending on such products and services during an economic downturn. In such an event, our ability to retain existing users and increase new users will be adversely affected, which would in turn negatively impact our business and results of operations. Moreover, a slowdown or disruption in the global or Chinese economy may have a material and adverse impact on financings available to us.

COVID-19 had a severe and negative impact on the Chinese and the global economy from 2020 through early 2023, and the global macroeconomic environment still faces numerous challenges. The growth rate of the Chinese economy has been slowing since 2010 and the Chinese population began to decline in 2022. The Russia-Ukraine conflict and the Hamas-Israel conflict and attacks on shipping in the Red Sea have heightened geopolitical tensions across the world. The impact of the Russia-Ukraine conflict on Ukraine food exports has contributed to increases in food prices and thus to inflation more generally. There have also been concerns about the relationship between China and other countries, which may potentially have economic effects. In particular, there is significant uncertainty about the future relationship between the United States and China with respect to a wide range of issues including trade policies, treaties, government regulations and tariffs. Economic conditions in China are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in China. Any severe or prolonged slowdown in the global or Chinese economy may materially and adversely affect our business, results of operations and financial condition.

***Our operations depend on the performance of the internet infrastructure in China.***

The successful operation of our business depends on the performance of the internet infrastructure and telecommunications networks in China. In China, almost all access to the internet is maintained through state-owned telecommunications operators under the administrative control and regulatory supervision of the Ministry of Industry and Information Technology. Moreover, we have entered into contracts with various subsidiaries of a limited number of telecommunications service providers in each province for network-related services. On the one hand, if the internet industry in China does not grow as quickly as expected, our business and operations will be negatively affected. We have limited access to alternative networks or services in the event of disruptions, failures or other problems with China's internet infrastructure or the telecommunications networks provided by telecommunications service providers. In addition, our network and website regularly serve a large number of users and advertisers. With the expansion of our business, we may be required to upgrade our technology and infrastructure to keep up with the increasing traffic on our website. However, we have no control over the costs of the services provided by telecommunications service providers. If the prices we pay for telecommunications and internet services rise significantly, our results of operations may be materially and adversely affected. If internet access fees or other charges to internet users increase, our user traffic may decline and our business may be harmed. On the other hand, if the internet industry grows faster than expected and we cannot react to the market demand in a timely manner in terms of our research and development effort, the user experience and the attractiveness of our services may be harmed, which will negatively impact our business and results of operations.

***If we fail to maintain an effective system of internal control over financial reporting, we may be unable to accurately report our financial results or prevent fraud or fail to meet our reporting obligations, and investor confidence in our company and the market price of our ADSs may be adversely affected.***

We are subject to reporting obligations under the U.S. securities laws. The SEC, as required under Section 404 of the Sarbanes-Oxley Act of 2002, adopted rules requiring every public company to include a management report on such company's internal control over financial reporting in its annual report, which contains management's assessment of the effectiveness of our internal control over financial reporting. We are subject to the requirement to provide attestation by our independent registered public accounting firm on effectiveness of internal control over financial reporting.

Our management, with the participation of our chief executive officer and chief financial officer, has performed an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of December 31, 2024, as required by Rule 13a-15(b) under the Exchange Act, and has concluded that our internal control over financial reporting was effective as of December 31, 2024. Our independent registered public accounting firm also audited and concluded that our internal control over financial reporting is effective as of December 31, 2024. However, if we fail to maintain effective internal control over financial reporting in the future, we could suffer material misstatements in our financial statements and fail to meet our reporting obligations, which would likely cause investors to lose confidence in our reported financial information. This could in turn limit our access to capital markets, harm our results of operations and lead to a decline in the trading price of our ADSs. 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 Nasdaq, regulatory investigations and civil or criminal sanctions. We may also be required to restate our financial statements for prior periods.

***We have limited business insurance coverage and any uninsured business disruption may have an adverse effect on our results of operations and financial condition.***

Insurance companies in China currently do not offer as extensive an array of insurance products as insurance companies do in more developed economies. We have limited business liability or disruption insurance to cover our operations. Any uninsured occurrence of business disruption may result in our incurring substantial costs and the diversion of resources, which could have an adverse effect on our results of operations and financial condition.

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

Our operations may be vulnerable to interruption and damage from natural and other types of catastrophes, including earthquakes, fire, floods, hail, windstorms, severe winter weather (including snow, freezing water, ice storms and blizzards), environmental accidents, power loss, communications failures, explosions, man-made events such as terrorist attacks and similar events. Due to their nature, we cannot predict the incidence, timing and severity of catastrophes. If any such catastrophe or extraordinary event occurs in the future, our ability to operate our business could be seriously impaired. Such events could make it difficult or impossible for us to deliver our services and products to our users and could decrease demand for our products. As we do not carry property insurance and significant amounts of time could be required to resume our operations, our financial position and results of operations could be materially and adversely affected in the event of any major catastrophic event.

In addition, our business could be materially and adversely affected by the outbreak of pandemics such as influenza A (H1N1), avian influenza, H7N9, severe acute respiratory syndrome (SARS), COVID-19 or other epidemics. Any occurrence of these pandemic diseases or other adverse public health developments in China or elsewhere could severely disrupt our staffing or the staffing of our business partners, including our advertisers, and otherwise reduce the activity levels of our work force and the work force of our business partners, causing a material and adverse effect on our business operations. Furthermore, China may experience lower domestic consumption, higher unemployment, severe disruptions to exporting of goods to other countries and greater economic uncertainty, which may impact our business in a materially negative way. In addition, our customers and users will need time to recover from the economic effects of the pandemics even after business conditions begin to return to normal. Consequently, any occurrence of pandemics may materially and adversely affect our business, financial condition and results of operations.

## Risks Related to Our Corporate Structure

***If the PRC government finds that the agreements that establish the structure for operating our businesses in China do not comply with PRC governmental restrictions on foreign investment in internet-related business and foreign investors' mergers and acquisition activities in China, 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.***

PRC laws and regulations place certain restrictions on foreign ownership of companies that engage in internet businesses, including the provision of online game and online advertising services. For example, foreign investors' equity interests in value-added telecommunication service providers, other than e-commerce service providers, may not exceed 50%. In addition, foreign investors are prohibited from investing in or operating entities engaged in, among others, internet cultural operating service and online transmission of audio-visual programs service. We are a Cayman Islands exempted company and Giganology Shenzhen and Xunlei Computer, both being our PRC subsidiaries, are considered foreign-invested enterprises. Accordingly, neither of these two PRC subsidiaries is eligible to provide value-added telecommunication services and the aforementioned internet related services in China. As a result, we conduct our operations primarily in China principally through contractual arrangements among Giganology Shenzhen and Shenzhen Xunlei and its shareholders. Shenzhen Xunlei or its subsidiaries hold the licenses and permits necessary to conduct our cloud-based acceleration, online advertising, online games, cloud computing and related businesses in China, and Shenzhen Xunlei has established various operating subsidiaries that conduct a majority of our operations in China. Our contractual arrangements with Shenzhen Xunlei and its shareholders enable us to direct the activities that most significantly affect the economic performance of Shenzhen Xunlei and its operating subsidiaries and hence we consolidate their financial results in accordance with U.S. GAAP. For a detailed discussion of these contractual arrangements, see "Item 4. Information on the Company—C. Organizational Structure."

We cannot assure you, however, that we will be able to enforce these contracts. Although we have been advised by Kewei Law Firm, our PRC legal counsel, that each contract under these contractual arrangements with Shenzhen Xunlei and its shareholders is valid, binding and enforceable under current PRC laws and regulations, we cannot assure you that the PRC government would agree that these contractual arrangements comply with PRC licensing, registration or other regulatory requirements, with existing policies or with requirements or policies that may be adopted in the future. PRC laws and regulations governing the validity of these contractual arrangements are uncertain and the government authorities have broad discretion in interpreting these laws and regulations. If the PRC government determines that we do not comply with applicable laws and regulations, it could revoke our business and operating licenses, require us to discontinue or restrict our operations, impose fines, restrict our right to collect revenues, block our website, require us to restructure our operations, impose additional conditions or requirements with which we may not be able to comply, or take other regulatory or enforcement actions against us that could be harmful to our business. The imposition of any of these penalties would result in a material and adverse effect on our ability to conduct our business. In addition, if the PRC government deems that our contractual arrangements with the variable interest entity do not comply with PRC regulatory restrictions on foreign investment in 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 may also not be able to repay the notes and other indebtedness, and our shares may decline in value or become worthless, if we are unable to assert our contractual rights over the assets of our PRC subsidiaries and the variable interest entity, which accounted for 78.9% of our revenues in 2024. Our holding company in the Cayman Islands, the variable interest entity, and investors of our company face uncertainty about potential future actions by the PRC government that could affect the enforceability of the contractual arrangements with the variable interest entity and, consequently, significantly affect the financial performance of the variable interest entity and our company as a group.

***We rely on contractual arrangements with the variable interest entity in China and its shareholders for our operations, which may not be as effective as ownership in providing operational control the variable interest entity and its subsidiaries.***

Since PRC laws restrict foreign equity ownership in companies engaged in internet business in China, we rely on contractual arrangements with Shenzhen Xunlei, the VIE, and its shareholders to operate our business in China. If we had equity ownership of Shenzhen Xunlei, we would be able to exercise our rights as a shareholder to effect changes in the board of directors of Shenzhen Xunlei, which in turn could effect changes at the management level, subject to any applicable fiduciary obligations. However, under the current contractual arrangements, we rely on Shenzhen Xunlei and its shareholders' performance of their contractual obligations to exercise such rights. In addition, our operating contract with Shenzhen Xunlei has an initial term of ten years and an extended term of ten years from 2016. The operating contract will be automatically extended for an additional 10-year period subject to Giganology Shenzhen's unilateral termination right. In general, none of Shenzhen Xunlei and its shareholders may terminate the contracts prior to the expiration dates. However, the shareholders of Shenzhen Xunlei may not act in the best interests of our company or may not perform their obligations under these contracts, including the obligation to renew these contracts when their initial contract terms expire. Such risks exist throughout the period in which we intend to operate our business through the contractual arrangements with Shenzhen Xunlei. We may replace the shareholders of Shenzhen Xunlei at any time pursuant to our contractual arrangements with Shenzhen Xunlei and its shareholders. However, 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 Shenzhen Xunlei or its shareholders to perform their obligations under our contractual arrangements with them may have a material adverse effect on our business" and "Item 4. Information on the Company—C. Organizational Structure." Therefore, these contractual arrangements may not be as effective as ownership in providing us with control over Shenzhen Xunlei.

***Any failure by Shenzhen Xunlei or its shareholders to perform their obligations under our contractual arrangements with them may have a material adverse effect on our business.***

Shenzhen Xunlei or its shareholders may fail to take certain actions required for our business or follow our instructions despite their contractual obligations to do so. If they fail to perform their obligations under their respective agreements with us, we may have to rely on legal remedies under PRC law, including seeking specific performance or injunctive relief, which may not be effective. Under the equity pledge agreement among Giganology Shenzhen and the shareholders of Shenzhen Xunlei, as amended, the shareholders of Shenzhen Xunlei have pledged all of their equity interests in Shenzhen Xunlei to Giganology Shenzhen to guarantee Shenzhen Xunlei and its shareholders' performance of their respective obligations under the related contractual arrangements. In addition, the shareholders of Shenzhen Xunlei have completed the registration of equity pledge under the equity pledge agreement with the competent governmental authority. Pursuant to the contractual arrangements, we have the right to replace any shareholders of Shenzhen Xunlei at any time. For example, if any of the shareholders of Shenzhen Xunlei refuses or fails to perform his or her obligations under the contractual arrangements due to his or her significant equity interest in Shenzhen Xunlei and his or her relatively smaller percentage of equity interest in our company, we can enforce the contractual arrangements and transfer his or her equity interests to another appointee of Giganology Shenzhen. However, we cannot assure you that such transfer can be implemented successfully or without significant costs. As a result, we might not be able to have an effective control over the variable interest entity in the future.

Moreover, the exercise of call options under the equity interest disposal agreement, the intellectual properties purchase option agreement and certain other contractual arrangements will be subject to the review and approval of competent governmental authorities and incur additional expenses.

All of these contractual arrangements are governed by PRC law and provide 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 our ability to enforce these contractual arrangements, which may make it difficult to exert effective control over the variable interest entity and its subsidiaries, and our ability to conduct our business may be adversely affected.

***Contractual arrangements with the variable interest entity may result in adverse tax consequences to us.***

Under applicable PRC tax laws and regulations, arrangements and transactions among related parties may be subject to audit or scrutiny by the PRC tax authorities within ten years after the taxable year when the arrangements or transactions are conducted. See “Item 4. Information on the Company—B. Business Overview—Regulation—PRC regulation on tax—PRC enterprise income tax.” We could face material and adverse tax consequences if the PRC tax authorities were to determine that any contractual arrangements among Giganology Shenzhen, our wholly-owned subsidiary in China, and Shenzhen Xunlei, the variable interest entity in China, and its shareholders, as well as the intellectual property framework agreement between Xunlei Computer and Shenzhen Xunlei was not entered into on an arm’s-length basis and therefore constituted unfavorable transfer pricing arrangements. Unfavorable transfer pricing arrangements could, among other things, result in an upward adjustment on taxation, and the PRC tax authorities may impose interest on late payments on Shenzhen Xunlei, for the adjusted but unpaid taxes. Our results of operations may be materially and adversely affected if Shenzhen Xunlei’s tax liabilities increase significantly or if it is required to pay interest on late payments.

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

Sean Shenglong Zou, Hao Cheng, Fang Wang, Jianming Shi and Guangzhou Shulian Information Investment Co., Ltd. are shareholders of Shenzhen Xunlei. We provide no incentives to the shareholders of Shenzhen Xunlei for the purpose of encouraging them to act in our best interests in their capacity as the shareholders of Shenzhen Xunlei. We may replace the shareholders of Shenzhen Xunlei at any time pursuant to the currently effective equity option agreements between us and these shareholders.

We cannot assure you that when conflicts arise, the shareholders of Shenzhen Xunlei will act in the best interests of our company or that conflicts will be resolved in our favor. If we cannot resolve any conflicts of interest or disputes between us and the shareholders of Shenzhen Xunlei, we would have to rely on legal proceedings, which may be expensive, time-consuming and disruptive to our operations. There is also substantial uncertainty as to the outcome of any such legal proceedings.

***We may rely principally on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have. Any limitation on the ability of Giganology Shenzhen and Xunlei Computer to pay dividends to us could have a material adverse effect on our ability to conduct our business.***

We are a holding company and we may rely principally on dividends and other distributions on equity paid by our wholly-owned PRC subsidiaries, including Giganology Shenzhen and Xunlei Computer, 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 Giganology Shenzhen incurs debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us. In addition, the PRC tax authorities may require us to adjust our taxable income under the contractual arrangements which Giganology Shenzhen currently has in place with the variable interest entity, as well as the intellectual property framework agreement between Xunlei Computer and Shenzhen Xunlei, in a manner that would materially and adversely affect its ability to pay dividends and other distributions to us. As of December 31, 2024, we had cash or cash equivalents of approximately RMB586.7 million (US\$81.6 million) and US\$34.1 million located within the PRC, of which RMB302.9 million (US\$42.1 million) and US\$0.6 million are held by Shenzhen Xunlei and its subsidiaries. The transfer of all the cash or cash equivalents is subject to PRC government’s restrictions on currency conversion.

Under PRC laws and regulations, Giganology Shenzhen and Xunlei Computer, as wholly foreign-owned enterprises in the PRC, may pay dividends only out of its accumulated after-tax profits as determined in accordance with PRC accounting standards and regulations. In addition, wholly foreign-owned enterprises, such as Giganology Shenzhen and Xunlei Computer, are required to set aside at least 10% of their accumulated after-tax profits each year, if any, to fund certain statutory reserve funds, until the aggregate amount of such a fund reaches 50% of their respective registered capital. At their discretion, wholly foreign-owned enterprises may allocate a portion of their after-tax profits based on PRC accounting standards to staff welfare and bonus funds. These reserve funds and staff welfare and bonus funds are not distributable as cash dividends. Any limitation on the ability of Giganology Shenzhen and Xunlei Computer to pay dividends or make other distributions 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. See also “—Risks Related to Doing Business in China—Our global income may be subject to PRC taxes under the PRC Enterprise Income Tax Law, which may have a material adverse effect on our results of operations.”

***PRC regulation of loans to, and direct investment in, PRC entities by offshore holding companies and government control of currency conversion may restrict or prevent us from making loans to our PRC subsidiaries and the variable interest entity and its subsidiaries or making additional capital contributions to our PRC subsidiaries, which may materially and adversely affect our liquidity and our ability to fund and expand our business.***

We may (i) make additional capital contributions to our PRC subsidiaries, (ii) establish new PRC subsidiaries and make capital contributions to these new PRC subsidiaries, (iii) make loans to our PRC subsidiaries or the variable interest entity and its subsidiaries, or (iv) acquire offshore entities with business operations in China in an offshore transaction. However, most of these uses are subject to PRC regulations and approvals. For example:

- loans by us to our PRC subsidiaries, which are foreign-invested enterprises, to finance their respective activities cannot exceed statutory limits and must be registered with SAFE or its local branches; and
- loans by us to the variable interest entity, which is a domestic PRC entity, may not exceed the statutory limit, and any medium or long-term loan we extend to the variable interest entity must be recorded and registered by the National Development and Reform Commission, or the NDRC, and SAFE or its local branches.

On March 30, 2015, SAFE issued the Circular on Reform of the Administrative Rules of the Payment and Settlement of Foreign Exchange Capital of Foreign Invested Enterprises, or the SAFE Circular 19, which became effective on June 1, 2015. SAFE Circular 19 adopts a concept of “discretionary conversion,” which is defined as the conversion of a foreign-invested enterprise’s foreign currency registered capital in accordance with the enterprise’s actual business needs. No review of the purpose of the funds is required at the time of conversion under SAFE Circular 19. However, use of any Renminbi funds converted from its registered capital shall be based on actual transactions. In addition, equity investments using converted registered capital are no longer prohibited under SAFE Circular 19.

On June 9, 2016, SAFE issued *the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts*, or SAFE Circular 16, which became effective on the same day. Pursuant to SAFE Circular 16, enterprises registered in China may also convert their foreign debts from foreign currency to Renminbi in their own discretion. SAFE Circular 16 provides an integrated standard for the conversion of foreign exchange under capital account items (including, but not limited to, foreign currency capital and foreign debts) on a self-discretionary basis, which applies to all enterprises registered in China. SAFE Circular 16 reiterates the principle that Renminbi converted from foreign currency-denominated capital of a company may not be directly or indirectly used for purposes beyond its business scope or prohibited by PRC laws or regulations, while such converted Renminbi shall not be provided as loans to its non-affiliated entities, or used for construction and purchase of non-self-used real estate (excluding real estate enterprises) or unless otherwise expressly provided in law, directly or indirectly used in securities investment or other financial management excluding the bank capital preservation products.

Although SAFE Circular 19 and SAFE Circular 16 allow for the use of Renminbi converted from the foreign currency denominated capital for equity investments in the PRC, the restrictions on Renminbi capital of foreign-invested enterprises will continue to apply as to foreign-invested enterprises’ use of the converted Renminbi for purposes beyond the business scope, for the loans to non-associated companies or issuing inter-company Renminbi loans. Violations of these two circulars 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 our equity offering and notes offering, to our PRC subsidiaries, which may adversely affect our liquidity and our ability to fund and expand our business in China.

On October 23, 2019, SAFE issued the Notice of the State Administration of Foreign Exchange on Further Promoting the Facilitation of Cross-border Trade and Investment, which allows non-investment foreign-invested enterprises to use their capital funds to make equity investments in China provided that such investments do not violate the “negative list” and that the target investment projects are genuine and in compliance with PRC laws. 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 necessary government approvals on a timely basis, if at all, with respect to future loans by us to our PRC subsidiaries or with respect to future capital contributions by us to our PRC subsidiaries. If we fail to complete such registrations or obtain such approvals, our ability to use the proceeds from our equity offering and notes 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.

***We may lose the ability to use and enjoy assets held by the variable interest entity and its subsidiaries that are important to the operation of our business if any of such entities goes bankrupt or becomes subject to a dissolution or liquidation proceeding.***

As part of our contractual arrangements with the variable interest entity, the variable interest entity and its subsidiaries hold certain assets that are important to the operation of our business, including patents for the proprietary technology and related domain names and trademarks. If any of the variable interest entity or its subsidiaries goes bankrupt and all or part of its 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, the variable interest entity and its subsidiaries 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 the variable interest entity undergoes a voluntary or involuntary liquidation proceeding, the unrelated 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.

***Uncertainties exist with respect to the interpretation and implementation of the enacted PRC Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance and business operations.***

On March 15, 2019, the National People's Congress enacted the PRC Foreign Investment Law, which became effective on January 1, 2020. The PRC Foreign Investment Law embodies an expected PRC regulatory trend to rationalize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments. However, uncertainties exist in relation to its interpretation and implementation. For instance, under the PRC Foreign Investment Law, "foreign investment" refers to the investment activities directly or indirectly conducted by foreign individuals, enterprises or other entities in China. Though it does not explicitly classify contractual arrangements as a form of foreign investment, there is no assurance that foreign investment via contractual arrangement would not be interpreted as a type of indirect foreign investment activities under the definition in the future. In addition, the definition contains a catch-all provision which includes investments made by foreign investors through means stipulated in laws or administrative regulations or other methods prescribed by the State Council. Therefore, it still leaves leeway for future laws, administrative regulations or provisions promulgated by the State Council to provide for contractual arrangements as a form of foreign investment. In any of these cases, it will be uncertain whether our contractual arrangements will be deemed to be in violation of the market access requirements for foreign investment under the PRC laws and regulations. Furthermore, if future laws, administrative regulations or provisions prescribed by the State Council 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, corporate governance and business 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 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 the economic conditions in China as a whole. The Chinese government affects China's economic growth through allocating resources, regulating payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies, such as those qualified to operate in free trade zones designated in certain major cities in China.

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

***Regulation and censorship of information disseminated over the internet in China have adversely affected our business and may continue to adversely affect our business, and we may be liable for the digital media content on our platform.***

Under PRC laws and regulations, internet content providers, or ICPs, like us, are prohibited from posting or displaying over the internet or wireless networks content that, among other things, violates PRC laws and regulations. If an ICP finds that prohibited content is transmitted on its website or stored in its system, it must terminate the transmission of such information or delete such information immediately, keep records and report to competent authorities. Failure to comply with these requirements could lead to the revocation of the Value-added Telecommunication Services License, which is required for our ICP services, and other required licenses and the closure of the offending websites. Cloud network operators or website operators may also be held liable for prohibited content displayed on, retrieved from or linked to such network or website. We monitor digital media content on our platform and periodically review and inspect whether any content violates PRC laws and regulations. However, we cannot assure you that we will always be able to identify and remove in a timely manner all digital media content on our platform that violates PRC laws and regulations. If we fail to timely remove relevant content, we may be subject to legal liabilities. In addition, our efforts to constantly monitor content in order to comply with these requirements could negatively impact user experience and lead to a decline in the number of users.

The Chinese government has intensified its efforts to remove inappropriate content disseminated over the internet and wireless networks, and our efforts to monitor content on our platform and website led to a decline in the number of subscribers in the past few years. In August 2017, the Cyberspace Administration of China promulgated the *Provisions on the Administration of Internet Comments Posting Services*, most recently amended on December 15, 2022, and the *Provisions on the Administration of Internet Forum and Community Services*, both require service providers to establish information review and inspection mechanism. In December 2018, the Cyberspace Administration of China launched a campaign against illegal activities and inappropriate content on mobile apps and undertook restrictive measures against thousands of mobile apps, including suspension of mobile app operations for an indefinite period of time or permanently shutting down the mobile app operations. In December 2019, the Cyberspace Administration of China promulgated the *Regulations on the Ecological Governance of Network Information Content*, which provides that network information content service platforms should fulfill the main responsibility of content management and establish an ecological governance mechanism for network information, and improve their systems for user registration, account management, information publishing review, emergency response, etc. In October 2021, the Cyberspace Administration of China issued the *Notice on Further Strengthening the Regulation on Online Information of Entertainment Celebrities*, which requires internet platforms to, among others, monitor information posted by celebrities online so as to timely identify hot topics that could involve illegal or undesirable actions and to promptly report to the competent authorities in such event. We regularly conduct internal compliance investigation to ensure that the content transmitted by our products is in compliance with the standards set out by the authorities. To date, we have blocked over one million digital files and added thousands of key words to our automatic keyword filtration system. We had experienced declines in the number of users and subscribers in the past in connection with our efforts to comply with these PRC rules and regulations and we cannot assure you that it will not happen again in the future.

In addition, we entered into a definitive agreement to acquire Shanghai Kuanghui, which operates Hupu. The closing of the transaction is subject to certain conditions and is currently expected to occur in the first half of 2025. Hupu is a community platform, and accordingly, the operator of Hupu, Shanghai Kuanghui has significant responsibilities for review and management of the content posted by users on it. Any failure to fulfill such responsibility could subject it to penalties, including fines, suspension of business and revocation of the relevant licenses. After the consummation of the acquisition of Shanghai Kuanghui, we will assume the responsibility of content review and management for Hupu. There can be no assurance that we will fully fulfill such responsibility.

***We are subject to changing law and regulations regarding regulatory matters, corporate governance and public disclosure that have increased both our costs and the risk of non-compliance.***

We are subject to rules and regulations by various governing bodies, including, the SEC, which is in charge of protecting investors and overseeing companies whose securities are publicly traded, and various regulatory authorities in China and the Cayman Islands, as well as evolving regulatory measures under applicable laws and regulations. The governance, operation and management of our corporate entities in the PRC are governed by the PRC Company Law, which was promulgated by the Standing Committee of the National People's Congress in 1993 and last amended on December 29, 2023. The amended PRC Company Law has taken effect from July 1, 2024 and introduces new requirements on capital contributions, corporate governance, liabilities of directors, supervisors and senior executives, protection of minority shareholders, share transfer and liquidation process, among others. The capital contribution of certain of the principal subsidiaries of the variable interest entity have not been fully paid. We will pay the outstanding subscribed capital or take relevant measures to comply with the amended PRC Company Law and relevant regulations. To comply with the amended PRC Company Law, we may need to review our capital contribution liabilities and corporate governance for our corporate entities in the PRC. Our efforts to comply with changing laws and regulations have resulted in and are likely to continue to result in, increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities.

Moreover, because these laws, regulations and standards are subject to varying interpretations, their application in practice may evolve over time as new guidance becomes available. This evolution may result in continuing uncertainty regarding compliance matters and additional costs necessitated by ongoing revisions to our disclosure and governance practices. If we fail to comply with these regulations and any subsequent changes, we may be subject to penalty and our business may be harmed.

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

We conduct our business primarily through our PRC subsidiaries and the variable interest entity and its subsidiaries in China. Our operations in China are governed by PRC laws and regulations. The PRC government has oversight and discretion over the conduct of our business, and it may influence our operations, which could result in a material adverse change in our operation and the value of our common shares and ADSs. For example, we submitted the security assessment report regarding Hiya Voice on the National Internet Security Service Platform in June 2022 pursuant to the *Provisions for the Security Assessment of Internet Information Services Having Public Opinion Properties or Social Mobilization Capacity* and received the approval after the onsite inspection conducted by the competent authority. However, in September 2022, we were informed by the app store operator that Hiya Voice had been removed from the app store. The removal was due to the implementation of more stringent security assessment requirements under these provisions, as determined by the Cyberspace Administration of China. Since May 2023, we have been downsizing our domestic audio live-streaming operations due to lower gross margin of such business and the rapidly evolving and challenging industry environment, including the terminations of the operations of Hiya Voice and Xunlei Live in June 2023 and October 2024, respectively. We have ceased providing both audio and video live-streaming services in China, while we continue to provide audio live-streaming services in overseas markets. The complexities and constantly evolving laws and the uncertainties of their application in practice by PRC government have resulted in non-compliance risk and the additional costs for our compliance activities, and we cannot assure you whether we will be subject to any potential liability.

Also, the PRC government has promulgated rules and regulations to exert more oversight and control over offerings that are conducted overseas and foreign investment in China-based issuers. See “—The approval of and the filing with the CSRC or other PRC government authorities may be required in connection with our future offshore offerings (if any) under PRC law, and, if required, we cannot predict whether or for how long we will be able to obtain such approval.” for more details.

Since it is uncertain whether we will be able to obtain such approvals or complete the filing or other procedures as required by these regulations in a timely manner, or at all, and such approvals may be rescinded even if obtained. Any such circumstance could result in administrative penalties, such as warnings, rectification, confiscation of illegal gains, suspension of business, revocation of license or fines on us, significantly limit or completely hinder our ability to continue to offer securities to investors or cause the value of such securities to significantly decline or be worthless. In addition, implementation of industry-wide regulations directly targeting our operations could cause the value of our securities to significantly decline. Therefore, investors of our company and our business face potential uncertainty from actions taken by the PRC government affecting our business.

***Uncertainties with respect to the PRC legal system could adversely affect us.***

We conduct our business primarily through our PRC subsidiaries and the variable interest entity and its subsidiaries in China. Since the PRC legal system continues to evolve rapidly and the PRC governmental authorities may continue to promulgate new laws and regulations regulating our business, we cannot assure you that our business operations would not be deemed to violate any existing or future PRC laws or regulations, which in turn may limit or restrict us, and could materially and adversely affect our business and operations.

From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. As the PRC legal system is a civil law system based on written statutes, prior court decisions under the civil law system may be cited for reference but have limited precedential value. The PRC judicial and administrative authorities have discretion in interpreting and implementing statutory and contractual terms, and therefore it may be difficult to predict the outcome of a judicial or administrative proceeding. These uncertainties may adversely affect our contractual, property and procedural rights, which could adversely affect our business, financial condition, results of operations and prospects.

The PRC government has oversight over the conduct of our business and it has promulgated rules and regulations to exert more oversight over offerings that are conducted overseas and/or foreign investment in China-based issuers. See “—The PRC government’s oversight and discretion over our business operation could result in a material adverse change in our operations and the value of our ADSs” and “—The approval of and the filing with the CSRC or other PRC government authorities may be required in connection with our future offshore offerings (if any) under PRC law, and, if required, we cannot predict whether or for how long we will be able to obtain such approval.” Any such action could significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of such securities to significantly decline or be worthless. In addition, any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management’s attention.

***We may be adversely affected by the complexity, uncertainties and changes in PRC regulations of internet-related business and companies.***

The PRC government extensively regulates the internet industry, including foreign ownership of, and the licensing and permit requirements pertaining to, companies in the internet industry. These internet-related laws and regulations are relatively new and evolving, and their interpretation and enforcement involve significant uncertainty. As a result, in certain circumstances it may be difficult to determine what actions or omissions may be deemed to be in violations of applicable laws and regulations. Issues, risks and uncertainties relating to PRC regulation of the internet business include, but are not limited to, the following:

- We only have contractual control over the VIEs that engage in cloud-based acceleration and cloud computing businesses. We do not directly own these business operations entities due to the restriction of foreign investment in businesses providing value-added telecommunication services in China, including internet content provision or CDN services. This may significantly disrupt our business, subject us to sanctions, compromise enforceability of related contractual arrangements, or have other harmful effects on us.
- There are uncertainties relating to the regulation of the internet business in China, including evolving licensing practices and the requirement for real-name registrations. This means that permits, licenses or operations of our company may be subject to challenge, or we may fail to obtain permits or licenses that may be deemed necessary for our operations or we may not be able to obtain or renew certain permits or licenses. If we fail to obtain or maintain any of these required licenses or approvals, we may be subject to various penalties, including fines and discontinuation of or restriction on our operations. Any such disruption in our business operations may have a material and adverse effect on our results of operations.
- New laws and regulations may be promulgated that will regulate internet activities, including live-streaming, online games and online advertising businesses. If these new laws and regulations are promulgated, additional licenses may be required for our operations. If our operations do not comply with these new regulations after they become effective, or if we fail to obtain any licenses required under these new laws and regulations, we could be subject to penalties.

The interpretation and application of existing PRC laws, regulations and policies and possible new laws, regulations or policies relating to the internet industry have created substantial uncertainties regarding the legality of existing and future foreign investments in, and the businesses and activities of, internet businesses in China, including our business. For example, in September 2009, the GAPPFRFT, together with other governmental authorities, jointly published a notice, or Circular 13, which expressly prohibits foreign investors from participating in online game operating business via wholly owned, equity joint venture or cooperative joint venture investments in China, and from controlling and participating in such businesses directly or indirectly through contractual or technical support arrangements. Other government agencies with substantial regulatory authority over online game operations and foreign investment entities in China did not join GAPPFRFT in issuing Circular 13. While Circular 13 is applicable to us and our online game business on an overall basis, to date, no interpretation of Circular 13 has been issued, and, to our knowledge, has not taken any enforcement action under Circular 13 against any company that relies on contractual arrangements with affiliated entities to operate online games in China. However, the practice of such filings varies at the provincial levels of Radio and Television Administration, which are in charge of such registration. For example, Guangdong Radio and Television Administration, which is in charge of our filing, only accepts register of live audio and video broadcasts of major political, military, economic, social, cultural, and sports activities or events, thus we are no longer required to conduct such filing, based on our inquiries with the competent authorities. There is uncertainty as to whether we will be required to complete the registration in the future and we cannot assure you that we will successfully complete the registration in a timely manner, or at all. We cannot assure you that we have fulfilled all regulatory requirements or obtained all the permits or licenses required for conducting our business in China or will be able to fulfill any regulatory requirements or maintain our existing licenses or obtain any new licenses required under any new laws or regulations. There are also risks that we may be found to violate the existing or future laws and regulations given the uncertainty and complexity of China's regulation of internet business.

***We may be sued by our game players and held liable for losses of virtual assets by such players, which may negatively affect our reputation and business, financial condition and results of operations.***

While playing online games or participating in other online activities, players acquire and accumulate some virtual assets, such as special equipment and other accessories. Such virtual assets may be important to online game players and have monetary value and, in some cases, are sold for actual money. In practice, virtual assets can be lost for various reasons, often through unauthorized use of the game account of one user by other users and occasionally through data loss caused by a delay of network service, a network crash or hacking activities. Although the PRC Civil Code provides the general principle for protection of personal rights, property rights and other lawful interests of civil subjects, currently, there is no PRC law or regulation specifically governing virtual asset property rights. As a result, there is uncertainty as to the legal owner of virtual assets, whether and how the ownership of virtual assets is protected by law, and whether an operator of online games like us would be liable to game players or other interested parties (whether in contract, tort or otherwise) for loss of such virtual assets. Based on recent PRC court judgments, the courts have typically held online game operators liable for losses of virtual assets by game players, ordered online game operators to return the lost virtual items to game players or pay damages and losses, as well as required the game operators to provide well-developed security systems to protect such virtual assets owned by game players. In the case of a loss of virtual assets, we may be sued by our game players or users and held liable for damages, which may negatively affect our reputation and business, financial condition and results of operations.

***We may be adversely affected by PRC regulations to limit the methods that internet companies may apply when using algorithms, and the types of algorithms they may use.***

In recent years, the PRC government has taken steps to more closely regulate how internet companies use algorithms. For instance, the Cyberspace Administration of China, together with eight other government authorities, jointly issued *the Guidelines on Strengthening the Comprehensive Regulation of Algorithms for Internet Information Services* on September 17, 2021, which provide that daily monitoring of data use, application scenarios and effects of algorithms shall be carried out by the regulators, and security assessments of algorithms shall be conducted by the regulators. The guidelines also provide that an algorithm filing system shall be established, and classified security management of algorithms shall be promoted.

In addition, the Cyberspace Administration of China, the Ministry of Industry and Information Technology, the Ministry of Public Security and the State Administration for Market Regulation jointly promulgated *the Administrative Provisions on Algorithm Recommendations of Internet Information Services* on December 31, 2021, effective on March 1, 2022, which provide that algorithm recommendation service providers are not allowed to use algorithms to register false user accounts, block information or offer excessive recommendations, and that users should be given the option to easily turn off algorithm recommendation services. To comply with the *Administrative Provisions on Algorithm Recommendations of Internet Information Services*, we may need to further adjust our business and operations as we may be deemed to be an algorithm recommendation service provider capable of social mobilization or influencing public opinion, and thus are obligated to complete the filing with the internet information service algorithm filing system. As of the date of annual report, we have completed the filing for two algorithms with the Internet Information Service Algorithm Filing System and submitted the filing application for another algorithm in December 2024 which is currently under review by the competent authority. In addition, algorithm recommendation service providers are required to publicly disclose the basic principles, purposes, intentions and operating mechanisms of algorithm-related products. In response to this requirement, we have publicly disclosed the operation mechanism on our Xunlei App and provided an option for our users to turn off algorithm-driven recommendation services. However, the impact on our business operations is still substantially uncertain since this rule is relatively new and uncertainties still exist in relation to its interpretation.

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

Fluctuation in the value of the Renminbi may have a material adverse effect on the value of your investment. The conversion of Renminbi into foreign currencies, including U.S. dollars, is based on rates set by the People's Bank of China. The Renminbi has fluctuated against the U.S. dollar at times significantly and unpredictably. The value of the Renminbi against the U.S. dollar and other currencies may fluctuate and is affected by changes in political and economic conditions and by China's foreign exchange policies, among other things. We cannot assure you that 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 Renminbi and the U.S. dollar in the future.

Our financial statements are expressed in U.S. dollars, and most of our assets, costs and expenses are denominated in Renminbi. A majority of our revenues were denominated in Renminbi. Any significant appreciation or depreciation of the Renminbi may materially and adversely affect our revenues, earnings and financial positions, and the value of, and any dividends payable on, our ADSs in U.S. dollars. For example, to the extent that we need to convert U.S. dollars into Renminbi to pay our operating expenses, appreciation of the Renminbi against the U.S. dollar would have an adverse effect on the amount of Renminbi 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 common shares or ADSs or for other business purposes, appreciation of the U.S. dollar against the Renminbi would have a negative effect on the amount of U.S. dollar available to us. In addition, a significant appreciation or depreciation in the value of the Renminbi relative to U.S. dollars would significantly reduce the U.S. dollar equivalent of our earnings regardless of any underlying change in our business or results of operations, which in turn could adversely affect the price of our ADSs.

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

***Government control of currency conversion may limit our ability to utilize our revenues effectively and 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 a majority of our revenues in Renminbi. Under our current corporate structure, our Cayman Islands holding company primarily relies on dividend payments from our wholly-owned 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 SAFE approval by complying with certain procedural requirements. However, approval from or registration with appropriate government authorities is required where the 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. 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 by our PRC subsidiaries to our company and pay employees of our PRC subsidiaries who are located outside China in a currency other than the Renminbi. With prior approval from or registration with SAFE, cash generated from the operations of our PRC subsidiaries and affiliated entity may be used to pay off debt in a currency other than the Renminbi owed by our PRC subsidiaries and variable interest entity and its subsidiaries to entities outside China, and make other capital expenditures outside China in a currency other than the Renminbi. If any of the variable interest entity or its subsidiaries liquidates, the proceeds from the liquidation of its assets may be used outside of the PRC or be given to investors who are not PRC nationals. However, we may not be able to do so due to foreign exchange control imposed by the PRC government, which 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 demand, we may not be able to pay dividends in foreign currencies to our shareholders, including holders of our ADSs.

***Certain regulations in the PRC may make it more difficult for us to pursue growth through acquisitions.***

*The Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors*, or the M&A Rules, and certain 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 the Ministry of Commerce be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise or a foreign company with substantial PRC operations, if certain thresholds under *the Provisions on Thresholds for Prior Notification of Concentrations of Undertakings*, issued by the State Council on August 3, 2008 and most recently amended by the State Council on January 22, 2024, are triggered. Moreover, the PRC Anti-Monopoly Law, which was promulgated on August 30, 2007 and most recently amended on August 1, 2022, and its implementing rules issued on March 10, 2023 together require that transactions which are deemed concentrations and involve parties with specified turnover thresholds (i.e., during the previous fiscal year, (i) the total global turnover of all operators participating in the transaction exceeds RMB12 billion and at least two of these operators each had a turnover of more than RMB800 million within China, or (ii) the total turnover within China of all the operators participating in the concentration exceeded RMB4 billion, and at least two of these operators each had a turnover of more than RMB800 million within China) must be cleared by the Ministry of Commerce before they can be completed. In addition, according to *the Implementing Rules Concerning Security Review on the Mergers and Acquisitions by Foreign Investors of Domestic Enterprises* issued by the Ministry of Commerce in August 2011, mergers and acquisitions by foreign investors involved in an industry related to national security are subject to strict review by the Ministry of Commerce. These rules also prohibit any transactions attempting to bypass such security review, including by controlling entities through contractual arrangements. We believe that our business is not in an industry related to national security. However, we cannot preclude the possibility that the Ministry of Commerce or other government agencies may publish interpretations contrary to our understanding or broaden the scope of such security review in the future. Although we have no current definitive plans to make any acquisitions, we may elect to grow our business in the future in part by directly acquiring complementary businesses in China. Complying with the requirements of these regulations to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval from the Ministry of Commerce, may delay or inhibit our ability to complete such transactions.

***Any failure or perceived failure by us to comply with the anti-monopoly and anti-unfair competition 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.***

The PRC government has adopted a series of anti-monopoly and anti-unfair competition laws and regulations and has enhanced its enforcement of such laws and regulations. The PRC Anti-Monopoly Law and its implementing rules (i) require that where concentration of undertakings reaches the filing threshold stipulated by the State Council, a filing must be made with the anti-monopoly authority before the parties implement the concentration, (ii) prohibit a business operator with a dominant market position from abusing such position, such as by selling commodities at unfairly high prices or buying commodities at unfairly low prices, selling products at prices below cost without any justifiable cause, or refusing to trade with a trading party without any justifiable cause, and (iii) prohibit business operators from entering into monopoly agreements, which refer to agreements that eliminate or restrict competition with competing business operators or transaction counterparties, such as by boycotting transactions, fixing or changing the price of commodities, limiting the output of commodities or fixing the price of commodities for resale to third parties, unless the agreements satisfy certain exemptions under the PRC Anti-Monopoly Law. Furthermore, in February 2021, the Anti-Monopoly Commission of the State Council promulgated the *Anti-Monopoly Guidelines for the Internet Platform Economy Sector*, which prohibit certain monopolistic acts of internet platforms so as to protect market competition and safeguard the interests of users and undertakings participating in the internet platform economy, including, without limitation, prohibiting platforms with a dominant position from abusing their market dominance. In addition, these guidelines also reinforce antitrust merger review for internet platform related transactions to safeguard market competition. On June 24, 2022, the Standing Committee of the National People's Congress enacted the new PRC Anti-Monopoly Law with effect from August 1, 2022, which increases the fines for illegal concentration of business operators to no more than ten percent of its last year's sales revenue if the concentration of business operator has or may have an effect of excluding or limiting competition, or a fine of up to RMB5 million if the concentration of business operator does not have an effect of excluding or limiting competition. It also stipulates that where a concentration of undertakings does not meet the threshold for declaration set by the State Council, but there is evidence that the concentration of undertakings has or may have the effect of excluding or limiting competition, the law enforcement agencies may order the operators to file the concentration of undertakings.

According to the PRC Anti-unfair Competition Law, unfair competition, which refers to the production and operating activities where an operator disrupts the market competition order and damages the legitimate rights and interests of other operators or consumers in violation of the provisions of the PRC Anti-unfair Competition Law, shall be prohibited. Pursuant to the PRC Anti-unfair Competition Law, operators shall abide by the principle of voluntariness, equality, impartiality and integrity and adhere to laws and business ethics during market transactions. Operators in violation of the PRC Anti-unfair Competition Law may be subject to civil, administrative or criminal liabilities.

The PRC anti-monopoly enforcement agencies have strengthened enforcement under the PRC Anti-Monopoly Law in recent years. For example, in April 2021, the State Administration for Market Regulation, the Cyberspace Administration of China and the State Administration of Taxation held an administrative guidance meeting for internet platform enterprises. Many platforms, including 34 enterprises which attended such administrative guidance meeting as representatives of internet platform enterprises, are required to conduct a comprehensive self-inspection and make necessary rectification accordingly. Although we are not in the list of these 34 enterprises, we have been actively conducting necessary self-inspection and rectifications in accordance with such guidance. We cannot guarantee you that we will be able to be in full compliance with applicable rules and regulations at all times.

As a result of the regulators' focus on anti-monopoly and anti-unfair competition compliance and enhanced regulation of platform enterprises, our business practice and expansion strategy may be subject to heightened regulatory scrutiny. Any anti-monopoly or anti-unfair competition related lawsuit, regulatory investigations or administrative proceedings initiated against us could also result in constraints on our future investments and acquisitions. As a result, we may be subject to significant difficulties in pursuing our investment and acquisition strategy.

***PRC regulations relating to the establishment of offshore special purpose vehicles by PRC residents may subject our PRC resident beneficial owners or our PRC subsidiaries to liability or penalties, limit our ability to inject capital into our PRC subsidiaries, limit our PRC subsidiaries' ability to increase their registered capital or distribute profits to us, or may otherwise adversely affect us.***

SAFE has promulgated several regulations that require PRC residents and PRC corporate entities to register with local branches of SAFE in connection with their direct or indirect offshore investment activities. These regulations apply to our shareholders who are PRC residents and may apply to any offshore acquisitions that we make in the future. 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 No. 37, on July 4, 2014, which requires PRC residents to register with local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in SAFE Circular No. 37 as a "special purpose vehicle." The term "control" under SAFE Circular No. 37 is broadly defined as the operation rights, beneficiary rights or decision-making rights acquired by the PRC residents in the offshore special purpose vehicles or PRC companies by such means as acquisition, trust, proxy, voting rights, repurchase, convertible bonds or other arrangements. SAFE Circular No. 37 further requires amendment to the registration in the event of any changes with respect to the basic information of the special purpose vehicle, such as changes in a PRC resident individual shareholder, name or operation period; or any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contributed by PRC individuals, share transfer or exchange, merger, division or other material events. If the shareholders of an offshore holding company who are PRC residents do not complete their registration with the local SAFE branches, the PRC subsidiaries of the offshore holding company may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to the offshore company, and the offshore company may be restricted in its ability to contribute additional capital to its PRC subsidiaries. Moreover, failure to comply with SAFE registration and amendment requirements described above could result in liability under PRC law for evasion of applicable foreign exchange restrictions. In addition, on February 13, 2015, SAFE issued *the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Policies Concerning Foreign Exchange Control on Direct Investment*, which took effect on June 1, 2015. This circular delegates to the qualified banks the authority to register all PRC residents' investment in "special purpose vehicle" pursuant to SAFE Circular No. 37, except that those PRC residents who have failed to comply with SAFE Circular No. 37 may continue to fall within the jurisdiction of the local SAFE branches and must continue to make their supplementary registration applications with such local SAFE branches.

We have requested PRC residents holding direct or indirect interest in our company to our knowledge to make the necessary applications, filings and amendments as required under SAFE regulations. Mr. Sean Shenglong Zou, Mr. Hao Cheng and Ms. Fang Wang have completed the initial registration with the local SAFE branch as required by the SAFE regulations. However, we cannot assure you that these shareholders have completed and will complete all subsequent amendment registrations as required by the SAFE regulations as we do not have control over these shareholders. We may also not be informed of the identities of all the PRC residents holding direct or indirect interest in our company, and we cannot provide any assurances that these PRC residents will comply with our request to make or obtain any applicable registrations or comply with other requirements required by SAFE regulations since we do not have control over these the PRC resident shareholders. The failure or inability of our PRC resident shareholders or our future PRC resident shareholders to make any required registrations or comply with other requirements under SAFE regulations may subject such PRC residents or our PRC subsidiaries to fines and legal sanctions and may also limit our ability to raise additional financing and contribute additional capital into or provide loans to (including using the proceeds from our initial public offering) our PRC subsidiaries, limit our PRC subsidiaries' ability to pay dividends or otherwise distribute profits to us, or otherwise adversely affect us.

Furthermore, because of the uncertainty over how the SAFE regulations will be interpreted and implemented, we cannot predict how these regulations will affect our business operations or future strategies. For example, we may be subject to a more stringent review and approval process with respect to our foreign exchange activities, such as remittance of dividends and foreign-currency-denominated borrowings, which may adversely affect our financial condition and results of operations. In addition, if we decide to acquire a PRC domestic company, we cannot assure you that we or the owners of such company, as the case may be, will be able to obtain the necessary approvals or complete the necessary filings and registrations required by the foreign exchange regulations. This may restrict our ability to implement our acquisition strategy and could adversely affect our business and prospects.

***Failure to comply with PRC regulations regarding the registration requirements for employee stock ownership plans or share option plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.***

In December 2006, the People's Bank of China promulgated *the Administrative Measures of Foreign Exchange Matters for Individuals*, which set forth the respective requirements for foreign exchange transactions by individuals (both PRC or non-PRC citizens) under either the current account or the capital account. On February 15, 2012, SAFE promulgated *the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly-Listed Companies*. Under these notices and other rules and regulations, PRC residents who participate in stock incentive plan in an overseas publicly-listed company are required to register with SAFE or its local branches and complete certain other procedures. Participants of a stock incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of such overseas publicly listed company or another qualified institution selected by such PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive plan on behalf of its participants. Such participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes. We and our PRC employees who have been granted stock options are subject to these regulations. Failure by us or our PRC stock option holders to comply with the SAFE regulations may subject us or these PRC residents to fines and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiaries, limit our PRC subsidiaries' ability to distribute dividends to us, or otherwise materially adversely affect our business.

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

The State Administration of Taxation has issued several rules and notices to tighten its scrutiny over acquisition transactions in recent years, including *the Notice on Certain Corporate Income Tax Matters on Indirect Transfer of Properties by Non-PRC Resident Enterprises* issued in February 2015, or SAT Circular 7. Pursuant to these rules and notices, if a non-PRC resident enterprise indirectly transfers PRC taxable properties, which refer to properties of an establishment or a place in the PRC, real estate properties in the PRC or equity investments in a PRC tax resident enterprise, by disposing of equity interest in an overseas non-public holding company without a reasonable commercial purpose and resulting in the avoidance of PRC enterprise income tax, such indirect transfer should be deemed a direct transfer of PRC taxable properties, and gains derived from such indirect transfer may be subject to the PRC withholding tax at a rate of up to 10%. SAT Circular 7 sets out several factors to be taken into consideration by tax authorities in determining whether an indirect transfer has a reasonable commercial purpose. An indirect transfer satisfying all the following criteria will be deemed to lack reasonable commercial purpose and be taxable under PRC law: (i) 75% or more of the equity value of the intermediary enterprise being transferred is derived directly or indirectly from the PRC taxable properties; (ii) at any time during the one-year period before the indirect transfer, 90% or more of the asset value of the intermediary enterprise (excluding cash) is comprised directly or indirectly of investments in the PRC, or 90% or more of its income is derived directly or indirectly from the PRC; (iii) the functions performed and risks assumed by the intermediary enterprise and any of its subsidiaries that directly or indirectly hold the PRC taxable properties are limited and are insufficient to prove their economic substance; and (iv) the foreign tax payable on the gain derived from the indirect transfer of the PRC taxable properties is lower than the potential PRC enterprise income tax on the direct transfer of such assets. Nevertheless, the indirect transfer falling into the safe harbor available under SAT Circular 7 may not be subject to PRC tax and the scope of the safe harbor includes qualified group restructuring, public market trading and tax treaty exemptions. On October 17, 2017, the State Administration of Taxation issued the *Public Notice on Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source*, or SAT Public Notice 37, which took effect on December 1, 2017. SAT Public Notice 37 also introduced certain key changes to the current withholding regime, such as (i) non-resident enterprise's withholding obligation for dividend was changed to arise on the date the payment is actually made as opposed to dividend declaration date; and (ii) nonresident enterprise's obligation to self-report tax within seven days upon withholding agent's failure to withhold was removed.

Under SAT Circular 7 and SAT Public Notice 37, the entities or individuals obligated to pay the transfer price to the transferor are the withholding agents and must withhold the PRC enterprise income tax from the transfer price. If the withholding agent fails to do so, the transferor should report to and pay the PRC enterprise income tax to the PRC tax authorities. In the event that neither the withholding agent nor the transferor fulfills their obligations under SAT Circular 7 and SAT Public Notice 37, apart from imposing penalties such as late payment interest on the transferor, the tax authority may also hold the withholding agent liable and impose a penalty of 50% to 300% of the unpaid tax on the withholding agent. The penalty imposed on the withholding agent may be reduced or waived if the withholding agent has submitted the required materials in connection with the indirect transfer to the PRC tax authorities in accordance with SAT Circular 7.

However, due to a lack of clear statutory interpretation of these rules and notices, we face uncertainties on the reporting and consequences on future private equity financing transactions, share exchange or other transactions involving the transfer of shares in our company by investors that are non-PRC resident enterprises, or sale or purchase of shares in other non-PRC resident companies or other taxable assets by us. Our Cayman Islands holding company and other non-resident enterprises in our company may be subject to filing obligations or may be taxed if our Cayman Islands holding company and other non-resident enterprises in our company are transferors in such transactions, and may be subject to withholding obligations if our Cayman Islands holding company and other non-resident enterprises in our company are transferees in such transactions. For the transfer of shares in our Cayman Islands holding company by investors that are non-PRC resident enterprises, our PRC subsidiaries may be requested to assist in the filing under the rules and notices. As a result, we may be required to expend valuable resources to comply with these rules and notices or to request the transferors from whom we purchase taxable assets to comply, or to establish that our Cayman Islands holding company and other non-resident enterprises in our company should not be taxed under these rules and notices, which may have a material adverse effect on our financial condition and results of operations. There is no assurance that the tax authorities will not apply the rules and notices to our offshore restructuring transactions where non-PRC resident investors were involved if any of such transactions were determined by the tax authorities to lack reasonable commercial purpose. As a result, we and our non-PRC resident investors may be at risk of being taxed under these rules and notices and may be required to comply with or to establish that we should not be taxed under such rules, which may have a material adverse effect on our financial condition and results of operations or such non-PRC resident investors' investments in us. We have conducted acquisition transactions in the past and may conduct additional acquisition transactions in the future. We cannot assure you that the PRC tax authorities will not, at their discretion, adjust any capital gains and impose tax return filing obligations on us or require us to provide assistance for the investigation of PRC tax authorities with respect thereto. Heightened scrutiny over acquisition transactions by the PRC tax authorities may have a negative impact on potential acquisitions we may pursue in the future.

***Discontinuation or reduction of any of the preferential tax treatments or other government incentives available to us in the PRC, or imposition of any additional PRC taxes could adversely affect our financial condition and results of operations.***

Under the PRC Enterprise Income Tax Law, the statutory enterprise income tax rate is 25%. Under certain circumstances, preferential tax rates may be applied if an enterprise meets the corresponding standards and qualifications and completes certain procedures. See “Item 5. Operating and Financial Overview and Prospects—A. Operating Results—Taxation” for details of tax benefits applicable to us. Preferential tax treatment and other government incentives granted to the variable interest entity and subsidiaries are subject to review and may be adjusted or revoked at any time. The discontinuation or reduction of any preferential tax treatment currently available to us and our wholly-owned PRC subsidiaries will cause our effective tax rate to increase, which could have a material adverse effect on our financial condition and results of operations. We cannot assure you that we will be able to maintain our current effective tax rate in the future.

***Our global income may be subject to PRC taxes under the PRC Enterprise Income Tax Law, which may have a material adverse effect on our results of operations.***

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 bodies” as “establishments that carry out substantial and overall management and control over the manufacturing and business operations, personnel, accounting, properties, etc. of an enterprise.” On April 22, 2009, the State Administration of Taxation issued a circular, 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. See “Item 4. Information on the Company—B. Business Overview—Regulation—PRC regulation on tax—PRC enterprise income tax.” Although SAT Circular 82 applies only to offshore enterprises controlled by PRC enterprises or PRC enterprise groups and not to those controlled by PRC individuals or foreigners, the determining criteria set forth in the SAT Circular 82 may reflect the general position of the State Administration of Taxation 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 and will be subject to PRC enterprise income tax on its worldwide income only if all of the following conditions set forth in the SAT Circular 82 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.

Xunlei Limited is a company incorporated outside the PRC and is not controlled by a PRC enterprise or PRC enterprise group. As a holding company, certain of Xunlei Limited’s key assets, including a significant amount of cash, are located, and 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 Xunlei Limited should be treated as a “resident enterprise” for PRC tax purposes if the criteria for “de facto management body” as set forth in the SAT Circular 82 are deemed applicable to us. However, as 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” as applicable to Xunlei Limited, we may be considered a resident enterprise and may therefore be subject to the enterprise income tax at 25% on our global income. If we are considered a resident enterprise and earn income other than dividends from our PRC subsidiaries, a 25% enterprise income tax on our global income could increase our tax burden and adversely affect our cash flow and profitability. In addition to the uncertainty regarding how the new “resident enterprise” classification may apply, it is also possible that the rules may change in the future, possibly with retroactive effects.

***Dividends paid by us to our foreign investors and gains on the sale of our ADSs or common shares by our foreign investors may be subject to taxes under PRC tax laws.***

Under the PRC Enterprise Income Tax Law and its implementation regulations issued by the State Council, a 10% PRC withholding tax is applicable to dividends paid to investors that are “non-resident enterprises,” which do not have an establishment or place of business in the PRC or which have such establishment or place of business but the dividends are not effectively connected with such establishment or place of business, to the extent such dividends are derived from sources within the PRC. Any gain realized on the transfer of ADSs or common shares by such investors is subject to PRC tax, at a rate of 10% unless otherwise reduced or exempted by relevant tax treaties, if such gain is regarded as income derived from sources within the PRC. If we are deemed a “PRC resident enterprise,” dividends paid on our common shares or ADSs, and any gain realized from the transfer of our common shares or ADSs, may be treated as income derived from sources within the PRC and may as a result be subject to PRC taxation (which in the case of dividends would be withheld at source). It is unclear whether our non-PRC individual investors would be subject to any PRC tax in the event we are deemed a “PRC resident enterprise.” If any PRC tax were to apply to such dividends or gains of non-PRC individual investors, 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, if we are considered a PRC “resident enterprise,” holders of our ADSs or common shares would be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or areas (and we do not expect to withhold at treaty rates if any withholding is required). If dividends payable to our non-PRC investors, or gains from the transfer of our common shares or ADSs by such investors are subject to PRC tax, the value of your investment in our common shares or ADSs may be adversely affected.

***Increases in labor costs and enforcement of stricter labor laws and regulations in the PRC 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 our users by increasing prices for our products or services, our profitability and results of operations may be materially and adversely affected.

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 employees' probation and unilaterally terminating labor contracts. In the event that we decide to terminate the employment with 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. According to the PRC Social Insurance Law, employees must participate in pension insurance, work-related injury insurance, medical insurance, unemployment insurance and maternity insurance and the employers must, together with their employees or separately, pay the social insurance premiums for such employees.

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. Such violation may subject us to labor disputes or government investigations. If we are deemed to have violated labor laws and regulations, we could be required to provide additional compensation to our employees and our business, financial condition and results of operations could be materially and adversely affected.

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

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

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

Pursuant to the HFCAA, if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspections by the PCAOB for two consecutive years, the SEC will prohibit our shares or ADSs from being traded on a national securities exchange or in the over-the-counter trading market in the United States.

On December 16, 2021, the PCAOB issued a report to notify the SEC of its determination that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong and our auditor was subject to that determination. In May 2022, the SEC conclusively listed us as a Commission-Identified Issuer under the HFCAA following the filing of our annual report on Form 20-F for the fiscal year ended December 31, 2021. On December 15, 2022, the PCAOB removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. For this reason, we were not identified as a Commission-Identified Issuer under the HFCAA after we filed our annual report on Form 20-F for the fiscal year ended December 31, 2023 and do not expect to be so identified after we file this annual report on Form 20-F for the fiscal year ended December 31, 2024.

Each year, the PCAOB will determine whether it can inspect and investigate completely audit firms in mainland China and Hong Kong, among other jurisdictions. If the PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in mainland China and Hong Kong and we use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the SEC, we would be identified as a Commission-Identified Issuer following the filing of the annual report on Form 20-F for the relevant fiscal year. In accordance with the HFCAA, our securities would be prohibited from being traded on a national securities exchange or in the over-the-counter trading market in the United States if we are identified as a Commission-Identified Issuer for two consecutive years in the future. If our shares and ADSs are prohibited from trading in the United States, there is no certainty that we will be able to list on a non-U.S. exchange or that a market for our shares will develop outside of the United States. A prohibition of being able to trade in the United States would substantially impair your ability to sell or purchase our ADSs when you wish to do so, and the risk and uncertainty associated with delisting would have a negative impact on the price of our ADSs. Also, such a prohibition would significantly affect our ability to raise capital on terms acceptable to us, or at all, which would have a material adverse impact on our business, financial condition, and prospects.

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

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

On April 13, 2020, the Cyberspace Administration of China, the NDRC and other PRC governmental authorities jointly promulgated *the Measures for Cybersecurity Reviews*, which was amended on December 28, 2021 with effect from February 15, 2022. *The Measures for Cybersecurity Reviews* require that operators of "critical information infrastructure" purchasing internet products or services or network platform operators carrying out data processing activities, which affect or may affect national security, shall apply with the Cybersecurity Review Office for a cybersecurity review. In addition, a network platform operator holding over one million users' personal information shall apply with the Cybersecurity Review Office for a cybersecurity review before any public offering and listing on a foreign stock exchange.

On July 6, 2021, the PRC government authorities issued *Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law*. These opinions emphasize the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and proposed to take effective measures, such as promoting the construction of regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies. On February 17, 2023, the CSRC issued *Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies*, which became effective on March 31, 2023, and five supporting guidelines. These measures establish a filing-based regime to regulate overseas offerings and listings by domestic companies. Specifically, an overseas follow-on offering or listing, or other equivalent offering activity, including issuance of convertible notes, exchangeable notes or preferred shares, by a domestic company, whether directly or indirectly, must be filed with the CSRC and comply with the requirements under these measures. The indirect overseas listing of domestic companies refers to companies that conduct business mainly in China but issue shares or other similar rights and seek listing in overseas jurisdictions through their overseas holding companies. See “Item 4. Information on the Company—B. Business Overview—Regulation—PRC regulation on Overseas Listings.” These measures have no retroactive effect and thus are not applicable to our listing and offering prior to their promulgation. However, as these measures are relatively new and there are substantial uncertainties with respect to the filing requirements and overall implementation at this stage. We cannot assure you that, if the conditions are met and any filing or other procedure is required, we would be able to complete such filing or procedure for our future offering or listing, if any, and fully comply with these measures on a timely basis, or at all. Any failure to complete or not being able to complete the requisite filing for our future offering or listing, if any, or any failure or perceived failure by us to comply with the requirements under these measures may result in rectification, warnings or fines against us and could materially hinder our ability to conduct securities offerings.

On February 24, 2023, the CSRC together with other PRC governmental authorities issued the Provisions on Strengthening the Management of Confidentiality and Archives regarding Overseas Securities Offerings and Listings by Domestic Companies, effective March 31, 2023, which require domestic companies involved in overseas offerings and listings to obtain approvals from the competent authority and file with the state secrets protection administration of the same level before providing or publicly disclosing any document or material that involves state secrets or secrets of state organizations. These provisions also require domestic companies to complete required procedures before providing accounting archives to entities, including securities companies, securities service institutions, overseas regulators, and individuals. Additionally, domestic companies, securities companies and securities service institutions must obtain approvals before providing documents and information in response to inspections and investigations by overseas regulators. These inspections and investigations shall be conducted via the cross-border supervision mechanism whereby the PRC regulators will provide necessary assistance. See “Item 4. Information on the Company—B. Business Overview—Regulation—PRC regulation on Overseas Listings.” As these provisions are relatively new and there are substantial uncertainties with respect to the enforcement of the requirements and the specific procedures and approvals required thereunder, we cannot assure you that, if applicable to us, we would be able to obtain the necessary approvals on a timely basis or at all, which may hinder our ability to comply with the requirements under these provisions and carry out future offerings or listings of securities overseas.

On September 6, 2024, the NDRC and the Ministry of Commerce jointly issued *the Special Administrative Measures (Negative List) for Foreign Investment Access (2024 Version)*, or the 2024 Negative List, which became effective on November 1, 2024. Pursuant to the 2024 Negative List, if a PRC company engaging in a prohibited business stipulated in the 2024 Negative List seeks an overseas offering and listing, it shall obtain the approval from the competent governmental authorities. In addition, the foreign investors of the issuer shall not be involved in the company’s operation and management, and their shareholding percentages shall be subject, *mutatis mutandis*, to the regulations on domestic securities investments by foreign investors. As the 2024 Negative List is relatively new, there remain substantial uncertainties as to the interpretation and implementation of these new requirements, and it is unclear as to whether and to what extent listed companies like us will be subject to these new requirements. If we are required to comply with these requirements and fail to do so on a timely basis, if at all, our business operations, financial condition and business prospect may be adversely and materially affected.

On September 24, 2024, the State Council published the Administrative Measures for Network Data Security with effect from January 1, 2025, which provides that where network data processors carry out network data processing activities that have affected or may affect national security, they shall undergo a national security review in accordance with the relevant laws and regulations.

In addition, we cannot assure you that any new rules or regulations promulgated in the future will not impose additional requirements on us. If it is determined in the future that approval from and filing with the CSRC or other regulatory authorities or other procedures, including the cybersecurity review under *the Measures for Cybersecurity Reviews*, are required for our future offshore offerings (if any), it is uncertain whether we can or how long it will take us to obtain such approval or complete such filing procedures and any such approval or filing could be rescinded or rejected. Any failure to obtain or delay in obtaining such approval or completing such filing procedures for our future offshore offerings (if any), or a rescission of any such approval or filing if obtained by us, would subject us to sanctions by the CSRC or other PRC regulatory authorities for failure to seek CSRC approval or filing or other government authorization for our future offshore offerings (if any). These regulatory authorities may impose fines and penalties on our operations in China, limit our ability to pay dividends outside of China, limit our operating privileges in China, delay or restrict the repatriation of the proceeds from our future offshore offerings (if any) into China or take other actions that could materially and adversely affect our business, financial condition, results of operations, and prospects, as well as the trading price of our listed securities. The CSRC or other PRC regulatory authorities also may take actions requiring us, or making it advisable for us, to halt our future offshore offerings (if any) before settlement and delivery of the shares offered. Consequently, if investors engage in market trading or other activities in anticipation of and prior to settlement and delivery, they do so at the risk that settlement and delivery may not occur. In addition, if the CSRC or other regulatory authorities later promulgate new rules or explanations requiring that we obtain their approvals or accomplish the required filing or other regulatory procedures for our future offshore offerings (if any), we may be unable to obtain a waiver of such approval requirements, if and when procedures are established to obtain such a waiver. Any uncertainties or negative publicity regarding such approval requirement could materially and adversely affect our business, prospects, financial condition and reputation as well as the trading price of our listed securities.

### **Risks Related to Our ADSs**

#### ***The market price for our ADSs may be volatile.***

The trading prices of our ADSs are likely to be volatile and could fluctuate widely due to factors beyond our control. This may happen because of broad market and industry factors, such as the performance and fluctuation in the market prices or the underperformance or deteriorating financial results of other similarly situated China-based issuers. The securities of some of these companies, including internet companies, have experienced significant volatility since their initial public offerings, including, in some cases, substantial declines in the trading prices of their securities. Such performances may affect the attitudes of investors toward China-based issuers, which consequently may impact the trading performance of our ADSs, regardless of our actual operating performance. In addition, any negative news or perceptions about inadequate corporate governance practices or fraudulent accounting or other practices of certain China-based issuers may also negatively affect the attitudes of investors towards China-based issuers in general, including us, regardless of whether we have engaged in such practices. In addition, securities markets may from time to time experience significant price and volume fluctuations that are not related to our operating performance, which may have a material adverse effect on the market price of our ADSs.

The market price for our ADSs is likely to be highly volatile and subject to wide fluctuations in response to factors including the following:

- regulatory developments affecting us, our advertisers or our industry;
- announcements of studies and reports relating to our services or those of our competitors;
- changes in the economic performance or market valuations of other internet companies in China;
- actual or anticipated fluctuations in our quarterly results of operations and changes of our expected results;
- changes in financial estimates by securities research analysts;
- conditions in the internet or online advertising industry in China;
- announcements by us or our competitors of new services, acquisitions, strategic relationships, joint ventures or capital commitments;

- additions to or departures of our senior management;
- fluctuations of exchange rates between the Renminbi and the U.S. dollar;
- release or expiry of lock-up or other transfer restrictions on our outstanding shares or ADSs; and
- sales or perceived potential sales of additional shares or ADSs.

***If securities or industry analysts cease to publish research or reports 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 be influenced by research or reports that industry or securities analysts publish about our business. If one or more analysts who cover us downgrade our ADSs, the market price for our ADSs would likely decline. If one or more of these analysts cease to cover us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which, in turn, could cause the market price or trading volume for our ADSs to decline.

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

We currently intend to retain most, if not all, of our available funds and any future earnings to fund the development and growth of our business. Subject to our ongoing financial performance, cash position, budget and business plan and market conditions, we may consider paying special dividends. However, we do not plan to pay dividends in the foreseeable future and you should not rely on an investment in our ADSs as a source for any future dividend income.

Our board of directors has discretion as to whether to distribute dividends, subject to applicable laws. In addition, our shareholders may by ordinary resolution declare dividends, but no dividend may exceed the amount recommended by our board of directors. Under Cayman Islands law, a Cayman Islands 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 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, among other things, our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. Accordingly, the return on your investment in our ADSs will likely depend entirely upon any future price appreciation of our ADSs. There is no guarantee that our ADSs will appreciate in value or even maintain the price at which you purchased the ADSs. You may not realize a return on your investment in our ADSs and you may even lose your entire investment in our ADSs.

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

Sales of our ADSs in the public market, or the perception that these sales could occur, could cause the market price of our ADSs to decline. As of March 31, 2025, we had 311,860,331 common shares (excluding (i) 52,252,180 common shares that are reserved for bulk issuance upon the exercise or vesting of awards granted under our share incentive plan, or repurchased by our company but not yet canceled, and (ii) 10,889,429 common shares, consisting of 274,057 ADSs (representing 1,370,285 common shares) and 9,519,144 common shares held by Leading Advice Holding Limited, a share incentive awards holding platform). All our outstanding common shares represented by ADSs were freely transferable by persons other than our “affiliates” without restriction or additional registration under the Securities Act of 1933, as amended, or the Securities Act. The remaining common shares will be available for sale subject to volume and other restrictions as applicable under Rules 144 and 701 under the Securities Act.

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

On June 4, 2024, our board of directors authorized a share repurchase program, under which we may repurchase up to US\$20 million of our shares until June 2025. Although our board of directors has authorized this program, we are not obligated to purchase any specific dollar amount or to acquire any specific number of shares. The timing and amount of repurchases, if any, will depend upon several factors, including market, business conditions, the trading price of the ADSs or our common shares and the nature of other investment opportunities. Our share repurchase program could affect the price of the ADSs and increase volatility and may be suspended or terminated at any time, which may result in a decrease in the trading price of the ADSs. For example, the existence of a share repurchase program could cause the price of the ADSs to be higher than it would be in the absence of such a program and could potentially reduce the market liquidity for the ADSs. Additionally, our share repurchase program could diminish our cash reserves, which may impact our ability to finance future growth and to pursue possible future strategic opportunities. There can be no assurance that any share repurchases will enhance shareholder value because the market price of the ADSs or our common shares may decline below the levels at which we determine to repurchase the ADSs or our common shares. Although our share repurchase program is intended to enhance long-term shareholder value, there is no assurance that it will do so and short-term share price fluctuations could reduce the program's effectiveness.

***Your right to participate in any future rights offerings may be limited, which may cause dilution to your holdings, and you may not receive cash dividends if it is impractical to make them available to you.***

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.

The depository of our ADSs has agreed to pay to you the cash dividends or other distributions it or the custodian receives on our common shares or other deposited securities after deducting its fees and expenses. You will receive these distributions in proportion to the number of common shares your ADSs represent. However, the depository may, at its discretion, decide that it is inequitable or impractical to make a distribution available to any holders of ADSs. For example, the depository may determine that it is not practicable to distribute certain property through the mail, or that the value of certain distributions may be less than the cost of mailing them. In these cases, the depository may decide not to distribute such property to you.

***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. 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.

***The voting rights of holders of ADSs are limited by the terms of the deposit agreement, and you may not be able to exercise your right to direct how the common shares which are represented by your ADSs are voted.***

Holders of ADSs do not have the same rights as our registered shareholders. As a holder of the ADSs, you will not have any direct right to attend general meetings of our shareholders or to cast any votes at such meetings. You will only be able to exercise the voting rights which are carried by the underlying common shares represented by your ADSs indirectly by giving voting instructions to the depositary in accordance with the provisions of the deposit agreement. If we instruct the depositary to ask for your instructions, then upon receipt of your voting instructions, the depositary will try, as far as practicable, to vote the underlying common shares which are represented by your ADSs in accordance with your instructions. If we do not instruct the depositary to ask for your instructions, the depositary may still vote in accordance with instructions you give under specific circumstances when it is not required to do so. You will not be able to directly exercise your right to vote with respect to the underlying common shares represented by your ADSs unless you convert your ADSs into the underlying common shares and become the registered holder of such common shares prior to the record date for a general meeting. When a general meeting is convened, you may not receive sufficient advance notice of the meeting to withdraw the underlying common shares represented by your ADSs and become the registered holder of such common shares to allow you to attend the general meeting and to vote directly with respect to any specific matter or resolution to be considered and voted upon at the general meeting. In addition, under our memorandum and articles of association, for the purposes of determining those shareholders who are entitled to attend and vote at any general meeting, our directors may close our register of members and/or fix in advance a record date for such meeting, and such closure of our register of members or the setting of such a record date may prevent you from withdrawing the common shares underlying your ADSs and becoming the registered holder of such shares prior to the record date, so that you would not be able to attend the general meeting or to vote directly. If we ask for your instructions, the depositary will, at the sole discretion of the depositary and as soon as practicable, notify you of the upcoming vote and will arrange to deliver our voting materials to you. We have agreed to give the depositary at least 30 days' prior notice of shareholder meetings. Nevertheless, we cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote the underlying common shares represented by your ADSs.

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

We and the depositary may amend or terminate the deposit agreement without your consent. Such amendment or termination may be done in favor of our company. Holders of the ADSs, subject to the terms of the deposit agreement, shall be given at least 30 days' notice of any amendment that imposes or increases any fees or charges (other than stock transfer or other taxes and other governmental charges, transfer or registration fees, SWIFT, cable, telex or facsimile transmission costs, delivery costs or other such expenses), or otherwise prejudices any substantial existing right of ADS holders. If you continue to hold the ADSs after an amendment to the deposit agreement, you agree to be bound by the deposit agreement as amended. The depositary may, and shall at our written direction, terminate the deposit agreement and the ADSs by mailing notice of such termination to the registered holders of ADSs at least 30 days prior to the date fixed in such notice for such termination. After instructing its custodian to deliver all ordinary shares to us along with a general stock power that refers to the names set forth on the ADS register maintained by the depositary and providing us with a copy of the ADS register maintained by the depositary, the depositary and its agents will perform no further acts under the deposit agreement or the ADSs and shall cease to have any obligations under the deposit agreement and/or the ADSs.

***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 the ADSs may agree to distribute, subject to the terms of the deposit agreement, the cash dividends or other distributions it or the custodian receives on our ordinary shares or other deposited securities underlying the ADSs, after deducting its fees and expenses. You would receive these distributions in proportion to the number of common shares the 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. Additionally, the value of certain distributions may be less than the cost of distribution. 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 the ADSs and ordinary shares.

***ADS 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 plaintiffs in any such action.***

The deposit agreement provides that, 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 depository arising out of or relating to our ordinary shares, the ADSs or the deposit agreement, including any claim under the U.S. federal securities laws.

If we or the depository opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable based on the facts and circumstances of that case in accordance with the 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 U.S. Supreme Court. However, we believe that a pre-dispute contractual waiver of jury trial is generally enforceable, including under the laws of the State of New York, which govern the deposit agreement, by a federal or state court in the City of New York, which has non-exclusive jurisdiction over matters arising under the deposit agreement. In determining whether to enforce a pre-dispute contractual waiver of jury trial, 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 entering into the deposit agreement. The jury trial waiver provision may result in increased costs to ADS holders to bring a claim, limited access to information and other imbalances of resources between our company and our ADS holders, and such provision could discourage claims or limit our ADS holders' ability to bring a claim in a judicial forum that they find favorable.

If you or any other holders or beneficial owners of ADSs bring a claim against us or the depository in connection with matters arising under the deposit agreement or the ADSs, including claims under federal securities laws, you or such other holder or beneficial owner may not be entitled to a jury trial with respect to such claims, which may have the effect of limiting and discouraging lawsuits against us and the depository. If a lawsuit is brought against either or both of us and the depository under the deposit agreement, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may result in different outcomes than a trial by jury would have, including results that could be less favorable to the plaintiffs in any such action.

Nevertheless, if this jury trial waiver provision is not permitted by applicable law, an action could 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 the U.S. federal courts may be limited because we are incorporated under Cayman Islands law, we conduct our operations primarily in China and substantially all of our directors and officers reside outside the United States.***

We are incorporated in the Cayman Islands and conduct our operations primarily in China through our PRC subsidiaries and variable interest entity and its subsidiaries. Substantially all of our directors and officers reside outside the United States. As a result, it may be difficult or impossible for you to bring an action against us or against these individuals in the Cayman Islands or in the United States in the event that you believe that your rights have been infringed under the U.S. securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands and of China may render you unable to enforce a judgment against our assets or the assets of our directors and officers.

There is uncertainty as to whether Cayman Islands courts or PRC courts would recognize or enforce judgments of courts of the United States obtained against us, or entertain original actions brought in the Cayman Islands or the PRC against us, based on certain civil liability provisions of U.S. securities laws. 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 reexamination of the merits of the underlying dispute based on the principle that a judgment of a competent foreign court imposes upon the judgment debtor an obligation to pay the 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; (iii) is not inconsistent with a Cayman Island judgment in respect of the same matter, and (iv) is not impeachable on the grounds of fraud and 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.

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 jurisdiction where the judgment is made or on principles of reciprocity between jurisdictions. China does not have any treaties with the United States or the Cayman Islands that provide for the enforcement of foreign judgments, and PRC courts strictly adopt the principle of reciprocity in judicial practice. In addition, according to the PRC Civil Procedures Law, 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 law or national sovereignty, national 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.

Our corporate affairs are governed by our memorandum and articles of association, as amended and restated from time to time, and by the Companies Act (As Revised) and common law of the Cayman Islands. The rights of shareholders to take legal actions against us and our directors, actions by 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 English common law, which provides persuasive, but not binding, authority in 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 precedents in the United States. In particular, the Cayman Islands has a less developed body of securities laws than the United States and provides significantly less protection to investors. In addition, with respect to Cayman Islands companies, plaintiffs may face special obstacles, including but not limited to those relating to jurisdiction and standing, in attempting to assert derivative claims in state or federal courts of the United States.

It is also difficult or impossible for you to bring an action against us or against our directors and officers in China. Under the PRC Civil Procedures Law, foreign shareholders may bring an action 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 bring 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 common shares, to establish a connection to the PRC for a PRC court to have jurisdiction as required under the PRC Civil Procedures Law.

As a result, our public shareholders may have more difficulties in protecting their interests through actions against us, our management, our directors or our controlling shareholders than would shareholders of a corporation incorporated in a jurisdiction in the United States.

***Since we are a Cayman Islands exempted company, the rights of our shareholders may be more limited than those of shareholders of a company organized in the United States.***

Under the laws of some jurisdictions in the United States, majority and controlling shareholders generally have certain fiduciary responsibilities to the minority shareholders. Shareholder action must be taken in good faith, and actions by controlling shareholders which are obviously unreasonable may be declared null and void. Protection of the interests of minority shareholders under Cayman Islands law may not be as effective in all circumstances as under some U.S. jurisdictions. In addition, the circumstances in which a shareholder of a Cayman Islands company may sue the company derivatively, and the procedures and defenses that may be available to the company, may result in the rights of shareholders of a Cayman Islands company being more limited than those of shareholders of a company organized in the United States.

Furthermore, our directors have the power to take certain actions without shareholder approval which would require shareholder approval under the laws of most U.S. jurisdictions. The directors of a Cayman Islands company, without shareholder approval, may implement a sale of any assets, property, part of the business, or securities of the company. Our ability to create and issue new classes or series of shares without shareholders' approval could have the effect of delaying, deterring or preventing a change in control without any further action by our shareholders, including a tender offer to purchase our common shares at a premium over then current market prices.

***Our memorandum and articles of association contains anti-takeover provisions that could adversely affect the rights of holders of our common shares and ADSs.***

Our currently effective memorandum and articles of association contains certain provisions that could limit the ability of others to acquire control of our company, including a provision that grants authority to our board of directors to establish from time to time one or more series of preferred shares without action by our shareholders. The provisions could have the effect of depriving our shareholders of the opportunity to sell their shares at a premium over the prevailing market price by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transactions.

***Our corporate actions are substantially controlled by our directors, executive officers and other principal shareholders, who can exert significant influence over important corporate matters, which may reduce the price of our ADSs and deprive you of an opportunity to receive a premium for your shares.***

As of March 31, 2025, our directors, executive officers and existing principal shareholders beneficially owned approximately 56.9% of our outstanding common shares. These shareholders, if acting together, could exert substantial influence over matters such as electing directors and approving material mergers, acquisitions or other business combination transactions. This concentration of ownership may also discourage, delay or prevent a change in control of our company, which could have the dual effect of depriving our shareholders of an opportunity to receive a premium for their shares as part of a sale of our company and reducing the price of our ADSs. These actions may be taken even if they are opposed by our other shareholders. In addition, these persons could divert business opportunities away from us to themselves or others.

***We believe we were a passive foreign investment company for United States federal income tax purposes for our taxable year ended December 31, 2024, which could subject United States investors in the ADSs or common shares to significant adverse United States federal income tax consequences.***

Based upon the nature and composition of our assets (in particular, the retention of substantial amounts of cash and investments), and the market price of our ADSs, we believe that we were a "passive foreign investment company" (a "PFIC") for United States federal income tax purposes for our taxable year ended December 31, 2024, and we will very likely be a PFIC for our current taxable year ending December 31, 2025 unless the market price of our ADSs increases and/or we invest a substantial amount of the cash and other passive assets we hold in assets that produce or are held for the production of active income. In addition, it is possible that one or more of our subsidiaries may be or become classified as a PFIC for United States federal income tax purposes. A non-U.S. corporation will be classified as a PFIC for any taxable year if either (1) 75% or more of its gross income consists of certain types of passive income or (2) 50% or more of the value of its assets (generally determined on the basis of a quarterly average) during such year is attributable to assets that produce or are held for the production of passive income. Although the law in this regard is unclear, we intend to treat the variable interest entity (including its subsidiaries) as being owned by us for United States federal income tax purposes, not only because we exercise effective control over the operations of such entity, but also because we are entitled to substantially all of its economic benefits, and, as a result, we consolidate its results of operations in our consolidated financial statements.

If we or any of our subsidiaries is classified as a PFIC for any taxable year during which a U.S. Holder (as defined in Item 10. Additional Information—E. Taxation—United States Federal Income Tax Considerations) holds our ADSs or common shares, such U.S. Holder will generally be subject to burdensome reporting requirements and may incur significantly increased United States federal income tax on gain recognized on the sale or other disposition of the ADSs or common shares and on the receipt of distributions on the ADSs or common shares to the extent such gain or distribution is treated as an “excess distribution” under the United States federal income tax rules. Further, if we are classified as a PFIC for any year during which a U.S. Holder holds our ADSs or common shares, we generally will continue to be treated as a PFIC for all succeeding years during which such U.S. Holder holds our ADSs or common shares, unless we cease to be a PFIC and such U.S. Holder makes a “deemed sale” election with respect to the ADSs or common shares. For more information, see the section titled “Item 10. Additional Information—E. Taxation—United States Federal Income Tax Considerations—Passive Foreign Investment Company Considerations” and “Item 10. Additional Information—E. Taxation—United States Federal Income Tax Considerations—Passive Foreign Investment Company Rules.”

#### **Item 4. Information on the Company**

##### **A. History and Development of the Company**

We commenced operations in January 2003 through the establishment of Shenzhen Xunlei, which operates our Xunlei internet platform together with its various subsidiaries in the PRC.

In February 2005, we established Xunlei Limited as our holding company in the Cayman Islands. Xunlei Limited directly owns Giganology Shenzhen, our wholly owned subsidiary in China established in June 2005. Giganology Shenzhen primarily engages in the research and development of new technologies.

Giganology Shenzhen has entered into a series of contractual arrangements with Shenzhen Xunlei and its shareholders. These contractual arrangements enable us to direct the activities that most significantly affect Shenzhen Xunlei’s economic performance and as a result, we have consolidated the financial results of Shenzhen Xunlei and its subsidiaries in our consolidated financial statements in accordance with U.S. GAAP. The existing principal subsidiaries of Shenzhen Xunlei include the following:

- Shenzhen Xunlei Wangwenhua Co., Ltd. (formerly known as “Shenzhen Fengdong Networking Technologies Co., Ltd.”), or Wangwenhua, which was established in December 2005 and primarily engages in software development, technical consulting and other related technical services.
- Xunlei Games Development (Shenzhen) Co., Ltd., or Xunlei Games, which was established in February 2010 and primarily engages in the development of online game and computer software and advertising services.
- Shenzhen Onething Technologies Co., Ltd., which was established in September 2013 and currently a subsidiary of Shenzhen Xunlei, and primarily engages in cloud computing technology development and related services with valid Value-added Telecommunication Services Licenses. As of the date of the annual report, Shenzhen Xunlei holds 70% of equity interest in Shenzhen Onething Technologies Co., Ltd., and certain plan participants or share incentive awards holding platforms hold the rest of equity interest for the employee share incentive plan.
- Henan Tourism Information Co., Ltd., which we acquired 80% of the total equity interest from an independent third party in June 2018 and primarily engages in computer software development, information consultation, entertainment services, advertising, and certain information services under Type II value-added telecommunication businesses.
- Jiangxi Node Technology Services Co., Ltd., which was established in July 2020 and primarily engages in bandwidth purchasing.
- Shenzhen Qianhai Onething Network Technologies Co., Ltd. (formerly known as Shenzhen Yunwangwulian Technology Co., Ltd.), which was established in October 2019 and primarily engages in cloud computing technology development and related services.

In February 2011, we established a direct wholly-owned subsidiary, Xunlei Network Technologies Limited, or Xunlei Network BVI, in the British Virgin Islands. In March 2011, we established Xunlei Network Technologies Limited, or Xunlei Network HK, in Hong Kong, which is the direct wholly-owned subsidiary of Xunlei Network BVI. Xunlei Network HK primarily engages in the development of computer software. In November 2011, we established Xunlei Computer in China, which is the direct wholly-owned subsidiary of Xunlei Network HK. Xunlei Computer primarily engages in the development of computer software and information technology services.

In June 2014, we completed the initial public offering of our ADSs, which are listed on the Nasdaq Global Select Market under the symbol “XNET.”

In September 2014, we, through Shenzhen Xunlei, acquired from subsidiaries of Kingsoft Corporation Limited Kuaipan Personal and Kansunzi, both software services in support of cloud-sourced storage and sharing, and their related business and assets, for an aggregate cash consideration of US\$33 million. In August 2016, we discontinued our Kuaipan Personal services due to a change of business focus.

In July 2015, we completed the sale of our entire stake in Xunlei Kankan to Beijing Nesound International Media Corp., Ltd., an independent third party, for a consideration of RMB130.0 million. As of December 31, 2019, Beijing Nesound International Media Corp., Ltd. had fully paid the whole consideration of RMB130.0 million to us.

In April 2021, we acquired all equity interest of Funi. Pte. Ltd. from an independent third party. Funi. Pte. Ltd. was established in Singapore and primarily engages in audio live-streaming business in the Middle East, North Africa and Southeast Asia and business development for international markets.

In February 2022, we established Fuconnect. Pte. Ltd. in Singapore, primarily offering an audio live-streaming product, which primarily targets regions such as East Asia and Southeast Asia.

In January 2025, we entered into a definitive agreement to acquire Shanghai Kuanghui Network Technology Co., Ltd., which operates Hupu, for a total cash consideration of RMB500 million, subject to certain adjustments. Hupu is China’s leading sports media and data platform. The closing of the transaction is subject to certain conditions and is currently expected to occur in the first half of 2025.

Our principal executive offices are located at 3709 Baishi Road, Nanshan District, Shenzhen, 518000, the People’s Republic of China. Our telephone number at this address is +86-0755 61111571. 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.

The SEC maintains an internet site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC on [www.sec.gov](http://www.sec.gov). You can also find information on at our investor relations website <http://ir.xunlei.com>. The information contained therein is not a part of this annual report.

See “Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Capital Expenditures” for a discussion of our capital expenditures.

## **B. Business Overview**

### **Overview**

We are a leading technology company providing distributed cloud services in China. We operate a powerful internet platform in China based on cloud technology to enable our users to quickly access, store, manage and consume digital media content on the internet. We have expanded our products and services from PC-based devices to mobile devices in part through pre-installed acceleration products in mobile phones to further enlarge our user base and offer our users a wider range of access points. We provide a wide range of products and services across cloud acceleration, shared cloud computing and digital entertainment to deliver an efficient, smart and safe internet environment to our users.

### ***Entertainment Ecology***

We provide users with quick and easy access to online digital media content through (i) our core product, Xunlei Accelerator, a free product which enables users to accelerate digital transmission over the internet, and (ii) subscription services, which are delivered through our product, Green Channel, and offer users premium services for speed, reliability and storage.

Xunlei Accelerator is our most popular product, and had approximately 47.9 million monthly unique visitors in December 2024, according to our internal records. In addition to Xunlei Accelerator, we also provide cloud computing services and products, live-streaming services and other internet value-added services, which primarily include online advertising and online game services.

As a part of our cloud-based mobile strategies, in 2012, we launched Mobile Xunlei, a mobile app that allows users to search, download, consume and store digital media content on their mobile devices in a user-friendly way. Mobile Xunlei has successfully gained popularity, as evidenced by being one of the most downloaded applications in its category. Based on our own records, the monthly average daily active user of Mobile Xunlei reached about 4.4 million in 2024.

Our mobile initiatives also benefit from our relationship with Xiaomi. In 2014, we entered into a pre-installed services agreement with Xiaomi, pursuant to which we agree to provide our Mobile Xunlei acceleration plug-in, and Xiaomi agrees to install such plug-in on its phones free of charge. Such pre-installment arrangement provides mobile phone users with access to our acceleration services, which we believe enhances our ability to generate more user traffic. Our mobile acceleration software has been officially adopted by Xiaomi's operating systems and installed on Xiaomi phones sold in China, including both new phone shipments and system upgrades from existing Xiaomi phones.

Apart from our core digital media transmission product and services, we launched our video live-streaming business in 2016 and audio live-streaming business in 2018. In 2021, we further diversified our live-streaming products portfolio by rolling out Hiya in April 2021, an audio live-streaming product for overseas markets primarily in the Middle East, North Africa and Southeast Asia, and Hiya Voice in September 2021, another audio live-streaming product mainly focusing on the China market. Users may chat and interact with broadcasters, and they can purchase virtual gifts from the platform to reward the broadcasters they like. In 2023 and 2024, we streamlined our audio live-streaming business by terminating the operations of Hiya Voice and Xunlei Live in China to adapt to the evolving market conditions. As a result, we have ceased providing both audio and video live-streaming services in China, while we continue to provide audio live-streaming services in overseas markets.

### ***Shared Computing Ecology***

Another key aspect of our strategies is to continue our innovation in crowd-sourcing of idle bandwidth capacity and potential storage from users of our cloud computing hardware devices so that we can continuously deliver computing resources to third parties, such as internet content providers, through our CDN services. To further develop our cloud computing business, we launched our decentralized cloud computing product, OneThing Cloud, in 2017. OneThing Cloud is essentially a cloud-based storage and sharing device that allows users to share their idle internet bandwidth and storage resources with our content delivery networks. Third-party purchasers of our cloud computing services include some of the leading internet companies in China. In 2020, we launched our own reward program, which allows users of OneThing Cloud to share crowdsources idle uplink capacities and external storage with us in exchange for a small amount of cash rewards.

In 2018, we launched StellarCloud, a shared cloud computing platform that upgraded our existing content delivery network (CDN) services to Infrastructure as a Service (IaaS). StellarCloud provides powerful and cost-effective cloud computing solutions and shares its extensive node distribution with our enterprise users, enabling efficient and cost-effective access. StellarCloud also offers edge computing, function computing and shared CDN (SCDN) solutions to our enterprise users. Customers of our StellarCloud include some of the leading internet companies in China.

In 2019, we further expanded our CDN network by jointly establishing dozens of distributed cloud computing node rooms across China with local IDC and ISP service providers to collect idle bandwidth, storage space and other resources. We installed our OneThing Cloud devices in these locations while local IDC and ISP service providers provide us with internet access and data center management services.

In June 2022, we launched a new hardware product for edge computing. In January and December 2023, we further launched two new generations of OneThing Cloud hardware products. All three OneThing hardware products deploy the edge computing technology we developed. By intelligently deploying users' computing resources, storage and idle network capacity, the technology can optimize the distribution of computing power on the edge cloud computing network. Customers and users are rewarded according to the level of resources they contribute to the network.

### ***Blockchain Ecology***

In 2018, we launched ThunderChain, an open platform that enables our enterprise users to develop and manage blockchain applications. It represents our first accomplishment after we shift our focus from developing application products based on blockchain technology to the research and development of blockchain infrastructures.

In September 2020, we launched a BaaS (Blockchain as a Service) platform, which is a high-performance blockchain technology platform based on the infrastructure of ThunderChain. With one-stop blockchain service solutions, it is designed to liberate enterprises and developers from complex technical issues in blockchain infrastructure and to drive innovation and productivity. In the current stage, our Baas Platform on ThunderChain covers five modules including application, access, service, key technology and resources.

### ***Monetization***

We generate revenues by monetizing our large user base, primarily through the following services:

- *Subscription services.* We provide premium subscription services to subscribers to enable faster download acceleration and more reliable access as well as larger cloud storage to digital media content.
- *Cloud computing services and products.* We offer cloud computing services by crowdsourcing idle bandwidth capacity and potential storage from users and continuously deliver computing resources to third parties, such as internet content providers, through our CDN services. In addition to the sales of our cloud computing services, we also sell hardware devices that provide our users with easy access to our cloud computing services.
- *Live-streaming and other services.* We historically offer various live-streaming products, including video live-streaming and audio live-streaming domestically and internationally. We ceased the operations of our audio live-streaming business and video live-streaming business in China in June 2023 and October 2024, respectively. As a result, we have ceased providing both audio and video live-streaming services in China, while we continue to provide audio live-streaming services in overseas markets. We also offer other services including other value-added services, such as online advertising, online games, technical services, and rental service.

Our total revenues increased from US\$342.6 million in 2022 to US\$364.9 million in 2023, but then declined to US\$324.4 million in 2024. We had a net income attributable to Xunlei Limited of US\$21.5 million in 2022, US\$14.2 million in 2023, and US\$1.2 million in 2024.

### ***Our platform***

On our platform, users can accelerate internet content transmission and store digital content in the cloud drive, develop and operate blockchain-based services and applications, as well as enjoy popular forms of internet-based entertainment, such as watching online digital content and live performances, playing online games, and interacting with broadcasters through audio live-streaming platforms.

### ***Cloud-based acceleration***

We provide data transmission acceleration services based on cloud computing technology to internet users. Our cloud computing technology utilizes a network of computers hosted on the internet to store, manage and process data, thus providing our users with acceleration in internet data transmission and improving their download success rates. We provide our acceleration services to internet users with the following products and services.

### *Accelerator*

We launched our core product, Xunlei Accelerator, in 2004 to address deficiencies of digital media content transmission over internet in China. Xunlei Accelerator allows users to accelerate digital transmission over the internet for free. Xunlei Accelerator also bridges users with diverse needs to other services we offer, such as Xunlei Media Player, which supports both online and offline video watching, and our various online games, by recommending and providing links to these services on its user interface.

Xunlei Accelerator is designed to provide an effective digital media content transmission solution to our users. In addition to our featured transmission acceleration function, we have integrated certain features into the interface of Xunlei Accelerator to enhance the overall user experience while helping users transmit their desired content efficiently. For example, Xunlei Accelerator provides a platform to integrate other third-party plug-in applications. Users can add application tabs to create shortcuts to various services that are provided by us, third-party application developers and application vendors who have business relationships with us. Xunlei Accelerator also has a task management console to allow users to track and manage their transmissions in progress, to manage and prioritize cloud-based data transmission tasks, or manage and synchronize transmitted content across multiple internet-enabled devices.

In 2020, we further tapped into our existing acceleration capacity and expanded the digital media content transmission solution provided by our Xunlei Accelerator to cover business users, in particular, online game companies. Depending on specific demands of online game companies, we are able to formulate individualized acceleration solutions tailored to such online game companies and help them better connect with target users of their online games.

In 2020, we also upgraded our Xunlei Accelerator by providing our users with personal cloud storage resources through launching Xunlei Cloud Drive. Instead of stretching increasingly inadequate local storage resources, Xunlei Cloud Drive allows users to save documents, files and other internet content they downloaded on the cloud server. Users can also upload documents and files on Xunlei Cloud Drive with security control, which provides real-time back-ups. Our Xunlei Cloud Drive offers each user a free storage space of 10 GB. Users can retrieve the internet content they stored on Xunlei Cloud Drive whenever they want through different terminals including tablets, smartphones and desktops. Xunlei Cloud Drive also allows users to share the data saved on the cloud server among each other. Users are able to access our Xunlei Cloud Drive service for free through our Xunlei Accelerator. Subscribers of our premium cloud acceleration service will be able to enjoy a cloud storage space of 3 TB to 12 TB.

In September 2022, we expanded our offerings by introducing the Xunlei Cloud Drive application for TV, enhancing user experience across various scenarios such as television, online TV, projectors and more. Our aim is to empower cloud drive users to seamlessly consume videos, pictures and files on larger screens. This innovative application enables users to effortlessly switch between different levels of definition, play synchronization, sound effects toggles, HDR support and other premium features. Additionally, the TV application facilitates content consumption on diverse hardware devices including PCs, NAS systems and network devices.

### *Mobile acceleration plug-in*

We offer a mobile acceleration plug-in, which provides mobile device users with benefits of download speed acceleration and download success rate improvements similar to those offered by the PC-based Xunlei Accelerator. Our mobile acceleration plug-in has been adopted by Xiaomi, a Chinese smartphone maker, on all of its Hyper operating systems. Xiaomi installs our mobile acceleration plug-in on all of its new phones sold in China free of charge and adds such plug-in to the existing ones via system upgrade. Xiaomi phone users thus have access to our acceleration services.

### *Subscription services*

We charge monthly, quarterly or annual fees for our premium subscription services. The benefits and services within the subscription package, which typically include incrementally larger bandwidth, faster acceleration speed and larger cloud storage, are upgraded according to the VIP levels. Our subscription services are delivered through our major premium acceleration product, Green Channel. It allows our subscribers to transmit digital media files from the internet, which significantly improves speed and reliability of such transmission. This is particularly helpful when subscribers need to transmit files that are only available from slow or unreliable data transmission sources, or to transmit a group of files while having only limited internet connectivity time. In addition to our major premium acceleration product, our product, Fast Bird, also accelerates our subscribers' internet access by increasing the bandwidth of the network system provided by telecommunications service providers.

We adopted different strategies and various promotion programs for each VIP level. For example, when we discovered that some of our users were not aware of our subscription services, we provided users with greater exposure to our subscription services in different parts of our platform and promoted products with significant potential interests to specific users. We use our powerful digital data analysis capabilities to explore different areas of users' needs previously unmet by existing functions and research and develop relevant functions based on such analysis. We offer users promotional measures, such as providing some free trials of premium acceleration services, to show the differences in the data transmission speeds to demonstrate how our premium services tremendously enhance data delivery speed and overall subscriber experience. In order to promote customer loyalty, we may elevate the VIP levels of our subscribers if they actively engage in our services. Once upgraded to certain higher VIP levels, our subscribers may be offered additional independent accounts, internally termed as sub-accounts, which allow users to access our premium acceleration services, at no additional charges. Starting from September 2016, we have ceased to provide new sub-accounts to users with upgraded VIP levels. Users with existing independent accounts are still able to use such accounts.

We had a subscriber base of approximately 5.0 million, 6.0 million and 6.4 million as of December 31, 2022, 2023 and 2024, respectively. In this annual report, the number of subscribers as of a given day excludes any sub-accounts.

### ***Mobile Xunlei***

Mobile Xunlei is a mobile application that allows users to search, download and consume digital media content on their mobile devices. The monthly average daily active user of this product was about 4.4 million in 2024. We monetize our mobile traffic through advertising sales. Moreover, this mobile application also supplements our existing subscriptions business. Some of our mobile application users also became users of our PC-based Xunlei Accelerator.

### ***Cloud computing***

We launched our cloud computing project in 2014, which crowdsources idle uplink capacity from internet users who have bought and connected our proprietary hardware, Zhuanqianbao, to their network router. Our Zhuanqianbao devices can allocate those users' idle uplink capacity to us. We pay users of our Zhuanqianbao devices for the use of their idle uplink capacity.

To further develop our cloud computing business and at the same time explore emerging blockchain technology, we launched our decentralized cloud computing product, OneThing Cloud, in 2017. OneThing Cloud is a cloud-based storage and sharing device, which crowdsources idle uplink capacity from our users who have bought and connected their OneThing Cloud devices to their network router. Similar to Zhuanqianbao, users of OneThing Cloud can voluntarily share their idle computing resources to us. Through our proprietary technologies, we crowdsource idle computing resources contributed by users and convert them into cloud computing resources to be provided to our customers, such as internet content providers, through our CDN services. Users of OneThing Cloud can also voluntarily participate in our cash reward program and receive a small amount of cash while contributing idle uplink capacity to us.

In 2018, we further advanced our cloud computing business and launched StellarCloud. StellarCloud is a distributed cloud computing platform that integrates the idea of shared economy and blockchain technology with cloud computing technology. Leveraging our proprietary technologies, such as stellar scheduling, weak network acceleration and network dynamic defense, and the advantages of extensive distribution of nodes over traditional cloud vendors, StellarCloud provides powerful and cost-effective cloud computing solutions, such as edge computing, function computing and shared CDN (SCDN) and shares its extensive node distribution with its enterprise users. In 2019, we further expanded our CDN network by jointly establishing dozens of distributed cloud computing node rooms across China with local IDC and ISP service providers. We installed our OneThing Cloud devices in these locations while local IDC and ISP service providers provide us with internet access and data center management services. By cooperating with these IDC and ISP service providers, we are able to collect idle bandwidth, storage space and other resources.

The crowdsourced uplink capacities are valuable resources that we target to commercialize with potential customers such as streaming websites and app stores. Depending on our own needs, we also utilize those crowdsourced uplink capacities for our business from time to time, reducing our purchase of bandwidth from traditional third-party carriers. In addition, relying on a large number of distributed cloud computing nodes, we have been researching and developing advanced edge computing applications in anticipation of a rising new industry. We have launched hardware products for edge computing which deploy the edge computing technology we developed. By intelligently deploying users' computing resources, storage and idle network capacity, the technology can optimize the distribution of computing power on the edge cloud computing network. Customers and users are rewarded according to the level of resources they contribute to the network.

### ***ThunderChain***

We rolled out our first blockchain infrastructure product, ThunderChain, in May 2018. ThunderChain is an open platform that enables our users to develop and manage blockchain applications. We are dedicated to exploring practical adoptions of blockchain in various industries and sectors, and providing tools, frameworks, and guidelines for blockchain development. Through our ThunderChain open platform, we provide smart contract development services, blockchain implementation services, and blockchain commercial ecosystem establishment services. In December 2019, we updated ThunderChain's portfolio of products across six major industry sectors, i.e., financial services, livelihood matters, justice, healthcare, government services and industries. With this set of releases, ThunderChain now can offer a wide range of effective blockchain product solutions.

Our ThunderChain platform addresses the difficulties that both enterprise users and developers face in applying blockchain in an all-dimensional approach. For example, our ThunderChain platform has a strong concurrent processing capability. It is able to process over a million transactions per second. By using dual consensus algorithm (DPoA+PBFT), our ThunderChain platform is also able to realize low latency, outstanding data consistency and avoid bifurcation of data. Our ThunderChain platform supports several programming languages such as solidity, C, and C++. Developers do not have to learn new languages to develop ThunderChain-based blockchain applications. In addition, blockchain applications that are developed based on our ThunderChain generally have a good scalability as our ThunderChain platform supports configurable consensus algorithm and underlying storage system replacement, which facilitates the upgrade of ThunderChain-based blockchain applications based on different application scenarios. In terms of data security and privacy, our ThunderChain platform provides several advanced privacy protection solutions and supports multiple cryptographic algorithms. With these difficulties solved, enterprise users and developers are able to focus on application innovation and functional development.

Based on ThunderChain, we launched BaaS (Blockchain as a Service) platform in 2020, which offers one-click deployment service and further lowers the thresholds for enterprise users and developers to develop blockchain-based products. The BaaS platform further frees enterprise users and developers from hassles in dealing with complex technical problems in developing blockchain-based products and enables enterprise users and developers to focus more on the functionality and business rationale of their products.

### ***Live-streaming services***

We launched our live-streaming services in 2016. Through our Xunlei Live website and mobile app, users are able to access our live video streaming services. While viewing live online performances delivered by broadcasters, users may interact with broadcasters, purchase virtual items from us to reward broadcasters they like. In May 2018, we expanded our live-streaming business by launching another audio live-streaming service through our mobile app. Users and broadcasters may interact with each other in the chat-rooms with different topics through audio live-streaming and purchase virtual items from our platform to reward each other.

We further diversified our live-streaming offerings in 2021. We launched Hiya, an audio live-streaming platform targeting overseas markets in April 2021. Similar to our audio live-streaming platform we launched in May 2018, overseas users of Hiya can join different chat-rooms with their favorite topics, then they are able to interact with broadcasters by purchasing virtual items from the platform and rewarding virtual items to broadcasters. In 2024, Hiya generated a revenue of US\$31.4 million, accounting for 9.7% of our total revenues in 2024, as compared to US\$27.9 million, accounting for 7.6% of our total revenues in 2023. As of the date of this annual report, users of Hiya are primarily from countries in the Middle East, Southeast Asia, South Asia and North Africa. We have been downsizing our domestic live-streaming operations for strategic reasons, including the terminations of our audio live-streaming operations of Hiya Voice in June 2023 and operations of our video live-streaming business on Xunlei Live in China in October 2024.

In addition, we launched Wefun in July 2023. Wefun is an audio live-streaming product primarily targeting regions such as East Asia and Southeast Asia. Users of Wefun can join various chat rooms based on their favorite topics, allowing them to interact with broadcasters by purchasing and rewarding virtual items. In 2024, Wefun generated revenue of US\$18.9 million, accounting for 5.8% of our total revenues.

### ***Xunlei Media Player***

Xunlei Media Player, which we launched in 2008, is a supplementary tool that helps deliver a more comprehensive viewing experience of digital media content to the users of Xunlei Accelerator. Xunlei Media Player is our proprietary product that supports both online and offline play of digital media content as well as simultaneous play of digital media content while it is being transmitted by Xunlei Accelerator.

### ***Online game services***

To better serve our users, we partner with third-party online game developers or service providers to offer our users an array of online games through our online game website and mobile app. Such game play platform helps raise the average spending of our subscribers. Online game players can play the games free of charge, but are offered the opportunity to purchase in-game virtual items for a fee to enhance their game-playing experience. We typically enter into cooperation agreements with third-party online game developers or service providers and share revenues generated from online game operations pursuant to revenue sharing arrangements in the agreements.

After we disposed of our web game business and discontinued PC-based massively multiplayer online games business in 2018, we only operated mobile game business under our online game business. We started to cooperate with third parties to operate web game business in 2019 under a business model different from that of our previous web game business. In 2019, we collaborated with a third-party online game provider to provide our users with an array of web games on our Xunlei game center website. In 2020, we partnered with additional third-party online game providers to operate web games. We also started to operate PC-based massively multiplayer online games in 2021 again. After logging into their Xunlei accounts, our users are able to play these web games provided by the third-party online game providers. Our users are also able to purchase virtual items in those web games using a payment channel provided by us. Mobile games developed by third-party online game developers are available on our mobile app as usual. Users can download mobile games they are interested in through our mobile app and login the games by using their Xunlei accounts.

In addition to the above value-added services, we may also from time to time offer other ancillary services to cater to users' needs and to supplement the major services we provide.

### ***Advertising services***

We provide advertising services primarily through various forms of advertisements placed on our mobile platform and PC websites. We experienced a decline in revenue from mobile advertising in 2019 and 2020, primarily due to a generally decreased demand for our online advertising services. With a view to improving the competitiveness of our advertising services, we entered into an advertising revenue sharing agreement with Itui, our largest shareholder, and outsourced our advertising business to Itui in 2020. Itui has developed a precision customer target algorithm, and by cooperating with them, we hope to improve advertisement placement and improve revenues as a result. Pursuant to the agreement, Itui is responsible for operating our advertising services and shares a portion of revenue generated from placing advertisements on our PC websites and mobile platform. Our advertising revenue experienced further decline in 2021, primarily due to lower advertising placements starting from the second quarter of 2021 as a result of evolving regulations of the internet industry in China, which negatively affected our advertising business. In 2022, our advertising revenue continued to be negatively affected by more stringent regulatory policy for the internet industry, lower demand for advertising placement due to the ongoing pandemic and economic slowdown, as well as volatility of foreign exchange rate. In 2023 and 2024, as a result of our continued effort on product optimization and the economic recovery, our advertising revenue increased by 13.4% and 22.9%, respectively.

### ***Xunlei Browser***

We launched Xunlei Browser in May 2024 which excels in providing users with an exceptional experience across three key scenarios: video streaming, web browsing, and novel reading. We have incorporated our advanced video processing technology into this browser, enabling users to experience seamless playback in less than a second even while using the browser. Additionally, it supports various video formats and offers one-click cloud playback for content from links. Users can enjoy ultra-high definition original images, stable and smooth playback, as well as online subtitles when watching videos on web pages.

### **Technology**

We provide accelerated data transmission services, available on PC and mobile devices, based on our distributed file locating system, designed to utilize our proprietary file indexing technology.

### ***Indexing technology***

Key elements of our file indexing technology include:

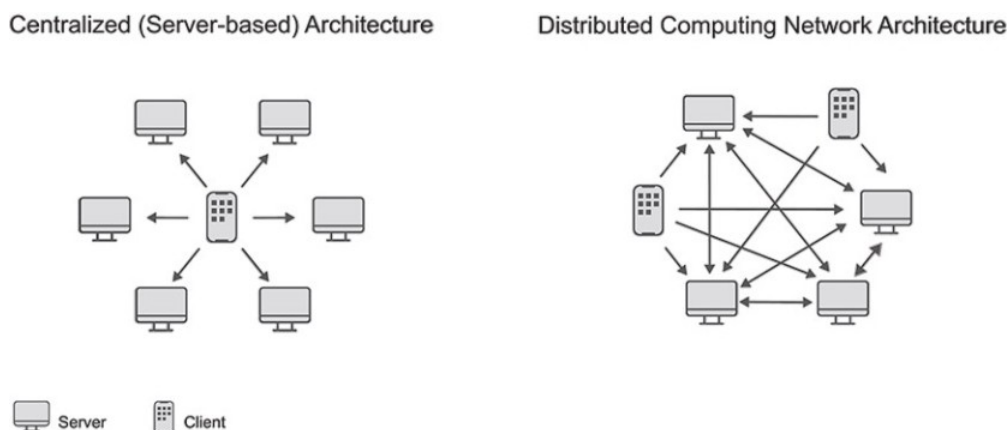
*File indexing.* We have created, and continue to maintain, a proprietary file index database that stores a massive index of unique file signatures representing all digital media content file that Xunlei Accelerator has found across the internet. Each file signature uniquely identifies the index of a given file. We store a list of each unique file's available data transmission locations from across the internet, which may include both peer and server computers, along with the estimated speed and reliability of each location.

*Data mining.* We also employ data mining algorithms, studying user habits in order to maximize the speed of our data delivery by ranking the keyword indexes that users search for and placing digital media content more likely to be searched by users in the more easily accessible locations in our network for optimal delivery speed.

*Distributed internet crawling techniques.* Our Xunlei Accelerator network acts as a system of distributed spiders to crawl the internet to search for digital media content files. Whenever the user initiates data transmission by using our Xunlei Accelerator, the URL of the data transmission location is uploaded to our server. We then use that URL to traverse and locate any other digital media content files that may also be available from the URL's internet page repositories. We then update our file index according to each traversal result.

### ***Distributed file locating system***

Our distributed file locating system is based on distributed computing architecture, which consists of all Xunlei Accelerator clients that are running and connected to the internet at a given time, along with the server addresses stored in our file index database. When users launch Xunlei Accelerator on a network-connected device, they are automatically connected to our distributed file locating system and contribute their bandwidth and computing power to our distributed file locating system, which enables users to locate and connect efficiently.



Key technologies include:

*Multi-protocol file transfer technology.* Our multi-protocol file transfer technology allows our product client to transmit, in parallel, from multiple sources that may use different file transfer protocols. Our multi-protocol file transfer technology significantly increases the number of data transmission sources available to further enhance data transmission performance.

*Distributed file locating system.* Our distributed file locating system helps users discover the best data transmission locations from across the internet, where a particular file may be transmitted or streamed for optimal performance. When a user requests data transmission using our Xunlei Accelerator, distributed file locating system will algorithmically prioritize and select from among the file's available data transmission locations an optimized subset of URLs based on their respective transmit speed and reliability, which is estimated through real-time collaborative interactions between our file index server and our massive network of active Xunlei Accelerator clients across the internet.

*Network transport and traversal optimization.* Our proprietary software algorithms perform dynamic internet bandwidth and throughput assessments across the Xunlei network and optimization of traffic routing to identify the most efficient path for data transport. These algorithms are designed to maximize delivery speed, reliability and efficiency, and support significant growth in network usage.

### ***Cloud-based implementation for subscription services***

We provide subscription services powered by our indexing technology and distributed file locating system. Our platform is compatible with different operating systems and hardware devices. As part of the infrastructure for the subscription services, except for proprietary load balancing and resource optimization algorithms, we maintain a virtual private network consisting of over one million third-party servers and over 2,492 servers that we own located throughout China.

We maintain proprietary load balancing and resource optimization algorithms, both of which help enhance our mass data mining on user habits to compile and maintain information on users' data transmission acceleration needs and requirements. As a cloud service provider, we use data mining for user habit prediction and co-location purposes. In user habit prediction, we analyze, sample and index user behavior data to help predict user acceleration needs and requirements. For co-location purposes, our program finds the most efficient and stable connection in our network for each transmission task. We also cooperate with telecom operators, maintaining logics and algorithms for our co-location centers in each telecom operator's network to enable real-time dynamic allocation of our servers and bandwidth to support user acceleration requirements. Our system automatically optimizes user connections based on key factors such as provincial network, firewall penetration and interconnection among various telecom operators.

Additionally, we entered into a framework service agreement with Alibaba Cloud in December 2018. Since then, Ali Cloud has provided us with cloud computing products and services. As of December 31, 2024, we were using 2,345 cloud servers and over 6,000 Cloud PaaS services provided by Ali Cloud through its 18 central nodes and 135 edge nodes.

### ***Shared cloud computing model for edge computing services***

We created a shared computing model and network by encouraging personal users to share idle resources such as computing power, storage and bandwidth by deploying sharing economy smart devices such as OneThing Cloud and Zhuanqianbao. With the shared cloud computing model, Xunlei provides high-quality, cost-effective cloud services for corporate clients. StellarCloud is a shared cloud computing platform which expands Xunlei's existing CDN services to a novel cloud computing service stack, offering edge computing, function computing and shared CDN solutions.

StellarCloud edge computing service allows users to deploy their own applications in the form of containers on shared nodes widely distributed on the internet, and make use of a considerable amount of resources such as computing power, storage and bandwidth on all these nodes. The key technology underlying the edge computing service is the container management system that we developed in-house. Unlike the mainstream container solutions designed for IDC environment, the system adopts a lightweight and highly fault-tolerant design that optimized for network and performance diversity of shared nodes, thus enables an efficient and reliable deployment and monitoring of containers among all the nodes.

StellarCloud CDN service is a distributed CDN service that integrates traditional cloud computing data centers and shared node networks. It provides common CDN capabilities such as video on demand, live video streaming, and file distribution. The system splits and encodes the data into segments and deploys them to multiple shared nodes according to a certain strategy. An end user requesting these data gets nearby nodes from our scheduling system, then establishes multiple peer-to-peer connections to fetch data segments concurrently and reassembles them into the original data. Combining our industry-leading peer-to-peer technology and the scheduling mechanism that has been improved for years, StellarCloud CDN moves data distribution from IDCs to cost-effective shared nodes, cutting bandwidth costs without compromising the quality of service.

### ***Blockchain platform***

We launched ThunderChain, a high-performance blockchain infrastructure product, which can concurrently process millions of transactions per second. Based on our proprietary homogeneous multi-chain framework, ThunderChain is designed to realize confirmation and interaction among homogeneous chains and enable multiple transactions to be executed on different chains in parallel. ThunderChain adopts DPoA+PBFT dual consensus algorithm, which results in low latency and makes it possible to generate one block per second. PBFT, as a consistency algorithm, is also able to avoid soft fork. ThunderChain supports smart contracts written in solidity language and is compatible with Ethereum virtual machine, making it easy to migrate applications from other blockchain platforms.

### **Marketing**

We have built up our reputation and maintained our popularity primarily through word of mouth. We believe satisfied users and customers are more likely to recommend our services to others. Thus, we continue to focus on improving our services and enhancing our user experience. In the meantime, we also invest in a variety of marketing activities to further promote our brand awareness among existing and potential users as well as other customers. For example, we host or attend various public relations events, such as seminars, conferences and trade shows, in the advertising, online video and online game industries to attract users and advertisers. To retain and drive the growth of our subscribers, we market our premium paid services and place subscription advertisements at prominent locations throughout our integrated service offerings.

## **Intellectual property**

### ***Protection of our intellectual property***

Our patents, copyrights, trademarks, trade secrets and other intellectual property rights are critical to our business. We rely on a combination of patent, copyright, trademark, trade secret and other intellectual property-related laws in the PRC and contractual restrictions to establish and protect our intellectual property rights. In addition, we require all of our employees to enter into agreements requiring them to keep confidential all information they obtain during the course of their employment relating to our technology, methods, business practices, customers and trade secrets. As of December 31, 2024, we had 425 patents granted in China and four patents granted in the United States, while another 150 patent applications are being examined by the State Intellectual Property Office of the PRC. We also seek to vigorously protect our Xunlei brand and the brands of our other services. As of December 31, 2024, we had 929 trademarks registered in different applicable trademark categories in the PRC and three trademark registered with World Intellectual Property Organization. We had applied for registration of 90 trademarks in China.

### ***Digital media data monitoring and copyright protection***

We take measures to protect third-party copyrights. The internet industry in China suffers from copyright infringement issues and online digital media content providers are frequently involved in litigation based on allegations of infringement or other violations of copyrights. Assisted by an intellectual property team dedicated to copyright protection, we have implemented internal procedures pursuant to the legal requirements under PRC laws and regulations to promptly disable the download URL of content for which we receive notice of infringement from the legitimate rights holder, and we work closely with the regulatory authorities in China to ensure compliance with all rules and regulations. We seek assurances in our contracts with digital media content providers that (i) they have the legal right to license the digital media data for the uses we require; (ii) the digital media content itself as well as the authorization or rights granted to us neither breach any applicable law, regulations or public morals, nor impair any third-party rights; and (iii) they will indemnify us for losses resulting from both the non-compliance of such digital media content with the laws and claims from third parties.

We have implemented several initiatives to further commit to copyright protection. For example, we require our third-party content providers to provide content that they are duly authorized to provide and do not infringe intellectual property rights of any other parties. We also make available on our websites and mobile applications reporting channels so that we can timely remove content that infringes intellectual property rights of other parties. Despite the preventive measures we put in place, we may still be subject to copyright infringement suits. As of the date of this annual report, we are involved in seven pending copyright lawsuits in China. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business—The intellectual property protection mechanism we have implemented may not always be effective or sufficient. Certain services we provide to our users have exposed us to and may continue to expose us to copyright infringement claims and other related claims. Any damage awards, injunctive relief and/or court orders could materially and adversely affect our existing business model, divert our management’s attention and adversely impact our business and reputation” and “Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Legal Proceedings.”

### ***User data safety***

User data safety is a significant advantage we offer to our users. We try to improve user experience by usually maintaining two to four copies of one specific user file for data recovery in extreme circumstances such as system shutdown, private transmission backbone network problems and/or other contingencies beyond our control. The read and write characteristics of our distributed file locating system are identical to those of hard disks, and our unique user file decomposition and encryption algorithm enables us to maintain high standards for user data safety.

## **Competition**

Due to our multiple service offerings, we face competition in several aspects of the internet services market in China. We believe that the key competitive factors in the overall internet services market in China include brand recognition, user traffic, technology platform and monetization abilities. We also face competition for the advertisement budgets of our advertisers from other internet companies and other forms of media.

## Regulation

We set forth below a summary of the most significant rules and regulations that affect our business activities in China.

### *PRC Company Law*

The establishment, operation and management of corporate entities in the PRC are governed by the PRC Company Law, which was promulgated by the Standing Committee of the National People's Congress on December 29, 1993 and last amended on December 29, 2023, with effect from July 1, 2024, or the New PRC Company Law. The New PRC Company Law introduces new requirements on capital contributions, corporate governance, liabilities of directors, supervisors and senior executives, protection of minority shareholders, share transfer and liquidation process, among others.

The New PRC Company Law requires shareholders of limited liability companies to fully pay the subscribed capital within five years of the company's establishment. Failure to comply with such requirements may lead to a loss of equity in the unpaid capital contribution. In certain situations, a company or its creditors can demand immediate fulfillment of the capital contribution obligation from shareholders who have not fully paid, even if the deadline for capital contribution has not yet passed. In addition, the State Administration for Market Regulation issued the draft *Provisions on the Implementation of the Registration Capital Registration Management System* on February 6, 2024 for public comments, which allows a three-year transition period for existing companies to adjust its subscribed capital to comply with the New PRC Company Law. The capital contribution of certain of the principal subsidiaries of the variable interest entity have not been fully paid. We will pay the outstanding subscribed capital or take relevant measures to comply with the New PRC Company Law and relevant regulations.

The New PRC Company Law also allows replace the supervisory board with an audit committee which is composed of directors, for both limited liability companies and joint-stock companies, in exercising the powers of the supervisory board. Alternatively, a small-scale company or a company with a few shareholders can appoint a single supervisor to exercise the powers of a supervisory board. A limited liability company can opt not to have any supervisor at all, so long as all shareholders unanimously agree. The New PRC Company Law provides more flexibility for companies to distribute powers among the shareholders' meeting, board of directors and managers. Certain powers previously held by the shareholders' meetings, such as deciding on the company's business direction and investment plans, and reviewing and approving the company's annual financial budget and final accounts, can now be decided by the board of directors or by managers, according to the division of powers in the company's articles of association.

The New PRC Company Law strengthens the obligations of directors, supervisors and senior executives. For instance, the board of directors must verify and call on shareholders' capital contributions. Directors responsible for this task are liable for compensation if they fail to perform these obligations and cause loss to the company. If a shareholder withdraws its capital contribution, the directors, supervisors and senior executives who are responsible are jointly and severally liable with the shareholders for the losses caused to the company, in addition to the shareholder's obligation to repay the capital contribution. The directors, supervisors and senior executives are liable for compensation if the financial assistance provided by the company is in violation of the New PRC Company Law and causes losses to the company. For losses caused to others by a director or senior executive during the performance of their duties, the company is liable for compensation. However, if there is intent or gross negligence on the part of the director or senior executive, the person is also liable for compensation.

Furthermore, the New PRC Company Law provides the redemption rights of minority shareholders. If the controlling shareholder of a limited liability company misuses its shareholder rights and causes serious harm to the company or other shareholders, the affected shareholders may request the company to repurchase their equity interest at a reasonable price. A foreign-invested company is also subject to the PRC Company Law unless otherwise provided in the foreign investment laws.

### *PRC regulation on catalogue relating to foreign investment*

The establishment and operations of wholly foreign-owned enterprises are mainly governed by the PRC Foreign Investment Law, which was enacted by the National People's Congress on March 15, 2019 and became effective on January 1, 2020. On December 26, 2019, the State Council promulgated the Detailed Rules for *the Implementation of the Foreign Investment Law of the PRC*, which became effective on January 1, 2020.

Investment activities in the PRC by foreign investors and foreign-invested enterprises are regulated by *the Special Administrative Measures (Negative List) for Foreign Investment Access (2024 Version)*, or the 2024 Negative List, promulgated by the NDRC and the Ministry of Commerce in September, 2024 and effective on November 1, 2024, and *the Catalogue of Industries for Encouraging Foreign Investment (2022 Version)*, or Encouraging Catalogue (2022 Version), promulgated by the NDRC in October 2022 and effective on January 1, 2023. Pursuant to the Encouraging Catalogue (2022 Version) and the 2024 Negative List, foreign-invested projects are categorized as encouraged, restricted and prohibited. Foreign-invested projects that are not listed in the Negative list are permitted foreign invested projects.

Establishment of wholly foreign-owned enterprises is generally allowed in industries not included in the 2024 Negative List. For the restricted industries within the 2024 Negative List, some of the industries are limited to equity or contractual joint ventures, while in some cases Chinese partners are required to hold the majority interests in such joint ventures. In addition, restricted category projects are subject to government approvals and certain special requirements. Foreign investors are not allowed to invest in industries in the prohibited category. The provision of value-added telecommunications services falls in the restricted category and the percentage of foreign ownership cannot exceed 50% (excluding e-commerce, domestic multi-party communications, store-and-forward, and call center services). The provision of internet cultural operating service (including online game operation services), internet publication service and online transmission of audio-visual programs service fall in the prohibited category and the foreign investors are prohibited to engage in such services. We conduct our operations primarily in China principally through contractual arrangements among Giganology Shenzhen, our wholly-owned PRC subsidiaries, and Shenzhen Xunlei, the VIE, and its shareholders. Shenzhen Xunlei or its subsidiaries holds the licenses and permits necessary to conduct our cloud-based acceleration, cloud computing, online advertising, online games and related businesses in China, and Shenzhen Xunlei holds various operating subsidiaries that conduct a majority of our operations in China. Shenzhen Onething and one of its subsidiaries have obtained an updated Value-added Telecommunication Services License to cover CDN service for our cloud computing business. Both of Giganology Shenzhen and Xunlei Computer engage in the development of computer software, technical consulting and other related technical services and businesses, none of which falls into any of restricted or prohibited categories under the 2024 Negative List. Hence, these activities operated by Giganology Shenzhen and Xunlei Computer are deemed to be permitted and open to foreign investment.

In December 2019, the Ministry of Commerce and the State Administration for Market Regulation issued *Measures for the Reporting of Foreign Investment Information*, effective on January 1, 2020, pursuant to which where foreign investors carry out investment activities directly or indirectly within China, foreign investors or foreign-funded enterprises shall report investment information to commerce departments.

#### ***PRC regulation on telecommunications and internet information services***

The telecommunications industry, including the internet sector, is highly regulated in the PRC. Regulations issued or implemented by the State Council, Ministry of Industry and Information Technology and other government authorities cover many aspects of operation of telecommunications and internet information services, including entry into the telecommunications industry, the scope of permissible business activities, licenses and permits for various business activities and foreign investment.

The principal regulations governing the telecommunications and internet information services we provide in the PRC include:

- *Telecommunications Regulations (2016, revised)*. The Telecommunications Regulations categorize all telecommunications businesses in the PRC as either basic or value-added. Value-added telecommunications services are defined as telecommunications and information services provided through public network infrastructures. The “Catalogue of Telecommunications Business,” an attachment to the Telecommunications Regulations, as updated by *the Notice on Adjusting the Catalogue of Telecommunications Business*, which became effective from April 1, 2003 and was amended on March 1, 2016, categorizes various types of telecommunications and telecommunications-related activities into basic or value-added telecommunications services, according to which, internet content provider services, or ICP services, are classified under the second category of value-added telecommunications businesses and the CDN services, the internet access services and the internet data center services are classified under the first category of value-added telecommunications business. Under the Telecommunications Regulations, commercial operators of value-added telecommunications services must obtain the Value-added Telecommunication Services License covering the business classified under the relevant category from Ministry of Industry and Information Technology or its provincial level counterparts.

- *Administrative Measures on Internet Information Services* (2011, revised). According to these administrative measures, a commercial ICP service operator must obtain a Value-added Telecommunication Services License from the government authorities before engaging in any commercial ICP service within the PRC. When the ICP service involves areas of news, publication, education, medical treatment, health, pharmaceuticals, medical equipment and other industry and if required by law or regulations, prior approval from the respective regulating authorities must be obtained prior to applying for the Value-added Telecommunication Services License covering the ICP services from the Ministry of Industry and Information Technology or its local branch at the provincial level. Moreover, an ICP service operator must display its ICP license number in a conspicuous location on its website and must monitor its website to remove categories of harmful content that are broadly defined.
- *Administrative Measures for Telecommunications Business Operating License* (2017, revised). These administrative measures set forth more specific provisions regarding the types of licenses required to operate value-added telecommunications services, the qualifications and procedures for obtaining such licenses and the administration and supervision of such licenses. For example, an ICP service operator conducting business within a single province must apply for the Value-added Telecommunication Services License from applicable provincial level counterparts of the Ministry of Industry and Information Technology, while an ICP service operator providing ICP services across provinces must apply for a Trans-regional Value-added Telecommunication Services License directly from the Ministry of Industry and Information Technology. The appendix to the Value-added Telecommunication Services License must specify the permitted activities to be conducted by the ICP service operator. An approved ICP service operator must conduct its business in accordance with the specifications recorded on its Value-added Telecommunication Services License. The Value-added Telecommunication Services License is subject to annual report requirement. An ICP service operator shall report certain information to the issuing authorities through the administrative platform in the first quarter every year. Such information includes the business performance of the telecommunications business in the previous year, service quality, the actual implementation of the network and information security guarantee systems and measures, among others. ICP service operator shall be responsible for the truthfulness of the information in the annual report.
- *Detailed Rules on the Administration of Internet Websites* (2005), which set forth that the website operator is required to apply for the ICP filing from the Ministry of Industry and Information Technology or its local branches at the provincial level on its own or through the access service provider.
- *Provisions on Administration of Foreign-invested Telecommunications Enterprises* (2022, revised). These provisions set forth detailed requirements with respect to capitalization, investor qualifications and application procedures in connection with the establishment of a foreign-invested telecommunications enterprise. Under these provisions, a foreign entity is prohibited from owning more than 50% of the total equity interest in any value-added telecommunications service business in the PRC.
- *Circular on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Business* (2006). Under this circular, a domestic PRC company that holds a Value-added Telecommunication Services License is prohibited from leasing, transferring or selling this license to foreign investors in any form, and from providing any assistance, including providing resources, sites or facilities, to foreign investors that conduct value-added telecommunications business illegally in the PRC. Further, the domain names and registered trademarks used by an operating company providing value-added telecommunications service shall be legally owned by such company and/or its shareholders. In addition, such company's operation premises and equipment should comply with the approved covering region on its Value-added Telecommunication Services License, and such company should establish and improve its internal internet and information security policies and standards and emergency management procedures.
- *Circular of the Ministry of Industry and Information Technology on Clearing up and Regulating the Internet Access Service Market* (2017), which further strengthens the supervision and management of the applications of cloud computing, big data and other applications. For an enterprise that conducts the CDN business without a Value-added Telecommunication Services License specifically covering such business, it must submit a written commitment to the original license issuing authority before March 31, 2017, undertaking that an eligible Value-added Telecommunication Services License will be obtained by the end of 2017. If such enterprise fails to make the commitment on time, it must carry out business activities strictly in compliance with their existing licenses. Furthermore, if the enterprise fails to obtain this license as committed, it should terminate the business starting from January 1, 2018.

- *Provisions on the Governance of Cyberviolence Information (2024)*, which require network information service providers to take primary responsibility for managing online content by establishing mechanisms for cyberviolence governance. It requires network information service providers to implement systems for user registration, account management, personal information protection, content review, monitoring, and early warnings to identify and address cyberviolence information, and take measures such as deleting, shielding, and disconnecting links, keep relevant records, and report the case to relevant authorities for cyberviolence illegal information.
- *The Circular on Launching the Pilot Program of Expanding the Opening-up of Value-Added Telecommunications Services(2024)*, which states that in certain pilot areas, the foreign shareholding restrictions on (i) the internet data center (IDC), (ii) the content delivery network (CDN), (iii) the internet service providers, (iv) the online data processing and transaction processing, (v) the information dissemination platform and delivery services (but excluding internet news information services, online publishing services, online audio-visual services, and internet cultural services), and (vi) the information protection and processing services will be removed. These pilot areas include Beijing Comprehensive Demonstration Zone for Expanding Opening-up in the Service Sector, the Lin-Gang Special Area of Shanghai Pilot Free Trade Zone and the Pioneering Area in Socialist Modernization, the Hainan Free Trade Port, and the Shenzhen Pilot Demonstration Area of Socialism with Chinese Characteristics. This circular also clarifies the foreign invested telecommunication enterprise that intends to provide the aforesaid value-added telecommunications services in the pilot areas shall apply to the MIIT for obtaining the official approval of the pilot program of telecommunications services, comply with the applicable laws and regulations when providing telecommunications services, and accept and cooperate with the supervision and administration of the telecommunication administrations and the relevant competent authorities.

To comply with these PRC laws and regulations, we operate our websites through Shenzhen Xunlei, our PRC variable interest entity. We, through Shenzhen Xunlei, currently hold a Value-added Telecommunication Services License covering its ICP services expiring on April 30, 2030 and another Value-added Telecommunication Services License for its provision of cloud computing services including internet data center services and internet access services expiring on June 26, 2026, and own the essential trademarks and domain names in relation to our value-added telecommunications business. Shenzhen Onething and one of its subsidiaries have obtained Value-added Telecommunication Services Licenses to cover the CDN service for our cloud computing business.

Under laws and regulations governing ICP services, ICP services operators are required to monitor their websites. They may not produce, duplicate, post or disseminate any content that falls within the prohibited categories and must remove any such content from their websites, including any content that:

- opposes the fundamental principles determined in the PRC's Constitution;
- compromises state security, divulges state secrets, subverts state power or damages national unity;
- harms the dignity or interests of the State;
- incites ethnic hatred or racial discrimination or damages inter-ethnic unity;
- sabotages the PRC's religious policy or propagates heretical teachings or feudal superstitions;
- disseminates rumors, disturbs social order or disrupts social stability;
- propagates obscenity, pornography, gambling, violence, murder or fear or incites the commission of crimes;
- insults or slanders a third party or infringes upon the lawful rights and interests of a third party; or
- includes other content prohibited by laws or administrative regulations.

The PRC government may shut down the websites of the holders of Value-added Telecommunication Services License that violate any of such content restrictions and requirement, revoke their Value-added Telecommunication Services Licenses or impose other penalties pursuant to applicable law. To comply with these PRC laws and regulations, we have adopted internal procedures to monitor content displayed on our website.

***PRC regulation on online transmission of audio-visual programs***

On April 13, 2005, the State Council promulgated the *Certain Decisions on the Entry of the Non-State-owned Capital into the Cultural Industry*. On July 6, 2005, the Ministry of Culture, the GAPPFRFT, the NDRC and the Ministry of Commerce jointly adopted the *Several Opinions on Canvassing Foreign Investment into the Cultural Sector*. According to these regulations, non-State-owned capital and foreign investors are not allowed to conduct the business of transmitting audio-visual programs via information network. On April 25, 2016, the State Administration of Press, Publication, Radio, Film and Television, or SAPPFRFT, issued the *Administrative Provisions on Audio-Visual Program Services through Private Network and Targeted Communication*, with the most recent amendment promulgated by the National Radio and Television Administration and becoming effective on March 23, 2021. Pursuant to these provisions, “audio-visual program services through private network and targeted communication” refer to television, mobile phones and other kinds of fixed and mobile electronic equipment as terminal recipients, and through setting up virtual private network through local networks and internet or with Internet and other information networks as targeted transmission channels, oriented to the public to provide audio-visual program service activities, such as radio and television programs conducted by such forms as internet protocol television (IPTV), private network mobile TV, internet TV, and other forms of content provision, integrated broadcast control, transmission and distribution activities. Any provider who engages in aforesaid service must obtain a license from the National Radio and Television Administration. Foreign-invested enterprises are not allowed to engage in the above business.

On December 20, 2007, GAPPFRFT and Ministry of Industry and Information Technology jointly promulgated the *Administrative Provisions on Internet Audio-visual Program Service*, which came into effect on January 31, 2008 and was revised on August 28, 2015. These provisions apply to the provision of audio-visual program services to the public via internet (including mobile network) within the territory of the PRC. Providers of internet audio-visual program services are required to obtain a License for Online Transmission of Audio-visual Programs issued by GAPPFRFT or complete certain registration procedures with GAPPFRFT. Providers of internet audio-visual program services are generally required to be either State-owned or State-controlled by the PRC government, and the business to be carried out by such providers must satisfy the overall planning and guidance catalog for internet audiovisual program services determined by GAPPFRFT. In a press conference jointly held by GAPPFRFT and Ministry of Industry and Information Technology to answer questions with respect to the Audio-visual Program Provisions in February 2008, GAPPFRFT and Ministry of Industry and Information Technology clarified that providers of internet audio-visual program services who engaged in such services prior to the promulgation of these provisions shall be eligible to register their business and continue their operation of internet audio-visual program services so long as those providers had not been in violation of the laws and regulations. On March 10, 2017, SAPPFRFT promulgated the *Categories of the Internet Audio-Video Program Services*, which classifies internet audio-video programs into four categories.

On April 8, 2008, GAPPFRFT issued a *Notice on Relevant Issues Concerning Application and Approval of License for Online Transmission of Audio-visual Programs*, which further sets forth detailed provisions concerning the application and approval process regarding the License for Online Transmission of Audio-visual Programs. This notice also provides that providers of internet audio-visual program services who engaged in such services prior to the promulgation of the *Administrative Provisions on Internet Audio-visual Program Service* shall also be eligible to apply for the license so long as their violation of the laws and regulations is minor and can be rectified timely and they have no records of violation during the latest three months prior to the promulgation of the *Administrative Provisions on Internet Audio-visual Program Service*.

On December 28, 2007, GAPPFRFT issued the *Notice on Strengthening the Administration of TV Dramas and Films Transmitted via the Internet*. According to this notice, if audio-visual programs published to the public through an information network fall under the film and drama category, the requirements of the Permit for Issuance of TV Dramas, Permit for Public Projection of Films, Permit for Issuance of Cartoons or academic literature movies and Permit for Public Projection of Academic Literature Movies and TV Plays apply accordingly. In addition, providers of such services should obtain prior consents from copyright owners of all such audio-visual programs.

Further, on March 30, 2009, GAPPRFT issued the *Notice on Strengthening the Administration of the Content of Internet Audiovisual Programs*, or the *Notice on Content of A/V Programs*, which reiterates the requirement of obtaining the permit of audiovisual programs to be published to the public through information network and prohibits certain types of internet audiovisual programs containing violence, pornography, gambling, terrorism, superstition or other hazardous factors. In addition, on August 11, 2009, GAPPRFT issued the *Notice on Relevant Issues Regarding Strengthening of the Administration of Internet Audio/visual Program Services Received by Television Terminals*, which specifies that prior to providing audio-visual program services for television terminals, an ICP service operator shall obtain the License for Online Transmission of Audio-visual Programs containing the scope of “Integration and Operation Services of Audiovisual Programs Received by Television Terminals.”

To comply with these laws and regulations, Henan Tourism Information Co., Ltd., or Henan Tourism, one of our subsidiaries in the PRC, currently holds a License for Online Transmission of Audio-visual Programs, which will expire on February 28, 2027. However, Shenzhen Xunlei, the entity that provides our video content display services, is not a registered owner of the license for online transmission of audio-visual programs. As a result, it is possible that PRC government authorities could determine that these businesses are operating without sufficient license. In addition, the *Notice on Strengthening the Management of Online Show Live-streaming and E-commerce Live-streaming* requests all online shows and e-commerce to file with the National Internet Audio-Visual Platforms Information Management System before November 30, 2020. However, the practice of such filings varies at the provincial levels of Radio and Television Administration, which are in charge of such registration. For example, Guangdong Radio and Television Administration, which is in charge of our filing, only accepts register of live audio and video broadcasts of major political, military, economic, social, cultural, and sports activities or events, thus we are no longer required to conduct such filing, based on our inquiries with the competent authorities. There is uncertainty as to whether we will be required to complete the registration in the future and we cannot assure you that we will successfully complete the registration in a timely manner, or at all. We may be required to obtain additional licenses, permits, filings or approvals for the functions and services of our platform in the future. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business—We are strictly regulated in China. Any lack of requisite licenses or permits applicable to our businesses or to our third-party services providers and any changes in government policies or regulations may have a material and adverse impact on our businesses, financial condition and results of operations.”

#### ***PRC regulation on Online Live-streaming***

On November 4, 2016, the Cyberspace Administration of China promulgated the *Regulations on the Administration of Online Live-streaming Services*, which became effective on December 1, 2016. These regulations provide that online live-streaming service providers and distributors must legally obtain the qualification for internet news information services before providing such services on the internet, and engage in online news information services only to the licensed extent. Online live-streaming service providers must review all live internet news information and interactions before publishing them, and set up their “chief editor” position if they provide live-streaming services of internet news information. These regulations also stipulate that online live-streaming service providers must carry out their subject responsibility, arrange professionals commensurate with its service size, establish and improve various management systems, and have the technical capability to immediately cut online live-streaming, and its technical plans shall comply with national standards. In addition, online live-streaming service providers must conduct graded and categorized management according to the content category and user scale of online live-streaming, and establish a credit rating management system for online live-streaming distributors as well as a blacklist management system.

On August 1, 2018, the Ministry of Industry and Information Technology, the Ministry of Public Security and other PRC government agencies jointly issued the *Notice on Strengthening the Administration of Internet Live-streaming Services*, which specifies respective duties of online live-streaming service providers, network access service providers and application stores, aiming to prompt internet-based enterprises to fulfill their responsibilities. This circular provides that an online live-streaming service provider must make a record filing with the competent telecommunications authority as an internet content provider. Online live-streaming service providers are also required to apply for a permit with the local authorities if they engage in telecommunications business, live-streaming business for internet news information, online performance, and/or online visual-audio programs. Online live-streaming service providers must make record filings with the local public security authorities within 30 days after live-streaming services have been published on the internet. In addition, online live-streaming service providers are required to implement a real name verification system for users, intensify administration of online anchors, establish a blacklist system for online anchors, optimize their system for watching and censoring live-streamed content for regulatory purposes, and improve measures to better respond to harmful content.

On November 12, 2020, the National Radio and Television Administration issued *the Notice on Strengthening the Management of Online Show Live-streaming and E-commerce Live-streaming*, pursuant to which live-streaming platforms for online shows are requested to strengthen positive value guidance and enable tasteful, meaningful, interesting and warm live-streaming programs to have good traffic, and to prevent the spread of the trends of wealth flaunting, money worshipping and vulgarity. This notice requests live-streaming platforms for online shows and e-commerce to register with the National Internet Audio-Visual Platforms Information Management System. To date, we are still in process of making the application for such registration for our live-streaming business. In addition, the number of content reviewers a platform is required to keep must in principle be no less than 1:50 of the number of live-streaming rooms. Live-streaming platforms for online shows need to manage the hosts and users making virtual gifting based on the real-name registration system, and users who have not registered with real names or who are minors are prohibited from virtual gifting. The live-streaming platforms are required to implement real-name registration system by real-name verification, face recognition, manual review and other measures to prevent minors from virtual gifting. The platform shall limit the maximum amount of rewards each user may give per time, day and month. Live-streaming platforms for e-commerce shall not illegally produce and broadcast, beyond their business scope of e-commerce, any commentary programs unrelated to sales of goods.

On February 9, 2021, the Cyberspace Administration of China and six other PRC governmental authorities jointly issued the *Circular on Issuing the Guiding Opinions on Strengthening Standardized Management of Online Live-streaming*, according to which live-streaming platforms shall strictly abide by laws and regulations and state provisions when providing live-streaming information services; strictly fulfill their live online platform statutory duties and implement live webcast listing platform main body responsibility, control network broadcast industry main issues list to establish and strictly implement that the editor in chief is responsible for, content audit, user registration, post comments, emergency response, technology security, the host management, training, assessment, reporting acceptance of internal management system. Live-streaming platforms that carry out commercial network performance activities must hold a Network Cultural Operation License and file for an ICP. A live broadcasting platform providing online audio-visual program services must hold the Permit for Spreading Audio-Visual Programs via Information Network (or complete registration in the National Information Registration and Management System for Online Audio-visual Platform) and put this on their ICP record. A live broadcast platform that provides Internet news and information service must hold an Internet News and Information Service License. A network live broadcasting platform shall go through the formalities of filing an enterprise with the local cyberspace and information authorities in a timely manner, and a platform that stops providing live broadcasting services shall cancel the filing in a timely manner.

On March 25, 2022, Cyberspace Administration of China, the State Administration of Taxation and State Administration for Market Regulation jointly issued the *Opinions on Further Regulating the For-Profit Activities in Online Live-streaming to Promote a Healthy Development of the Industry*, which requires live-streaming platforms' strict compliance with laws and regulations, including real-name verification and voluntary registration. Platforms are obligated to authenticate live-streaming publishers using their ID information and unified social credit code information. Additionally, platforms are required to report information such as the identity of the publisher, remuneration account, type of revenue, and profit-earning details to the local provincial-level cyberspace administration and competent tax authority every six months.

On May 7, 2022, the Cyberspace Administration of China, together with three other authorities, jointly issued the *Opinions on Regulating Live-streaming Rewards and Strengthening Minor Protections*, which iterates the requirements for live-streaming platforms in respect of strengthening real-name registration, prohibiting minors from virtual gifting and restrictions on providing live-streaming services to minors. Pursuant to these opinions, online platforms are prohibited from ranking, introducing or recommending live-streaming performers solely by the monetary amount of virtual gifts that they have received from users, nor could the platforms rank users based on the monetary amount of virtual gifts that they have given to live-streaming performers. Any such rankings currently available on these online platforms is ordered to be removed by June 7, 2022 according to the Live-streaming Opinions. In addition, the online platforms shall procure that, during the peak hours (from 8 p.m. to 10 p.m.) every day, each live-streaming performer shall not engage in "PKs" (i.e., real-time interactive competitive game between two performers) against another performer for more than twice, and the online platforms shall not impose penalty within the game or provide any technical support to facilitate imposing such penalty.

We have ceased providing both audio and video live-streaming services in China, while we continue to provide audio live-streaming services in overseas markets.

### ***PRC regulation on online cultural activities***

On February 17, 2011, the Ministry of Culture promulgated the *Provisional Measures on Administration of Internet Culture*, which became effective on April 1, 2011 and was amended on December 15, 2017. On March 18, 2011, the Ministry of Culture issued the *Notice on Issues Relating to Implementing the Newly Amended Provisional Measures on Administration of Internet Culture*, which regulates entities engaging in activities relating to “online cultural products.” “Online cultural products” are defined as cultural products produced, disseminated and circulated via internet which mainly include: (i) online cultural products particularly produced for the internet, such as online music entertainment, network games, network performance programs, online performing arts, online artworks and online animation features and cartoons; and (ii) online cultural products converted from music entertainment, games, performance programs, performing arts, artworks and animation features and cartoons, and disseminated via the internet. Pursuant to these measures, entities are required to obtain Online Culture Operating Permits from the applicable provincial level culture administrative authority if they intend to commercially engage in any of the following types of activities:

- production, duplication, importation, distribution or broadcasting of online cultural products;
- publication of online cultural products on the internet or transmission thereof via information networks such as the internet and the mobile networks to computers, fixed-line or mobile phones, television sets or gaming consoles for the purpose of browsing, reviewing, using or downloading such products by online users; or
- exhibitions or contests related to online cultural products.

On December 2, 2016, the Ministry of Culture issued the *Administrative Measures for Business Activities of Online Performances*, which became effective on January 1, 2017. According to these measures, the business of transmitting in real time the content of online games presented or narrated via information networks such as the internet, mobile communication networks and mobile internet or uploading such content for communication in the audio-visual form shall be administered as online performances. An operator of online performances shall apply for Online Culture Operating Permit with the competent provincial cultural administration department, and the business scope indicated on the Online Culture Operating Permit shall clearly include online performances. In addition, an operator of online performances shall present the number of its Online Culture Operating Permit in a prominent position on the homepage of its websites.

To comply with these laws and regulations, Shenzhen Xunlei obtained an Online Culture Operating Permit, which was last renewed in February 2025 with an effective period from March 16, 2025 to March 15, 2028 to offer music entertainment product online, operate online performance business and online shows business, and engage in the exhibition of online culture products and competition activities.

### ***PRC regulation on online games***

The online publication of online games is subject to the regulation of SAPPRFT. Under the *Administrative Provisions on Online Publishing Services*, ICP service operators must obtain the Internet Publishing Services License prior to provision of any online game publishing services. On September 28, 2009, GAPPRFT, the National Copyright Administration and the National Office of Combating Pornography and Illegal Publications jointly published the *Notice Regarding the Consistent Implementation of the “Stipulations on ‘Three Provisions’ of the State Council and the Relevant Interpretations of the State Commission Office for Public Sector Reform and the Further Strengthening of the Administration of Pre-examination and Approval of Internet Games and the Examination and Approval of Imported Internet Games,”* which expressly requires that all online games need to be approved by GAPPRFT through the advance approvals before they are operated online, and any updated online game versions or any change to the online games shall be subject to further advanced approvals before they can be operated online. In addition, foreign investors are prohibited from operating online games by the forms of foreign invested enterprises. The indirect functions such as contractual control and technology supply are also prohibited.

In addition, on December 22, 2023, the National Press and Publication Administration released draft *Online Game Administrative Measures*, which restates existing regulations and market practices and also introduces new requirements, including (i) both the online game publisher and operating entities shall obtain Internet Publishing Services License and (ii) measures to curb excessive spending through setting spending limits and prohibitions on rewards to entice frequent gameplay. The draft explicitly prohibits the marketing of unapproved games, payment services for illegal games, and illegal online game operations. Additionally, game technical tests that involve charging users will need to obtain approval from the National Press and Publication Administration. It requires online game companies to set user spending limits, disclose those limits in their terms of service, and provide pop-up warnings when users demonstrate irrational spending behavior. It also prohibits online game companies from offering rewards as inducements for daily logins, initial account funding, or consecutive account funding. It also prohibits game companies from using speculative or auction-based approaches to offer or condone high-priced transactions in virtual items. The National Press and Publication Administration solicited comments on this draft by January 22, 2024, but there is no timetable as to when it will be enacted.

Our online game services are operated by Shenzhen Xunlei and its subsidiaries. All of these online game operating subsidiaries have obtained a Value-added Telecommunication Services License for operating our online games; and Shenzhen Xunlei, which holds 70% of the equity interest in Xunlei Games, has obtained an Internet Publishing Services License for the publication of internet games, which has expired on September 17, 2022. We are in the process of renewing such license, and re-submitted the required documents to the competent authorities for review in October 2023. However, neither Shenzhen Xunlei nor its subsidiary that operates online games has obtained an Internet Publishing Services License. Given the uncertainties of interpretation and implementation of laws and regulations and the enforcement practices of government authorities, we cannot assure you that Shenzhen Xunlei or, its subsidiary that operates online games and Xunlei Games are not required to obtain Internet Publishing Services Licenses as well. As of the date of this annual report, we have not received any administrative penalties, including fines, restrictions or suspension of our business, or regulatory inquiries for our operation without an effective Internet Publishing Services License. For risks relating to the Internet Publishing Services License, see “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business—We may not be able to successfully address the challenges and risks we face in the online games market, such as a failure to operate popular, high-quality games or to obtain all the licenses required to operate online games, which may subject us to penalties from competent authorities, including the discontinuance of our online game business.”

***PRC regulation on anti-fatigue system, real-name registration system and parental guardianship project***

In April 2007, GAPPRT and several other government agencies issued a circular requiring the implementation of an anti-fatigue system and a real-name registration system by all PRC online game operators to curb addictive online game playing by minors. Under the anti-fatigue system, three hours or less of continuous playing by minors, defined as game players under 18 years of age, is considered to be “healthy,” three to five hours to be “fatiguing,” and five hours or more to be “unhealthy.” Game operators are required to reduce the value of in-game benefits to a minor player by half if the minor has reached the “fatiguing” level, and to zero once reaching the “unhealthy” level.

To identify whether a game player is a minor and thus subject to the anti-fatigue system, a real-name registration system must be adopted to require online game players to register their real identity information before playing online games. The online game operators are also required to submit the identity information of game players to the public security authority for verification. In July 2011, GAPPRT, together with several other government agencies, jointly issued *the Notice on Initializing the Verification of Real-name Registration for the Anti-Fatigue System on Online Games* to strengthen the implementation of the anti-fatigue and real-name registration system. The main purpose of this notice is to curb addictive online game playing by minors and protect their physical and mental health. This notice indicates that the National Citizen Identity Information Center of the Ministry of Public Security will verify identity information of game players submitted by online game operators. This notice also imposes stringent penalties on online game operators that do not implement the required anti-fatigue and real-name registration systems properly and effectively, including terminating their online game operations.

In January 2011, Ministry of Culture, together with several other government agencies, jointly issued a circular entitled *Implementation Scheme regarding Parental Guardianship Project for Minors Playing Online Games* to strengthen the administration of online games and protect the legitimate rights and interests of minors. This circular indicates that online game operators must have a person-in-charge, set up specific service web pages and publicize specific hot-lines to provide parents with necessary assistance to prevent or restrict minors’ improper game playing behavior. Online game operators must also submit a report regarding its performance under the Parental Guardianship Project to the local office of the Ministry of Culture each quarter.

On February 4, 2015, the Cyberspace Administration of China promulgated *the Administrative Provisions on Account Names of Internet Users*, which became effective as of March 1, 2015. These provisions require internet service providers to authenticate registered users' identity information and to commit to complying with the "seven basic requirements," including, among other things, observing the laws and regulations, protecting state interests, as well as ensuring the authenticity of any information they provide. Internet information service providers are responsible for protecting users' privacy, maintaining the consistency between user information, such as account names and avatars, and compliance with the requirements set forth in these provisions, making reports to the competent authorities regarding any violation of these provisions, and taking appropriate measures to stop any such violations, such as, notifying the user to make corrections within a specified time and suspending or closing accounts in the event of continuing non-compliance.

On August 22, 2019, the Cyberspace Administration of China issued *the Regulation on Cyber Protection of Children's Personal Information*, effective on October 1, 2019, pursuant to which network operators are required to establish special policies and user agreements to protect children's personal information, and to appoint special personnel in charge of protecting children's personal information. Network operators who collect, use, transfer or disclose personal information of children are required to, in a prominent and clear way, notify and obtain consent from children's guardians.

In October 2019, National Press and Publication Administration issued *the Notice by the General Administration of Press and Publication of Preventing Minors from Indulging in Online Games*, under which the total period of time for underage users to play online games is strictly restricted. For example, from 22:00 p.m. each day to 8:00 a.m. of the next day, game operators are not allowed to provide underage users with any form of access to online games they operate, and the total length of time for game operators to provide underage users with access to online games cannot exceed three hours a day during statutory holidays or 1.5 hours a day on days other than statutory holidays. This notice also requires game operators to implement the real-name registration system for players of online games and take effective measures to restrict underage players from using paid services that are inconsistent with their capacity for civil conduct.

On August 30, 2021, the National Press and Publication Administration issued *the Notice on Further Strict Management to Prevent Minors from Indulging in Online Games*, which requires all online game operators to provide services to minors only on Fridays, Saturdays, Sundays and statutory holidays from 8:00 p.m. to 9:00 p.m., i.e., for one hour, and not to provide online games in any form to users who have not registered or logged in with their real names. In addition to the real-name registration system already in place, we have adjusted the systems in the games operated by us to comply with the requirements under this notice.

On October 26, 2021, the Cyberspace Administration of China issued draft *Administrative Provisions on the Account Names of Internet Users*. This draft provides that when registering an internet account, the user shall execute an agreement with the internet user account services platform, provide authentic identity information, and obey the rules of the platform for content production and account management, the platform conventions and service agreement. Internet user account service platforms shall establish, improve and strictly implement, among others, account name information management system, information content security system, and personal information protection system. Internet user account service platforms should also establish an account name information dynamic check patrol system for the verification of real identity information, improve their technical measures for purposes of account information legal compliance, and support account name authenticity checks. When an internet user account is in violation of the provisions of this draft, the internet user account service platform shall suspend the service and inform the user to correct the issue within a limited time; and if the user refuses to correct it, the account shall be terminated. On September 20, 2023, the State Council promulgated *the Regulation on the Protection of Minors in Cyberspace*, effective on January 1, 2024. These measures provide that online games, live-streaming, online audio and video, social networking and other network service providers should set reasonable limitations on the amount minors at different ages can spend per transaction and per day in total in the use of their services, offer prominent and convenient features for guardians to manage time, permissions, and consumption to fulfill their supervisory duties, and should not provide paid services to minors incompatible with their civil capacity.

On June 12, 2024, the Cyberspace Administration of China, The Ministry of Public Security, the Ministry of Culture and Tourism, the State Administration of Radio and Television jointly issued *the Provisions on the Governance of Cyberviolence Information*, which took effect on August 1, 2024. The Provisions on the Governance of Cyberviolence Information require that network information service providers should establish functions and channels that facilitate minors and their guardians in exercising their rights to request the deletion of cyberviolence information. Upon receiving such notifications, they must promptly take necessary measures such as deletion, blocking, or disconnecting links to prevent the spread of the violence information.

For the online games on our platform, we have implemented a real-name registration system for our online games. For game players who do not provide verified identity information, we assume that they are minors under 18 years of age. Online game operators or developers rely on the identify information provide by us to implement their anti-indulgence measures. With respect to anti-indulgence measures, we have cooperated with third parties in developing anti-indulgence measures and are currently working with our third-party online game providers to implement anti-indulgence measures pursuant to the Anti-indulgence Notice. We have completed in preparing application materials and connecting to the national anti-indulgence and real-name registration system. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business—We may not be able to successfully address the challenges and risks we face in the online games market, such as a failure to operate popular, high-quality games or to obtain all the licenses required to operate online games, which may subject us to penalties from competent authorities, including the discontinuance of our online game business.”

***PRC regulation on online game virtual currency***

Under the *Notice on Strengthening the Administration of Online Game Virtual Currency*, no enterprise may concurrently provide both virtual currency issuance service and virtual currency transaction service. This notice prohibits companies that issue online game virtual currency from providing services that would enable the trading of such virtual currency. Any company that fails to submit the requisite application is subject to sanctions, including, but not limited to, termination of operation, confiscation of incomes and fines. This notice also prohibits online game operators from allocating virtual items or virtual currency to players based on random selection through lucky draw, wager or lottery that involves cash or virtual currency directly paid by the players. In addition, companies that issue online game virtual currency must comply with certain specific requirements, for example, online game virtual currency can only be used for products and services related to the issuance company’s own online games.

***PRC regulation on internet publication***

National Press and Publication Administration (formerly the SAPPRFT, GAPPRFT) is the government agency responsible for regulating publication activities in the PRC. In February 2016, the SAPPRFT and the Ministry of Industry and Information Technology jointly issued the *Administrative Measures on Network Publication*, which took effect in March 2016. Pursuant to these administrative measures, internet publishers shall be approved by and obtain an Internet Publishing Services License from National Press and Publication Administration to engage in network publication service. The network publication services refer to the activities of providing network publications to the public through information networks; and the network publications refer to the digitalized works with the publishing features such as editing, producing and processing. These administrative measures also provide the detailed qualifications and application procedures for obtaining an Internet Publishing Services License. The *Notice Regarding the Consistent Implementation of the ‘Stipulations on ‘Three Provisions’ of the State Council and the Relevant Interpretations of the State Commission Office for Public Sector Reform and the Further Strengthening of the Administration of Pre-examination and Approval of Internet Games and the Examination and Approval of Imported Internet Games* issued jointly by GAPPRFT and other administrations confirmed that the entities operating internet games must obtain the Internet Publication Services License. On February 21, 2008, the GAPPRFT promulgated the *Rules for the Administration of Electronic Publication*, effective on April 15, 2008 and amended on August 28, 2015, according to which online games are classified as a kind of electronic publication, and publishing of online games is required to be conducted by licensed electronic publishing entities that have been issued standard publication codes. Pursuant to these rules, if a PRC company is contractually authorized to publish foreign electronic publications, it must obtain the approval of, and register the copyright license contract with, the National Press and Publication Administration.

Shenzhen Xunlei holds the Internet Publishing Services License for the publication of internet games, which has expired on September 17, 2022. We are in the process of renewing such license, and re-submitted the required documents to the competent authorities for review in October 2023. Furthermore, neither Shenzhen Xunlei nor its subsidiaries that operate online game has obtained an Internet Publishing Services License. As of the date of this annual report, we have not received any administrative penalties, including fines, restrictions or suspension of our business, or regulatory inquiries for our operation without an effective Internet Publishing Services License. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business—We may not be able to successfully address the challenges and risks we face in the online games market, such as a failure to acquire and operate popular, high-quality games or to obtain all the licenses required to operate online games, which may subject us to penalties from competent authorities, including the discontinuance of our online game business.”

**PRC regulation on algorithm recommendations**

On February 7, 2021, the Anti-Monopoly Commission of the State Council published the *Anti-Monopoly Guidelines for the Internet Platform Economy Sector*, which stipulates that online platform operators who use technological advantages, such as data and algorithms, to eliminate or restrict competition or impose price restrictions or exclusivity requirements on users, may be deemed as committing an abuse of dominant market position.

On September 17, 2021, the Cyberspace Administration of China, together with eight other governmental authorities, jointly issued the *Guidelines on Strengthening the Comprehensive Regulation of Algorithms for Internet Information Services*, which provides that daily monitoring of data use, application scenarios and effects of algorithms shall be carried out by the regulators, and that security assessments of algorithms shall be conducted by the regulators. These guidelines also provide that an algorithm filing system shall be established and classified security management of algorithms shall be promoted.

On December 31, 2021, the Cyberspace Administration of China, together with the Ministry of Industry and Information Technology, the Ministry of Public Security and the State Administration for Market Regulation, jointly issued the *Administrative Provisions on Algorithm Recommendations of Internet Information Services*, effective on March 1, 2022, which provides that algorithm recommendation service providers are not allowed to use algorithms to register false user accounts, block information, give excessive recommendations, and that users should be given the option to easily turn off algorithm recommendation services.

On July 10, 2023, the Cyberspace Administration of China released the *Interim Administrative Measures for Generative Artificial Intelligence Services*, effective on August 15, 2023, pursuant to which any entity or individual that utilizes generative AI technology to provide texts, pictures, audio, video or other content generation services to the public within the PRC shall assume the responsibility of content producer for the content generated by generative AI technology. If personal information is involved, these entities and individuals are required to take responsibility as the personal information processor and protect personal information. Furthermore, these entities and individuals providing generative AI services with attribute of public opinions or capable of social mobilization must apply for a security assessment from the national cyberspace authority and fulfill certain algorithm filings procedures. In addition, these entities and individuals are required to adhere to certain principles, including, among others, ensuring that the content created by generative AI aligns with societal morals and does not threaten national security, taking measures to avoid discrimination, ensuring the accuracy of generated content, and respecting intellectual property rights. If any illegal generated content is discovered, these entities and individuals shall timely take measures such as termination of generation and transmission and prevent their recurrence through model optimization training and other methods, and report to the competent authority. These entities and individuals shall label pictures, videos, and other AI-generated content in accordance with the *Administrative Provisions on Deep Synthesis of Internet Information Services*.

On March 7, 2025, the Cyberspace Administration of China, the Ministry of Industry and Information Technology, the Ministry of Public Security, and the State Administration of Radio and Television jointly issued the Measures for Labelling Artificial Intelligence Generated Contents with effect from September 1, 2025, which requires network information service providers to label AI-generated contents with explicit labels and implicit labels. Explicit labels should be added to AI-generated text, images, audio, video and virtual content that may cause confusion or misidentification of the public and implicit labels should be added to the file metadata of AI-generated contents. Service providers that offer online content dissemination services are required to verify AI-generated content and ensure that appropriate labels are affixed. If file's metadata lacks AI labels but the content shows signs of AI generation, it must be flagged accordingly. Additionally, app distribution platforms must require service providers to disclose if they offer AI-generated content services and verify the related labelling materials. Users are required to declare AI-generated content and use the labelling functions provided by the service provider when publishing such content.

We have taken several measures to comply these regulations providing an option for our users to turn off algorithm recommendation services. However, these regulations are relatively new thus uncertainties still exist as to its interpretation, and potential impacts on our business operations are still substantially uncertain. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—We may be adversely affected by PRC regulations to limit the method and manner that the internet companies may apply when using algorithms.”

### ***PRC regulation on internet privacy***

The PRC Constitution states that PRC law protects the freedom and privacy of communications of citizens and prohibits infringement of such rights. In recent years, PRC government authorities have passed laws on internet use to protect personal information from any unauthorized disclosure. The *Administrative Measures on Internet Information Services* prohibit ICP service operators from insulting or slandering a third party or infringing upon the lawful rights and interests of a third party. Pursuant to the *Several Provisions on Regulating the Market Order of Internet Information Services* issued by Ministry of Industry and Information Technology on December 29, 2011, without the consent of a user, an ICP operator may not collect any user personal information or provide any such information to third parties. An ICP service operator shall 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 ICP service operator is also required to properly keep the user personal information, and in case of any leak or likely leak of the user personal information, the ICP service operator shall take immediate remedial measures and in severe consequences, to make an immediate report to the telecommunications regulatory authority.

In addition, pursuant to the Decision on Strengthening the Protection of Online Information issued on December 28, 2012 and the Order for the Protection of Telecommunication and Internet User Personal Information issued by Ministry of Industry and Information Technology on July 16, 2013, any collection and use of user personal information shall 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 ICP service operator shall also keep such information strictly confidential, and is further prohibited from divulging, tampering or destroying of any such information, or selling or providing such information to other parties. Any violation of these regulations may subject the ICP service operator to warnings, fines, confiscation of illegal gains, revocation of licenses, cancellation of filings, closedown of websites or even criminal liabilities.

Pursuant to the *Ninth Amendment to the Criminal Law of the PRC* issued on August 29, 2015, any internet service provider that fails to fulfill the obligations related to internet information security as required by applicable laws and refuses to take corrective measures, will be subject to criminal liability for (i) any large-scale dissemination of illegal information; (ii) any severe effect due to the leakage of users' personal information; (iii) any serious loss of evidence of criminal activities; or (iv) other severe situations, and any individual or entity that (a) sells or provides personal information to others unlawfully or (b) steals or illegally obtains any personal information will be subject to criminal liability in severe situations.

The Standing Committee of the National People's Congress promulgated the PRC Cybersecurity Law of the PRC on November 7, 2016. Pursuant to the PRC Cybersecurity Law, network operators shall follow their cybersecurity obligations according to the requirements of the classified protection system for cybersecurity, including: (a) formulating internal security management systems and operating instructions, determining the persons responsible for cybersecurity, and implementing the responsibility for cybersecurity protection; (b) taking technological measures to prevent computer viruses, network attacks, network intrusions and other actions endangering cybersecurity; (c) taking technological measures to monitor and record the network operation status and cybersecurity incidents; (d) taking measures such as data classification, and back-up and encryption of important data; and (e) other obligations provided by laws and administrative regulations. In addition, network operators shall follow the principles of legitimacy to collect and use personal information and disclose their rules of data collection and use, clearly express the purposes, means and scope of collecting and using the information, and obtain the consent of the persons whose data is gathered.

On January 23, 2019, the Cyberspace Administration of China, the Ministry of Industry and Information Technology, and the Ministry of Public Security and the State Administration for Market Regulation jointly issued the *Notice on Special Governance of Illegal Collection and Use of Personal Information via Apps*, which restates the requirement of legal collection and use of personal information, encourages APP operators to conduct security certifications, and encourages search engines and APP stores to clearly mark and recommend those certified APPs.

On August 22, 2019, the Cyberspace Administration of China issued the *Regulation on Cyber Protection of Children's Personal Information*, effective on October 1, 2019. Network operators are required to establish special policies and user agreements to protect children's personal information, and to appoint special personnel in charge of protecting children's personal information. Network operators who collect, use, transfer or disclose personal information of children are required to, in a prominent and clear way, notify and obtain consent from children's guardians.

On November 28, 2019, the Secretary Bureau of the Cyberspace Administration of China, the General Office of the Ministry of Industry and Information Technology, the General Office of the Ministry of Public Security and the General Office of the State Administration for Market Regulation promulgated *the Identification Method of Illegal Collection and Use of Personal Information Through App*, which provides guidance for the regulatory authorities to identify the 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.

On May 28, 2020, the National People's Congress adopted the PRC Civil Code, effective on January 1, 2021, according to which individuals have the right of privacy. No organization or individual shall process any individual's private information or infringe on an individual's right of privacy, unless otherwise prescribed by law or with such individual's prior express consent. In addition, personal information is protected by the PRC laws. Any processing of personal information shall be subject to the principles of legitimacy, legality and necessity. An information processor must not divulge or falsify the personal information collected and stored by it, or provide the personal information of an individual to others without the consent of such individual.

The National Information Security Standardization Technical Committee issued the latest *Standard of Information Security Technology—Personal Information Security Specification*, which came into effect in October 2020. Under such standard, a personal information controller should follow the principles of legality, justification and necessity in handling personal information, obtain a consent from personal information providers and provide the personal information providers an independent choice when the product or service provided by the personal information controller has multiple functions.

On August 20, 2021, the Standing Committee of the National People's Congress promulgated the PRC Personal Information Protection Law, effective on November 1, 2021. The PRC Personal Information Protection Law requires that (i) the processing of personal information should have a clear and reasonable purpose which should be directly related to the processing purpose, in a method that has the least impact on personal rights and interests, and (ii) the collection of personal information should be limited to the minimum scope necessary to achieve the processing purpose to avoid the excessive collection of personal information. Different types of personal information and personal information processing will be subject to various rules on consent, transfer, and security. Entities handling personal information bear responsibilities for their personal information handling activities, and shall adopt necessary measures to safeguard the security of the personal information they handle. Otherwise, the entities handling personal information could be ordered to correct, or suspend or terminate the provision of services, and face confiscation of illegal income, fines or other penalties.

On July 7, 2022, the Cyberspace Administration of China promulgated *the Outbound Data Transfer Security Assessment Measure*, effective on September 1, 2022, pursuant to which a data processor shall apply for security assessment with the competent authority before any outbound data transfer if the transfer involves (i) important data; (ii) personal information transferred overseas by a critical information infrastructure operator and a data processor that has processed personal information of more than one million individuals; (iii) personal information transferred overseas by a data processor who has already provided personal information of 100,000 persons or sensitive personal information of 10,000 persons overseas since January 1 of the previous year; or (iv) other circumstances as requested. Furthermore, on August 31, 2022, the Cyberspace Administration of China promulgated *the Guidelines for filing the Outbound Data Transfer Security Assessment (Version 1)*, which provides that acts of outbound data transfer include (i) overseas transmission and storage by data processors of data generated during mainland China domestic operations; (ii) the access to, use, download or export of the data collected and generated by data processors and stored in mainland China by overseas institutions, organizations or individuals; and (iii) other acts as specified.

On February 22, 2023, the Cyberspace Administration of China promulgated *the Personal Information Outbound Transfer Standard Contract Measures*, effective on June 1, 2023. These measures apply to the provision of personal information to any overseas recipient by a personal information processor through executing standard contract for personal information outbound transfer with such overseas recipient. The personal information processor who provides personal information to overseas recipient through standard contract shall meet the following criteria: (i) it is not a critical information infrastructure operator; (ii) it handles personal information of less than one million individuals; (iii) it provided personal information of less than 100,000 individuals in aggregate to overseas recipients since January 1 of the previous year; and (iv) it provided sensitive personal information of less than 10,000 individuals in aggregate to any overseas recipients since January 1 of the previous year. These measures also require a personal information processor to conduct a personal information protection impact assessment before providing any personal information to an overseas recipient and complete the filing with local cybersecurity authority within 10 working days from the effective date of the standard contract.

On March 22, 2024, the Cyberspace Administration of China enacted the Provisions on Facilitating and Regulating Cross-border Data Flows, or the Provisions, which became effective on the same date. The Provisions relax certain data export requirements by introducing modifications and exemptions to the three mechanisms for cross-border data transfer, namely (i) security assessment; (ii) standard contract for personal information outbound transfer; and (iii) personal information protection certification. Among these, a security assessment is required for (i) export of important data; (ii) export of personal information by a CIIO, unless any of the exempted circumstances apply; and (iii) export of sensitive personal information of 10,000 or more individuals or personal information of 1,000,000 or more individuals since 1st January of that year (for the purpose of calculating the amount thresholds, the personal information/sensitive personal information provided under any of the exempted circumstances shall be excluded). Either the standard contract or the certification can be adopted where a non-CIIO data operator cumulatively provides outside of mainland China the personal information (excluding sensitive personal information) of 100,000 or more individuals but fewer than 1,000,000 individuals since 1st January of that year or cumulatively provides outside of mainland China the sensitive personal information of fewer than 10,000 individuals since 1st January of that year. The Provisions outline several exemptions, such as (i) provision of data collected and generated in activities such as international trade, cross-border transportation, academic cooperation, cross-border production and marketing, which do not involve personal information or important data, (ii) provision of data collected and generated overseas after being processed within the China, provided that no important data and personal information are involved during the process; (iii) provision of data for contractual fulfillment by an individual, cross-border human resource management, or to protect the life, health, and property safety of natural persons in emergency situations; and (iv) a non-CIIO data operator cumulatively provides outside of mainland China the personal information (excluding sensitive personal information) of fewer than 100,000 individuals since 1st January of that year. In addition, data processors operating within the free trade experimental zones may enjoy further exemptions.

To comply with these laws and regulations, we have established information security systems to protect users' privacy, we also have adopted a risk detection mechanism for data security defects and vulnerabilities, and set up an emergency response mechanism for data security incidents. We also periodically review our privacy policies and amend as needed based on the development and changes of the personal information we will collect and process to ensure that we have comply with relevant requirements, including obtaining users' prior consent to the collection and processing of their personal information before such collecting and processing. However, our system may not be compliant with laws and regulations. We have been ordered to rectify our app as it failed to explicitly inform users the purpose, method, and scope regarding personal data collection. We will continue to review and amend our privacy policies on our websites and mobile applications periodically based on the development and changes of our business operations so that we obtain proper consents from our users for collecting and using their personal information.

#### ***PRC regulation on internet medicine information service***

The State Food and Drug Administration promulgated *the Administration Measures on Internet Medicine Information Service* on July 8, 2004, which was amended in November 2017, and certain implementing rules and notices thereafter. These measures set out regulations governing the classification, application, approval, content, qualifications and requirements for internet medicine information services. An ICP service operator that provides information regarding medicine or medical equipment must obtain an Internet Medicine Information Service Qualification Certificate from the applicable provincial level counterpart of State Food and Drug Administration. Shenzhen Xunlei has obtained a Medicine Information Service Qualification Certificate from Guangdong Food and Drug Administration for the provision of internet medical information services with an expiry date of August 21, 2023. Shenzhen Wangwenhua has also obtained a Medicine Information Service Qualification Certificate from Guangdong Food and Drug Administration for the provision of internet medical information services with the expiry date extended to August 23, 2027.

#### ***PRC regulation on advertising business***

The State Administration for Market Regulation is the government agency responsible for regulating advertising activities in the PRC.

According to the PRC laws and regulations, companies that engage in advertising activities must obtain from the State Administration for Market Regulation or its local branches a business license which specifically includes operating an advertising business within its business scope. The business license of an advertising company is valid for the duration of its existence, unless the license is suspended or revoked due to a violation of laws or regulations. PRC advertising laws and regulations set forth certain content requirements for advertisements in the PRC including prohibitions on false or misleading content, superlative wording, socially destabilizing content or content involving obscenities, superstition, violence, discrimination or infringement of the public interest. Advertisers, advertising agencies and advertising distributors are required by PRC advertising laws and regulations to ensure that the content of the advertisements they prepare or distribute is true and in full compliance with laws and regulations. In providing advertising services, advertising operators and advertising distributors must review the supporting documents provided by advertisers for advertisements and verify that the content of the advertisements complies with PRC laws and regulations. Prior to distributing advertisements that are subject to government censorship and approval, advertising distributors are obligated to verify that such censorship has been performed and approval has been obtained. The release or delivery of advertisements through the internet shall not impair the normal use of the network by users. The advertisements released in pop-up form on the web page of the Internet and other forms shall indicate the close flag in prominent manner and ensure one-key close. Violation of these regulations may result in penalties, including fines, confiscation of advertising income, orders to cease dissemination of the advertisements and orders to publish an advertisement correcting the misleading information. In the event of serious violations, the State Administration for Market Regulation or its local branches may revoke violators' licenses or permits for their advertising business operations.

On February 25, 2023, the State Administration for Market Regulation issued *the Measures for the Administration of Internet Advertising*, effective on May 1, 2023. These measures provide requirements for transparency, user rights protection and responsibilities for advertising agents, advertising publishers and platform operators, and also introduce requirements for various forms of online advertisements, including pop-up advertisements, open-screen advertisements, live-streaming advertisement, "soft text advertisements," internet advertisements containing links, auction ranked advertisements, algorithm-recommended advertisements, internet live broadcast advertisements and covert advertisements. For instance, when promoting goods or services through soft text advertisements such as knowledge introduction, experience sharing and consumption evaluation with attached purchase methods like shopping links, the advertisement publisher must clearly indicate "advertisement" to distinguish it as such. These measures specifically require internet platform operators to take measures to prevent and stop illegal advertisements, which include recording and storing the real identity information of users who publish advertisements for at least three years, monitoring and investigating advertisement content, and employing measures to stop illegal advertisements. Platform operators must also establish effective complaint and reporting mechanisms, cooperate with competent governmental authorities in investigating illegal conduct, and use measures such as warnings or suspending or terminating services for users who publish illegal advertisements. Platform operators are prohibited from using technical means or other methods to obstruct competent governmental authorities' advertisement monitoring. Violation of these requirements may result in administrative penalties including fines, confiscation of illegal incomes, suspension of business operations and revocation of business licenses, among others. The administrative penalty decisions made by competent governmental authorities will be publicly disclosed through the National Enterprise Credit Information Publicity System. We have outsourced our advertising business to Itui in 2020 and required Itui to set up an effective review mechanism for each advertisement it places on our websites and platform to ensure the content is truthful, accurate, and in full compliance with laws and regulations. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business—Advertisements displayed on our platform may subject us to penalties and other administrative actions."

#### ***PRC regulation on information security and censorship***

The PRC laws and regulations specifically prohibit the use of internet infrastructure where it may breach public security, provide content harmful to the stability of society or disclose state secrets. According to the *Measures for the Administration of Computer Information Network and International Networking Security Protection*, which was issued by the State Council on January 8, 2011, and other regulations, it is mandatory for internet companies in the PRC to complete security filing procedures and regularly update information security and censorship systems for their websites with the local public security bureau. In addition, the amended *Law on Preservation of State Secrets*, which became effective on October 1, 2010, provides that whenever an internet service provider detects any leakage of state secrets in the distribution of online information, it should stop the distribution of such information and report to the authorities of state security and public security. As per requests of state security authorities, public security or state secrecy, the internet service provider shall delete any content on its website that may lead to disclosure of state secrets.

On June 28, 2016, the Cyberspace Administration of China issued the *Administrative Provisions on Mobile Internet Applications Information Services*, which became effective on August 1, 2016 and the most recent amendment of which became effective on August 1, 2022, to further strengthen the administration over the mobile internet application information services. Pursuant to these provisions, owners or operators of mobile internet applications that provide information services are required to be responsible for information security management, which, among others, includes the following:

- certifying the identification information of the registered users;
- establishing and improving the protective mechanism for users information, following the principle of legality, rightfulness, necessity and good faith, and having clear and reasonable purposes, disclose processing rules, abide by the regulations on the scope of necessary personal information and take necessary measures to ensure personal information security; and
- establishing and improving the verification mechanism for the content, taking measures against any illegal content, keeping the records and reporting such content to competent authorities.

On November 7, 2016, the Standing Committee of the National People's Congress promulgated the PRC Cybersecurity Law, which became effective on June 1, 2017, to protect cyberspace security and order. Pursuant to the PRC Cyber Security Law, any individual or organization using the network must comply with the constitution and the applicable laws, follow the public order and respect social moralities, and must not endanger cyber security, or engage in activities by making use of the network that endanger the national security, honor and interests, or infringe on the fame, privacy, intellectual property and other legitimate rights and interests of others. In addition, the PRC Cyber Security Law requires network operators must not collect personal information irrelevant to their services. The network operators are required to strictly keep confidential users' personal information that they have collected and to establish and improve user information protective mechanism. In the event of any unauthorized disclosure, damage or loss of collected personal information, network operators must take immediate remedial measures, notify the affected users and report the incidents to the competent authorities in a timely manner. On March 28, 2025, the Cyberspace Administration of China released the draft of Cyber Security Law for public comments, which raises the maximum fine for network operators who fail to fulfill their cybersecurity duties, including failure to take measures to cease the transmission or remove information prohibited by appropriate laws or administrative regulations, keep record of relevant information or report to competent authorities, to RMB 10 million, and introduced new legal liabilities including the legal liability for selling or providing network critical equipment and network security specific products that have not been certified for security. As of the date of this annual report, the draft has not been formally adopted.

On August 25, 2017, the Cyberspace Administration of China promulgated the *Provisions on the Administration of Internet Comments Posting Services*, which became effective on October 1, 2017 with the most recent amendment becoming effective on December 15, 2022. According to these provisions, internet comments posting services refer to the services of publishing transcripts, symbols, expressions, pictures, audio and video and other information offered by Internet websites, applications, interactive communication platforms and other types of website platforms having the capabilities of social mobilization or influencing public opinion by way of comment, reply, message, bullet screen, like and using other means. Providers of the internet comments posting services shall strictly assume the primary responsibilities and discharge the following obligations accordingly:

- verify the real identity information of registered users following the principle of using real name at foreground and volunteering to do so at background and forbid the provision of internet comments posting services for users whose real identity information is not verified or falsely use the identity information of the organization or others;
- establish and improve a user personal information protection system;
- establish a system to review new comments before they are published when providing internet comments posting services;
- establish and improve an internet comments posting review and management, real-time check, emergency response, report acceptance and other information security management systems, timely identify and process illicit and unhealthy information and submit a report to the competent network information departments;

- develop information protection and management technologies for the internet comments posting, timely identify security flaws and bugs and other risks in internet comments posting services, take remedial measures and submit a report to the competent internet and information departments; and
- set up a reviewing and editing team, strengthen the post review and review training and improve the professionalism of editors.

In addition, on August 25, 2017, the Cyberspace Administration of China promulgated the *Administrative Provisions on Internet Forum and Community Services*, which became effective on October 1, 2017, pursuant to which the internet forum and community service providers shall assume the primary responsibility for establishing and improving the information inspection and verification, public information real-time check, emergency response and personal information protection and other information security management systems, put in place safe and controllable preventative measures, employ professionals based on service scope, and provide necessary technical support for the departments in performing duties according to the law. The internet forum and community service providers shall not use internet forum and community services to publish or disseminate information banned by laws, regulations and provisions of the state. Where the internet forum and community service providers identify any aforementioned information, they shall cease the transmission of such information forthwith, delete and take other measures, retain the records and timely submit a report to the Cyberspace Administration of China or its local branches.

On November 15, 2018, the Cyberspace Administration of China and the Ministry of Public Security jointly promulgated the Provisions for the Security Assessment of Internet Information Services Having Public Opinion Properties or Social Mobilization Capacity, which deems microblogging, live - streaming, information sharing services as internet information having the capabilities of social mobilization or influencing public opinion. The service providers providing such services are required to conduct security assessments when they launch new online services, expand the functionality of their existing services, introduce new technologies or applications, experience a significant increase in user base, witness the spread of unlawful or harmful information, or any other circumstance identified by the cybersecurity authorities. These service providers are required to submit security assessment reports to the local cybersecurity authorities and public security bureau via the National Internet Security Management Service Platform.

On June 27, 2022, the Cyberspace Administration of China promulgated the *Administrative Provisions on the Account Information of Internet Users*, effective from August 1, 2022, which provides guidelines on the provision 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.

On September 9, 2022, the Cyberspace Administration of China, together with the Ministry of Industry and Information Technology and State Administration for Market Regulation, jointly issued the *Administrative Provisions on Internet Pop-up Window Information Notification Services*, effective on September 30, 2022, which provides that providers of internet pop-up window information push services shall implement the responsibilities as subjects of information content management and establish and improve management systems for censoring of information content, ecological governance, data security and personal information protection, and protection of minors.

On June 10, 2021, the Standing Committee of the National People's Congress promulgated the PRC Data Security Law, effective on September 1, 2021. The PRC Data Security Law establishes a classified and tiered system for data protection based on the level of importance of the data in the economic and social development, as well as the level of danger of the data imposed on national security, public interests, or the legal interests of individuals and organizations upon any manipulation, destruction, leakage, illegal acquisition or illegal usage. Furthermore, it is specified that the PRC Cybersecurity Law applies to the security administration of the cross-border transfer of important data collected and generated by operators of "critical information infrastructure" during their operations in China.

On November 14, 2021, the Cyberspace Administration of China published a discussion draft of *Administrative Measures for Internet Data Security*, which provides that data processors conducting the following activities shall apply for cybersecurity review: (i) merger, reorganization or separation of Internet platform operators that have acquired a large number of data resources related to national security, economic development or public interests affects or may affect national security; (ii) listing abroad of data processors processing over one million users' personal information; (iii) listing in Hong Kong which affects or may affect national security; (iv) other data processing activities that affect or may affect national security. These measures also provide that operators of large internet platforms that set up headquarters, operation centers or R&D centers overseas shall report to the national cyberspace administration and competent authorities.

In addition, these measures requires data processors processing over one million users' personal information to comply with the regulations on important data processors, including appointing a person in charge of data security and establishing a data security management organization, filing with the competent authority within fifteen working days after identifying its important data, formulating data security training plans and organizing data security education and training for all staff every year, and that the education and training time of data security related technical and management personnel shall not be less than 20 hours per year. These measures also state that data processors processing important data or going public overseas shall conduct an annual data security assessment by themselves or entrust a data security service institution to do so, and submit the data security assessment report of the previous year to the local branch of Cyberspace Administration of China before January 31 of each year.

Further, these measures also require internet platform operators to establish platform rules, privacy policies and algorithm strategies related to data, and solicit public comments on their official websites and personal information protection related sections for no less than 30 working days when they formulate platform rules or privacy policies or makes any amendments that may have a significant impact on users' rights and interests. Further, platform rules and privacy policies formulated by operators of large internet platforms with more than 100 million daily active users, or amendments to such rules or policies by operators of large internet platforms with more than 100 million daily active users that may have significant impacts on users' rights and interests shall be evaluated by a third-party organization designated by the Cyberspace Administration of China and reported to local branch of the Cyberspace Administration of China for approval. The Cyberspace Administration of China solicited comments on this draft, but there is no timetable as to when it will be enacted.

On December 28, 2021, the Cyberspace Administration of China, the NDRC, the Ministry of Industry and Information Technology and several other authorities jointly promulgated *Measures for Cybersecurity Reviews*, which became effective on February 15, 2022. According to these measures, (i) when the purchase of network products and services by a critical information infrastructures operator or the data processing activities conducted by a network platform operator affect or may affect national security, a cybersecurity review shall be conducted pursuant to these measures. The aforesaid operators shall file for a cybersecurity review with Cybersecurity Review Office under the Cyberspace Administration of China if their behavior affects or may affect national security; (ii) an application for cybersecurity review shall be made by an issuer who is a network platform operator holding personal information of more than one million users before such issuer applies to list its securities on a foreign stock exchange; and (iii) the PRC governmental authorities may initiate cybersecurity review if such governmental authorities determine that the issuer's network products or services, or data processing activities affect or may affect national security. Cybersecurity reviews focus on assessing the following national security risks factors: (i) the risk of illegal control, interference or destruction of critical information infrastructure, arising from the purchase and utilization of network products and services; (ii) the harm on the business continuity of critical information infrastructure incurring from a disruption of network products and services supply; (iii) the safety, openness, transparency, diversity of sources of network products and services; the reliability of suppliers; and the risk of supply disruption due to political, diplomatic, trade and other reasons; (iv) the level of compliance with the PRC laws, administrative regulations and ministry rules of the suppliers of network products and services; (v) the risk of core data, important data or a large amount of personal information being stolen, leaked, destroyed, and illegally used or illegally exited the country; (vi) the risk of critical information infrastructure, core data, important data or a large amount of personal information being affected, controlled, or maliciously used by foreign governments and the network information security risk in relation to listing abroad; and (vii) other factors that may harm critical information infrastructure, cyber security and/or data security.

On July 7, 2022, the Cyberspace Administration of China promulgated the *Outbound Data Transfers Security Assessment Measures*, effective on September 1, 2022, which require the data processor providing data overseas and falling under any of the following circumstances to apply for the security assessment of cross-border data transfer with the local provincial-level counterparts of the national cybersecurity authority: (i) where the data processor intends to provide important data overseas; (ii) where a critical information infrastructure operator and a data processor who has processed personal information of more than 1,000,000 individuals intends to provide personal information overseas; (iii) where a data processor who has provided personal information of 100,000 individuals or sensitive personal information of 10,000 individuals to overseas recipients, in each case as calculated cumulatively, since January 1 of the last year, intends to provide personal information overseas; and (iv) other circumstances where the security assessment of data cross-border transfer is required as prescribed by the Cyberspace Administration of China. Furthermore, the data processor shall conduct a self-assessment on the risk of data cross-border transfer prior to applying for the foregoing security assessment, under which the data processor shall focus on certain factors including, among others, the legitimacy, fairness and necessity of the purpose, scope and method of data cross-border transfer and the data processing of overseas recipients, the risks that the cross-border data transfer may bring to national security, public interests and the legitimate rights and interests of individuals or organizations as well as whether the cross-border data transfer related contracts or the other legally binding documents to be entered with overseas recipients have fully included the data security protection responsibilities and obligations. Any violations of these measures may result in the penalties for the data processor and its responsible person under the PRC Cybersecurity Law, the PRC Data Security Law, the PRC Personal Information Protection Law and other laws and regulations, which include warnings, rectification, suspension of business, revocation of license or fines of up to RMB50 million or five percent of annual revenue for the data processor and up to RMB1 million for responsible individuals.

On September 30, 2024, the State Council released the Administrative Measures for Network Data Security, which came into effect on January 1, 2025. The Administrative Measures for Network Data Security provide detailed operational guidelines for the implementation of the PRC Cybersecurity Law, Data Security Law, and Personal Information Protection Law. According to the Administrative Measures for Network Data Security, data processors must identify and report the type of important data involved in their business pursuant to relevant guidelines, and processors of important data must adopt specific measures to secure important data, such as designating the personnel and internal management department for network data security and conducting risk assessment and submitting annual risk assessment reports to relevant authorities. Failure to protect important data, including failure to identify and report the type of important data, can lead to administrative penalties, including fines, suspension of business operations, and revocation of business licenses. The Administrative Measures for Network Data Security also require that a network data processor processing the personal information of more than 10 million individuals shall comply with the provisions governing the important data processors. In terms of network platform governance, the Administrative Measures for Network Data Security imposes compliance obligations on network platform service providers, in particular, overseeing the network data security practice of third parties who provide products or services on the platform and bearing legal liabilities when such third parties' network data processing activities violate applicable laws or the platform rules and causes damage to users. Large network platform operators, defined as those (i) with over 50 million registered users or more than 10 million monthly active users; (ii) having complex business models; and (iii) conducting network data processing activities that may significantly impact national security, economic operations and public welfare, should publish annual social responsibility report on personal information protection, and should not carry out unfair or deceptive practices such as collecting and processing user data through misleading, fraudulent, or coercive means, unjustified restrictions on user data access, and unreasonable differential treatment of users.

On February 14, 2025, the Cyberspace Administration of China promulgated the *Personal Information Protection Compliance Audit Management Measures* with effect from May 1, 2025, which requires personal information processors processing data of over 10 million individuals to conduct personal information protection compliance audits at least once every two years. In addition, personal information processors processing the personal information of over 1 million individuals shall designate a personal information protection officer in charge of the compliance audit. The personal information processors providing important internet platform services, having large number of users and complicated business type, shall establish an independent body mainly composed of external members to oversee the situation of personal information protection compliance audit.

Violation of these laws and provisions may result in penalties, including fines, confiscation of illegal income. In the case of serious violations, the competent telecommunication authority, public security authority and other competent authorities may suspend relevant business, rectification or close down the website, or revoke licenses or permits for their business operations.

We are subject to the laws and regulations relating to information security and censorship. To comply with these laws and regulations, we have completed the mandatory security filing procedures with the local public security authorities, and regularly update its information security and content-filtering systems with newly issued content restrictions as required by the laws and regulations. Although instances in the past have suggested that our information security and content-filtering systems may not be compliant with laws and regulations in all respects, we strive to improve our systems by continuously implementing additional protective and examining measures to reduce the risk of cyber-incidents and to detect improper or illegal content. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business—System failure, interruptions and downtime, including those caused by cyber-attacks or security breaches, can result in user dissatisfaction, adverse publicity or leakage of confidential information of our users and customers, and our business, financial condition, results of operations may be materially and adversely affected.”

#### ***PRC regulation on torts***

In May 2020, the National People’s Congress promulgated the PRC Civil Code, which became effective on January 1, 2021. Under the PRC Civil Code, internet users and internet service providers shall bear tortious liability in the event they infringe upon other people’s civil rights and interests through the internet. Where an internet user is infringing upon the civil rights or interests of another person via internet, the injured party shall have the right to demand the internet service provider to take necessary measures such as deleting the infringing content, etc. by serving the internet service provider a notice. Where the internet service provider fails to take any necessary measures, it shall be jointly and severally liable with the internet user for any additional injury or damage incurred thereafter. Under the circumstance that the internet service provider is aware that an internet user is infringing upon the civil rights or interests of another person and fails to take necessary measures, the internet service provider shall be jointly liable for such infringement with such internet user.

#### ***PRC regulation on intellectual property rights***

The PRC has adopted comprehensive legislation governing intellectual property rights, including copyrights, patents, trademarks and domain names.

##### *Copyright law*

Under the PRC Copyright Law (1990), as amended in 2001, 2010 and 2020, and its related implementing regulations, creators of protected works enjoy personal and property rights, including the right of dissemination via information network of the works. The term of a copyright, other than the rights of authorship, alteration and integrity of an author which shall be unlimited in time, is life plus 50 years for individual authors and 50 years for corporations.

To address the problem of copyright infringement related to content posted or transmitted on the internet, the National Copyright Administration and Ministry of Industry and Information Technology jointly promulgated the *Measures for Administrative Protection of Copyright Related to Internet* on April 29, 2005. These measures, which became effective on May 30, 2005, apply to acts of automatically providing services, such as uploading, storing, linking or searching works, audio or video products, or other content through the internet based on the instructions of internet users who publish content on the internet, without editing, amending or selecting any transmitted content. When imposing administrative penalties upon the act which infringes upon any users’ right of communication through information networks, the *Measures for Imposing Copyright Administrative Penalties*, promulgated in 2009, shall be applied.

Pursuant to *the Regulation on Protection of the Right of Communication through Information Network*, as amended in 2013, an ICP service provider may be exempted from indemnification liabilities under following circumstances:

- any ICP service provider, who provides automatic internet access service upon instructions of its users or provides automatic transmission service of works, performance and audio-visual products provided by its users, will not be required to assume the indemnification liabilities if (i) it has not chosen or altered the transmitted works, performance and audio-visual products; and (ii) it provides such works, performance and audio-visual products to the designated user and prevents any person other than such designated user from obtaining the access.

- any ICP service provider who, for the sake of improving network transmission efficiency, automatically provides to its own users, based on the technical arrangement, the relevant works, performances and audio-visual products obtained from any other ICP service providers will not be required to assume the indemnification liabilities if (i) it has not altered any of the works, performance or audiovisual products that are automatically stored; (ii) it has not affected such original ICP service provider in grasping the circumstances where the users obtain the relevant works, performance and audio-visual products; and (iii) when the original ICP service provider revises, deletes or shields the works, performance and audio-visual products, it will automatically revise, delete or shield the same based on the technical arrangement.
- any ICP service provider, who provides its users with information memory space for such users to provide the works, performance and audio-visual products to the general public via the information network, will not be required to assume the indemnification liabilities if (i) it clearly indicates that the information memory space is provided to the users and publicizes its own name, contact person and web address; (ii) it has not altered the works, performance and audio-visual products that are provided by the users; (iii) it is not aware of or has no reason to know the infringement of the works, performance and audio-visual products provided by the users; (iv) it has not directly derived any economic benefit from the provision of the works, performance and audio-visual products by its users; and (v) after receiving a notice from the right holder, it has deleted such works, performance and audio-visual products as alleged for infringement pursuant to such regulation.
- any ICP service provider, who provides its users with search services or links, will not be required to assume the indemnification liabilities if, after receiving a notice from the rights holder, it has deleted the works, performance and audio-visual products as alleged for copyright infringement pursuant to this regulation. However, the ICP service provider shall be subject to joint liabilities for copyright infringement if it is aware of or has reason to know the infringement of the works, performance and audio-visual products to which it provides links.

In December 2012, the Supreme People’s Court of China promulgated the Provisions on Certain Issues Related to the Application of Law in the Trial of Civil Cases Involving Disputes over Infringement of the Right of Dissemination through Information Networks, the most recent amendment of which became effective on January 1, 2021. According to these provisions, the courts will require ICP service providers to remove not only links or content that have been specifically mentioned in the notices of infringement from rights holders, but also links or content they “should have known” to contain infringing content. The provisions further provide that where an ICP service provider has directly obtained economic benefits from any content made available by an internet user, it has a higher duty of care with respect to internet users’ infringement of third-party copyrights.

To comply with these laws and regulations, we have implemented internal procedures to monitor and review the content on our websites and platforms and remove any infringing content promptly after we receive notice of infringement from the legitimate rights holder.

#### ***Patent law***

The National People’s Congress adopted the PRC Patent Law in 1984 and amended it in 1992, 2000, 2008 and 2020, respectively. A patentable invention, utility model or design must meet three conditions: novelty, inventiveness and practical applicability. Patents cannot be granted for scientific discoveries, rules and methods for intellectual activities, methods used to diagnose or treat diseases, animal and plant breeds or substances obtained by means of nuclear transformation or designs that are mainly used for marking the pattern, color or combination of these two of prints. The Patent Office under the China National Intellectual Property Administration is responsible for receiving, examining and approving patent applications. A patent is valid for a twenty-year term in the case of an invention and a ten-year term in the case of a utility model and a fifteen-year term in the case of a design, starting from the application date. A third-party user must obtain consent or a proper license from the patent owner to use the patent except for certain specific circumstances provided by law. Otherwise, the use may constitute an infringement of the patent rights. As of December 31, 2024, we had 425 registered patents in the PRC and 150 patent applications were being examined by the Patent Office of the China National Intellectual Property Administration.

## **Trademark law**

Registered trademarks are protected under the PRC Trademark Law, which was adopted in 1982 and amended in 1993, 2001, 2013 and 2019, and its implementation rules. The Trademark Office of China National Intellectual Property Administration is responsible for the registration and administration of trademarks throughout the PRC. The PRC Trademark Law has adopted a “first-to-file” principle with respect to trademark registration. Where a trademark for which a registration has been made is identical or similar to another trademark that has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Any person applying for the registration of a trademark shall not prejudice the existing right of others obtained by priority, nor shall any person register in advance a trademark that has already been used by another person and has already gained “sufficient degree of reputation” through that person’s use. After receiving an application, the PRC Trademark Office will make a public announcement if the trademark passes the preliminary examination. Within three months after such public announcement, any person may file an opposition against a trademark that has passed a preliminary examination. The PRC Trademark Office’s decisions on rejection, opposition or cancellation of an application may be appealed to the PRC Trademark Review and Adjudication Board, whose decision may be further appealed through judicial proceedings. If no opposition is filed within three months after the public announcement period or if the opposition has been overruled, the PRC Trademark Office will approve the registration and issue a registration certificate, upon which the trademark is registered and will be effective for a renewable ten-year period, unless otherwise revoked. As of December 31, 2024, we had 929 trademarks registered in different applicable trademark categories in China and three trademarks registered with World Intellectual Property Organization. We had applied for registration of 90 trademarks in China.

### *Domain name*

The domain names are protected under the *Administrative Measures on the Internet Domain Names* promulgated by Ministry of Industry and Information Technology on August 24, 2017 and effective on November 11, 2017. Ministry of Industry and Information Technology is the major regulatory body responsible for the administration of the PRC internet domain names. China Internet Network Information Center is responsible for the daily administration of CN domain names and Chinese domain names. On June 18, 2019, China Internet Network Information Center issued the *Implementing Rules of National Top-Level Domain Names Registration*, Pursuant to the *Administrative Measures on the Internet Domain Names and the Implementing Rules of National Top-Level Domain Names Registration*, the registration of domain names adopts the “first-to-file” principle and the registrant shall complete the registration via the domain name registration service institutions. We have registered “xunlei.com” and other domain names.

## **PRC regulation on tax**

### *PRC enterprise income tax*

The PRC enterprise income tax is calculated based on the taxable income determined under the PRC laws and accounting standards. On March 16, 2007, the National People’s Congress enacted a new PRC Enterprise Income Tax Law, which became effective on January 1, 2008 and was last revised on December 2018. On December 6, 2007, the State Council promulgated the *Implementation Rules to the PRC Enterprise Income Tax Law*, which also became effective on January 1, 2008 and last revised on April 23, 2019. On December 26, 2007, the State Council issued the *Notice on Implementation of Enterprise Income Tax Transition Preferential Policy under the PRC Enterprise Income Tax Law*, which became effective simultaneously with the PRC Enterprise Income Tax Law. The PRC Enterprise Income Tax Law imposes a uniform enterprise income tax rate of 25% on all domestic enterprises, including foreign-invested enterprises unless they qualify for certain exceptions, and terminates most of the tax exemptions, reductions and preferential treatments available under previous tax laws and regulations. Under the PRC Enterprise Income Tax Law and such circular, enterprises that were established before March 16, 2007 and already enjoyed preferential tax treatments may continue to enjoy them (i) in the case of preferential tax rates, for a period of five years from January 1, 2008; during the five-year period, the tax rate will gradually increase from 15% to 25%, or (ii) in the case of preferential tax exemption or reduction for a specified term, until the expiration of such term. In addition, the PRC Enterprise Income Tax Law and its implementation rules permit qualified “high and new technology enterprises” to enjoy a reduced enterprise income tax rate of 15%.

Moreover, under the PRC Enterprise Income Tax Law, enterprises organized under the laws of jurisdictions outside China with their “de facto management bodies” located within China may be considered PRC resident enterprises and therefore subject to PRC enterprise income tax at the rate of 25% on their worldwide income. The implementation rules of the PRC Enterprise Income Tax define the term “de facto management body” as the management body that exercises full and substantial control and overall management over the business, productions, personnel, accounts and properties of an enterprise. In addition, the *Circular Related to Relevant Issues on the Identification of a Chinese holding Company Incorporated Overseas as a Residential Enterprise under the Criterion of De Facto Management Bodies* issued by the State Administration of Taxation on April 22, 2009 provides that a foreign enterprise controlled by a PRC enterprise or a PRC enterprise group will be classified as a “resident enterprise” with its “de facto management bodies” located within China if the following requirements are satisfied: (i) the senior management and core management departments in charge of its daily operations function mainly in the PRC; (ii) its financial and human resources decisions are subject to determination or approval by persons or bodies in the PRC; (iii) its major assets, accounting books, company seals, and minutes and files of its board and shareholders’ meetings are located or kept in the PRC; and (iv) at least half of the enterprise’s directors or senior management with voting rights reside in the PRC. Although the circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups and not those controlled by PRC individuals or foreigners, the determining criteria set forth in the circular may reflect the general position of the State Administration of Taxation on how the “de facto management body” text should be applied in determining the tax resident status of offshore enterprises, regardless of whether they are controlled by PRC enterprises, individuals or foreigners.

In April 2020, the Ministry of Finance, the State Administration of Taxation and the NDRC issued the *Announcement on Continuing the Enterprise Income Tax Policies for the Large-Scale Development of Western China*, which became effective on January 1, 2021, allowing enterprises operated in an encouraged industry that is established in western China to pay the enterprise income tax at a reduced rate of 15% from January 1, 2021 to December 31, 2030.

Although we are not controlled by a PRC enterprise or PRC enterprise group and we do not believe that we meet all of the above-mentioned conditions, substantial uncertainty exists as to whether we will be deemed a PRC resident enterprise for enterprise income tax purpose. In the event that we are considered a PRC resident enterprise, we would be subject to the PRC enterprise income tax at the rate of 25% on our worldwide income, but the dividends that we receive from our PRC subsidiaries would be exempt from the PRC withholding tax since such income is exempted under the PRC Enterprise Income Tax Law for a PRC resident enterprise recipient. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Our global income may be subject to PRC taxes under the PRC Enterprise Income Tax Law, which may have a material adverse effect on our results of operations.”

Under PRC tax laws and regulations, arrangements and transactions among related parties may be subject to audit or scrutiny by the PRC tax authorities within ten years after the taxable year when the arrangements or transactions are conducted. We could face material and adverse tax consequences if the PRC tax authorities were to determine that the contractual arrangements among Giganology Shenzhen, our wholly owned subsidiary in China and Shenzhen Xunlei, the variable interest entity in China and its shareholders, as well as the intellectual property framework agreement between Xunlei Computer and Shenzhen Xunlei, were not entered into on an arm’s-length basis and therefore constituted unfavorable transfer pricing arrangements. Unfavorable transfer pricing arrangements could, among other things, result in an upward adjustment to the tax liability of Shenzhen Xunlei, and the PRC tax authorities may impose interest on late payments on Shenzhen Xunlei for the adjusted but unpaid taxes. Our results of operations may be materially and adversely affected if Shenzhen Xunlei’s tax liabilities increase significantly or if it is required to pay interest on late payments.

#### *PRC value added tax*

On May 24, 2013, the Ministry of Finance and the State Administration of Taxation issued the Circular on Tax Policies in the Nationwide Pilot Collection of Value Added Tax in Lieu of Business Tax in the Transportation Industry and Certain Modern Services Industries. The scope of certain modern services industries under this circular extends to the inclusion of radio and television services. On March 23, 2016, the Ministry of Finance and the State Administration of Taxation jointly issued the Circular on the Pilot Program for Overall Implementation of the Collection of Value Added Tax Instead of Business Tax, which took effect on May 1, 2016. Pursuant to this circular, all of the companies operating in construction, real estate, finance, modern service or other sectors which were required to pay business tax are required to pay value-added tax, in lieu of business tax. The value-added tax rate is 6%, except for rate of 11% for real estate sale, land use right transferring and providing service of transportation, postal sector, basic telecommunications, construction, real estate lease; rate of 17% for providing lease service of tangible property; and rate of zero for specific cross-bond activities.

On April 4, 2018, the Ministry of Finance and the State Administration of Taxation issued the *Circular on Adjustment of Value-added Tax Rates*, which became effective on May 1, 2018. According to this circular, certain value-added tax rates have been reduced since May 1, 2018, such as (i) value-added tax rates of 17% and 11% applicable to the taxpayers who have value-added tax taxable sales activities or imported goods are adjusted to 16% and 10%, respectively; and (ii) value-added tax rate of 11% originally applicable to the taxpayers who purchase agricultural products is adjusted to 10%.

On March 20, 2019, the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs of the PRC issued the *Announcement on Relevant Policies for Deepening Value-Added Tax Reform*, which became effective on April 1, 2019. According to this announcement, starting from April 1, 2019, the value-added tax rate of 10% was adjusted to 9% while the VAT rate of 16% was adjusted to 13%.

#### *PRC dividend withholding tax*

Pursuant to the PRC Enterprise Income Tax Law and its implementation rules, dividends generated after January 1, 2008 and payable by a foreign-invested enterprise in China to its foreign enterprise investors are subject to a 10% withholding tax, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. Under the *China-Hong Kong Taxation Arrangement*, income tax on dividends payable to a company resident in Hong Kong that holds more than a 25% equity interest in a PRC resident enterprise may be reduced to a rate of 5%. In February 2018, the State Administration of Taxation issued a new circular on issues relating to "beneficial owner" in tax treaties, which became effective on April 1, 2018. This circular provides a more flexible guidance to determine whether the applicant engages in substantive business activities. Furthermore, under the *Administrative Measures for Entitlement to Treaty Benefits for Non-resident Taxpayers*, non-resident taxpayers which satisfy the criteria for entitlement to tax treaty benefits may, at the time of tax declaration or withholding declaration through a withholding agent, enjoy the tax treaty benefits and are subject to further regulation by the tax authorities. If non-resident taxpayers fail to claim the tax treaty benefits with the withholding agent, or the materials and the information contained in the relevant reports and statements provided to the withholding agent do not satisfy the criteria for entitlement to tax treaty benefits, the withholding agent shall withhold tax pursuant to the provisions of PRC tax laws. In addition, according to a tax circular issued by State Administration of Taxation in February 2009, if the main purpose of an offshore arrangement is to obtain a preferential tax treatment, the PRC tax authorities have the discretion to adjust the preferential tax rate enjoyed by the relevant offshore entity. Although Xunlei Computer is currently wholly owned by Xunlei Network HK, we cannot assure you that we will be able to enjoy the preferential withholding tax rate of 5% under the *China-Hong Kong Taxation Arrangement*.

#### ***PRC regulation on labor laws and social insurance***

Pursuant to the PRC Labor Law and the PRC Labor Contract Law, employers must execute written labor contracts with full-time employees. All employers must compensate their employees with wages equal to at least the local minimum wage standards. All employers are required to establish a system for labor safety and sanitation, strictly abide by state rules and standards and provide employees with workplace safety training. Violations of the PRC Labor Contract Law and the PRC Labor Law may result in the imposition of fines and other administrative liabilities. Criminal liability may arise for serious violations.

In addition, according to the PRC Social Insurance Law and the *Regulations on the Administration of Housing Provident Funds*, employers in China are obliged to provide employees with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, work-related injury insurance, medical insurance and housing funds.

To comply with these laws and regulations, we have caused all of our full-time employees to enter into labor contracts and provide our employees with the proper welfare and employment benefits.

#### ***PRC regulation on foreign exchange control and administration***

Foreign exchange regulation in the PRC is primarily governed by the following regulations:

- *Foreign Exchange Administration Rules*, which was promulgated by the State Council on January 29, 1996 and amended on January 14, 1997 and on August 5, 2008 respectively; and

- Administration Rules of the Settlement, Sale and Payment of Foreign Exchange, promulgated by the People's Bank of The PRC on June 20, 1996.

Under the *Foreign Exchange Administration Rules*, Renminbi is convertible for current account items, including the distribution of dividends, interest payments, trade and service-related foreign exchange transactions. As for capital account items, such as direct investments, loans, security investments and the repatriation of investment returns, however, the conversion of foreign currency is still subject to the approval of, or registration with, SAFE or its competent local branches; while for the foreign currency payments for current account items, the SAFE approval is not necessary for the conversion of Renminbi except as otherwise explicitly provided by laws and regulations. Under the *Administration Rules of the Settlement, Sale and Payment of Foreign Exchange*, enterprises may only buy, sell or remit foreign currencies at banks that are authorized to conduct foreign exchange business after the enterprise provides valid commercial documents and supporting documents and, in the case of certain capital account transactions, after obtaining approval from SAFE or its competent local branches. Capital investments by enterprises outside of the PRC are also subject to limitations, which include approvals by or registration with the Ministry of Commerce, SAFE and NDRC, or their respective competent local branches. On July 21, 2005, the PRC government changed its policy of pegging the value of the Renminbi to the U.S. dollar. Under the new policy, the Renminbi is permitted to fluctuate within a band against a basket of certain foreign currencies.

In March 2015, SAFE issued the Circular on Reform of the Administrative Rules of the Payment and Settlement of Foreign Exchange Capital of Foreign Invested Enterprises, effective on June 1, 2015, pursuant to which foreign-invested enterprises may either continue to follow the current payment-based foreign currency settlement system or elect to follow the "conversion-at-will" regime of foreign currency settlement. Where a foreign-invested enterprise follows the conversion-at-will regime of foreign currency settlement, it may convert part or all of the amount of the foreign currency in its capital account into Renminbi at any time. The converted Renminbi will be kept in a designated account labeled as settled but pending payment, and if the foreign-invested enterprise needs to make payment from such designated account, it still needs to go through the review process with its bank and provide necessary supporting documents. This circular, therefore, has substantially lifted the restrictions on the usage by a foreign-invested enterprise of its Renminbi-registered capital converted from foreign currencies. According to this circular, such Renminbi capital may be used at the discretion of the foreign-invested enterprise and the SAFE will eliminate the prior approval requirement and only examine the authenticity of the declared usage afterwards. SAFE subsequently issued the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts on June 9, 2016. This circular provides an integrated standard for conversion of foreign exchange under capital account items (including, but not limited to, foreign currency capital and foreign debts) on discretionary basis which applies to all enterprises registered in China. This circular also reiterates the principle that Renminbi converted from foreign currency-denominated capital of a company may not be directly or indirectly used for purposes beyond its business scope or prohibited by PRC laws or regulations, while such converted Renminbi shall not be provided as loans to its non-affiliated entities, or used for construction and purchase of non-self-used real estate (excluding real estate enterprises) or unless otherwise expressly provided in law, directly or indirectly used in securities investment or other financial management excluding the bank capital preservation products.

On November 19, 2012, SAFE promulgated the *Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment*, which became effective on December 17, 2012. This circular substantially amends and simplifies the current foreign exchange procedure. The major developments under this circular are that the opening of various special purpose foreign exchange accounts (e.g., pre-establishment expenses account, foreign exchange capital account, guarantee account) no longer requires the approval of SAFE. Furthermore, multiple capital accounts for the same entity may be opened in different provinces, which was not possible before the promulgation of this circular. Reinvestment of Renminbi proceeds by foreign investors in the PRC no longer requires SAFE approval or verification, and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders no longer requires SAFE approval.

On May 10, 2013, SAFE promulgated the Circular on Printing and Distributing the Provisions on Foreign Exchange Administration over Domestic Direct Investment by Foreign Investors and the Supporting Documents, which specifies that the administration by SAFE or its local branches over direct investment by foreign investors in the PRC shall be conducted by way of registration. Institutions and individuals shall register with SAFE and/or its branches for their direct investment in the PRC. Banks shall process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches.

In February 2015, SAFE promulgated the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Policies Concerning Foreign Exchange Control on Direct Investment, which took effect on June 1, 2015. This circular delegates the authority to enforce the foreign exchange registration in connection with the inbound and outbound direct investment under SAFE rules to certain banks and therefore further simplifies the foreign exchange registration procedures for inbound and outbound direct investment. On April 26, 2016, SAFE issued the Circular of the State Administration of Foreign Exchange on Further Promoting Trade and Investment Facilitation and Improving Authenticity Review, which provides that for outward remittances of the profit equivalent of more than US\$50,000 (exclusive) by domestic institutions, banks shall review relevant board resolutions (or the partnership resolution) on profit distribution, the original copies of tax return forms and the financial statements evidencing the profits, in accordance with the principle of authentic transactions.

In January 2017, SAFE promulgated the Circular on Further Improving the Reform of Foreign Exchange Administration and Optimizing Genuineness and Compliance Verification, which provides several capital control measures with respect to the outbound remittance of profit from domestic entities to offshore entities, including (i) under the principle of genuine transaction, banks should check board resolutions regarding profit distribution, the original version of tax filing records and audited financial statements; and (ii) domestic entities should hold income to account for previous years' losses before remitting the profits. Furthermore, according to this circular, domestic entities should make detailed explanations of the 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.

On October 23, 2019, SAFE promulgated the Notice of the State Administration of Foreign Exchange on Further Promoting the Facilitation of Cross-border Trade and Investment. Pursuant to this circular, restrictions on domestic equity investments made with capital funds by non-investing foreign-funded enterprises and restrictions on the use of funds in domestic asset realization accounts for foreign exchange settlement are canceled.

***PRC regulation on foreign exchange registration of offshore investment by PRC residents***

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 No. 37, on July 4, 2014. This circular requires PRC residents to register with local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in this circular as a "special purpose vehicle." The term "control" under this circular is broadly defined as the operation rights, beneficiary rights or decision-making rights acquired by the PRC residents in the offshore special purpose vehicles or PRC companies by such means as acquisition, trust, proxy, voting rights, repurchase, convertible bonds or other arrangements. This circular further requires amendment to the registration in the event of any changes with respect to the basic information of the special purpose vehicle, such as changes in a PRC resident individual shareholder, name or operation period, or any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contributed by PRC individuals, share transfer or exchange, merger, division or other material event. If the shareholders of the offshore holding company who are PRC residents do not complete their registration with the local SAFE branches, the PRC subsidiaries may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to the offshore company, and the offshore company may be restricted in its ability to contribute additional capital to its PRC subsidiaries. Moreover, failure to comply with SAFE registration and the amendment requirements described above could result in liability under PRC law for the evasion of applicable foreign exchange restrictions. On February 13, 2015, SAFE issued the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Policies Concerning Foreign Exchange Control on Direct Investment, which took effect on June 1, 2015. This circular delegates to the qualified banks the authority to register all PRC residents' investment in "special purpose vehicle" pursuant to the SAFE Circular No. 37, except that those PRC residents who have failed to comply with the SAFE Circular No. 37 will continue to fall within the jurisdiction of the local SAFE branches and must make their supplementary registration application with such local SAFE branches.

We have requested PRC residents holding direct or indirect interest in our company to our knowledge to make the necessary applications, filings and amendments as required under SAFE Circular No. 37 and other related rules. However, we may not be informed of the identities of all the PRC residents holding direct or indirect interest in our company, and we cannot provide any assurances that these PRC residents will comply with our request to make or obtain any applicable registrations or comply with other requirements required by SAFE Circular No. 37 or other related rules. The failure or inability of our PRC resident shareholders to make any required registrations or comply with other requirements under SAFE Circular No. 37 and other related rules may subject such PRC residents or our PRC subsidiaries to fines and legal sanctions and may also limit our ability to raise additional financing and contribute additional capital into or provide loans to (including using the proceeds from our initial public offering) our PRC subsidiaries, limit our PRC subsidiaries' ability to pay dividends or otherwise distribute profits to us, or otherwise adversely affect us.

***PRC regulation on employee share options***

On December 25, 2006, the People's Bank of China promulgated the Administrative Measures for Individual Foreign Exchange. On February 15, 2012, SAFE issued the Notices on Issues concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly-Listed Companies. Pursuant to these notices, PRC residents who are granted shares or stock options by companies listed on overseas stock exchanges according to the stock incentive plans are required to register with SAFE or its local branches, and PRC residents participating in the stock incentive plans of overseas listed companies shall retain a qualified PRC agent, which could be a PRC subsidiary of such overseas publicly-listed company or another qualified institution selected by such PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive plans on behalf of these participants. Such participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, purchase and sale of corresponding stocks or interests, and fund transfer. In addition, the PRC agents are required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agents or the overseas entrusted institution or other material changes. The PRC agents shall, on behalf of the PRC residents who have the right to exercise the employee share options, apply to SAFE or its local branches for an annual quota for the payment of foreign currencies in connection with the PRC residents' exercise of the employee share options. The foreign exchange proceeds received by the PRC residents from the sale of shares under the stock incentive plans granted and dividends distributed by the overseas listed companies must be remitted into the bank accounts in the PRC opened by the PRC agents before distribution to such PRC residents. In addition, the PRC agents shall file each quarter the form for record-filing of information of the domestic individuals participating in the stock incentive plans of overseas listed companies with SAFE or its local branches.

Our PRC citizen employees who have been granted share options or restricted shares, or PRC grantees, are subject to the Notices on Issues concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly-Listed Companies. If we or our PRC grantees fail to comply with these notices and the Administrative Measures for Individual Foreign Exchange, we and/or our PRC grantees may be subject to fines and other legal sanctions. We may also face regulatory uncertainties that could restrict our ability to adopt additional share incentive plans for our directors and employees under PRC law. In addition, the State Administration for Taxation issued certain circulars concerning employee share awards. Under these circulars, our employees working in the PRC who exercise share options or hold the vested restricted shares will be subject to PRC individual income tax. Our PRC subsidiaries have obligations to file documents related to employee share awards with tax authorities and to withhold individual income taxes of those employees who exercise their share options or hold the vested restricted shares. If our employees fail to pay or we fail to withhold their income taxes according to laws and regulations, we may face sanctions imposed by the tax authorities or other PRC government authorities.

***PRC regulation on dividend distributions***

The PRC Company Law primarily governs the distribution of dividends paid by wholly foreign-owned enterprises after the PRC Foreign Investment Law and *Regulation on the Implementation of the PRC Foreign Investment Law* came into effect. Under the PRC Company Law, enterprises in the PRC may pay dividends only out of their accumulated profits, if any, as determined in accordance with PRC accounting standards and regulations. In addition, an enterprise in the PRC is required to set aside at least 10% of its after-tax profit based on PRC accounting standards each year to its statutory common reserves until its cumulative total reserve funds reaches 50% of its registered capital.

***PRC regulation on overseas listings***

On August 8, 2006, the Ministry of Commerce, the State Assets Supervision and Administration Commission, the State Administration for Taxation, the State Administration for Industry and Commerce, CSRC and SAFE jointly adopted *the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors*, or the M&A Rules, which became effective on September 8, 2006 and was amended on June 22, 2009. The M&A Rules purport to require that offshore special purpose vehicles that are controlled by PRC companies or individuals and that have been formed for overseas listing purposes through acquisitions of PRC domestic interest held by such PRC companies or individuals, to obtain the approval of the CSRC prior to publicly listing their securities on an overseas stock exchange. On September 21, 2006, the CSRC published a notice on its official website specifying documents and materials required to be submitted to it by special purpose vehicles seeking CSRC approval of their overseas listings. While the application of the M&A Rules remains unclear, our PRC legal counsel has advised us that based on its understanding of the current PRC laws, rules and regulations and the M&A Rules, prior approval from the CSRC is not required under the M&A Rules for the listing and trading of our ADSs on the Nasdaq Global Select Market, given that (i) our PRC subsidiaries were directly established by us as wholly foreign-owned enterprises, and we have not acquired any equity interest or assets of a PRC domestic company owned by PRC companies or individuals as defined under the M&A Rules that are our beneficial owners after the effective date of the M&A Rules, and (ii) no provision in the M&A Rules clearly classifies the contractual arrangements as a type of transaction subject to the M&A Rules.

On July 6, 2021, the PRC government authorities issued *Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law*. These opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and proposed to take effective measures, such as promoting the construction of regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies.

On February 17, 2023, the CSRC issued *Trial Administrative Measures of Overseas Securities Offerings and Listings by Domestic Companies*, which became effective on March 31, 2023, and five supporting guidelines. These measures establish a new filing-based regime to regulate overseas offerings and listings by domestic companies. Specifically, an overseas follow-on offering or listing, or other equivalent offering activity, including issuance of convertible notes, exchangeable notes or preferred shares, by a domestic company, whether directly or indirectly, must be filed with the CSRC and comply with the requirements under these measures. The indirect overseas listing of domestic companies refers to companies mainly engaged in business activities in the PRC domestic market, which issue shares or other similar rights based on their domestic equity, assets, earnings, or similar rights in the name of a company registered overseas for overseas listing. The five supporting guidelines also provide that the examination and determination of an indirect offering and listing will be conducted on a substance-over-form basis, and an offering and listing shall be deemed as a PRC company's indirect overseas offering and listing if the issuer meets both of the following conditions: (i) any of the operating income, gross profit, total assets, or net assets of the PRC companies in the most recent fiscal year was more than 50% of the relevant line item in the issuer's audited consolidated financial statement for that year; and (ii) senior management personnel responsible for business operations and management are mostly PRC citizens or are ordinarily resident in the PRC, or the principal place of business is in the PRC or carried out in the PRC. In all such cases, the issuer or its designated principal operating PRC entity, as the case may be, shall file with the CSRC for its initial public offering, follow-on offering and other equivalent offering activities. Particularly, the issuer shall submit a filing with respect to its initial public offering and listing within three business days after its initial filing of the listing application, and submit a filing with respect to its follow-on offering within three business days after the completion of the follow-on offering. The issuer shall also submit a report with respect to the following material events within three business days after the occurrence and announcement of such event: (i) change of control rights; (ii) being investigated or punished by overseas securities regulatory authorities or competent authorities; (iii) change of listing status or listing board; and (iv) voluntary or mandatory termination of the listing. The five supporting guidelines specify that "control relationship" or "control right" under the *Trial Administrative Measures of Overseas Securities Offerings and Listings by Domestic Companies* refer to the actual control of the company by means of equity, voting rights, trusts, agreements and other arrangements, either individually or jointly, directly or indirectly. Given this scope, these measures are intended to apply to PRC companies that use a variable interest entity structure. These measures also identify certain circumstances that will preclude issuers from pursuing overseas offerings and listings, including (i) explicit prohibition from financing through listing by laws, administrative regulations or national provisions; (ii) recognition by the competent department of the State Council that the issuer's overseas offering and listing may harm national security; (iii) commission of criminal offenses, such as embezzlement, bribery, misappropriation of property, or disruption of market orders by the domestic companies, its controlling shareholder, or the actual controller within the past three years; (iv) ongoing investigation by law enforcement agencies for suspected criminal or significant illegal and irregular activities without any clear conclusion yet; and (v) material ownership disputes over shares held by the controlling shareholder or by other shareholders that are controlled by controlling shareholder and/or actual controller. Additionally, these measures include certain compliance requirements for issuers, such as compliance with national security laws, regulations and provisions on foreign investment, cyber security and data security, and address that security review procedures, if involved, shall be carried out in accordance with laws prior to submitting the application for overseas offering and listing. Failure to comply with the filing requirements under these measures may result in warnings, rectification and fines of not less than RMB1 million and not more than RMB10 million for the PRC companies. The responsible persons may face a warning and fines of not less than RMB0.5 million and not more than RMB5 million. Additionally, fines of not less than RMB1 million and not more than RMB10 million may be imposed on the PRC company's controlling shareholder and actual controller who organizes or instructs the violation. These measures have no retroactive effect.

On February 24, 2023, the CSRC together with other PRC governmental authorities issued the Provisions on Strengthening the Management of Confidentiality and Archives regarding Overseas Securities Offerings and Listings by Domestic Companies, effective March 31, 2023, pursuant to which domestic companies, securities companies and securities service institutions involved in the overseas offerings and listings by PRC domestic companies, either in direct or indirect form, must establish a system of confidentiality and archival management to prevent disclosure of state secrets or harm to the state and public interests. These provisions require domestic companies involved in overseas offerings and listings to obtain approval from the competent authority and file with the secrecy administrative department at the same level before providing or publicly disclosing any document or material that involves state secrets or working secrets of state organizations. They must strictly follow relevant procedures in accordance with regulations to provide any document or material, the leakage of which may have adverse effects on national security or public interests. Domestic companies must provide a statement to securities companies and securities service institutions indicating that they have followed these requirements. Additionally, domestic companies must enter into a confidentiality agreement with securities companies and securities service institutions to specify their confidentiality obligations and liabilities in accordance with laws and regulations, including the PRC Laws on Protecting State Secrets and the Confidentiality and Archives Management Provisions. Working papers produced by securities companies and securities service institutions within the PRC for overseas offerings and listings shall also be stored within the PRC. These provisions also require domestic companies to complete relevant procedures before providing accounting archives to entities, including securities companies, securities service institutions, overseas regulators, and individuals. Domestic companies, securities companies and securities service institutions must obtain approvals before providing documents and information in response to inspections and investigations by overseas regulators. These inspections and investigations should be conducted via the cross-border supervision mechanism whereby the PRC regulators will provide necessary assistance.

### ***PRC regulation on initial coin offerings***

On September 4, 2017, the People’s Bank of China, the Office of the Central Leading Group for Cyberspace Affairs, the Ministry of Industry and Information Technology, the State Administration for Industry and Commerce, the China Banking Regulatory Commission, the CSRC and the China Insurance Regulatory Commission jointly promulgated *the Announcement on Prevention of Token Fundraising Risks* to strengthen the administration of the initial coin offerings activities. Pursuant to this announcement, “fundraising through token offerings” is referred to as a type of fundraising activities where an issuer raises “virtual currencies” such as Bitcoin or Ether from investors through the illegal issuance and subsequent circulation of tokens. Pursuant to the announcement, token fundraising activity is essentially an illegal public fundraising activity without obtaining government approval. It is a suspected illegal offering of tokens, illegal offering of securities, illegal fundraising, financial fraud, or pyramid scheme, which are criminal offenses under the PRC law. This announcement prohibits fundraising activities through token issuance. In addition, the announcement also provides that token trading platform should not be engaged in (i) the exchange between any statutory currency with tokens and “virtual currencies,” (ii) the trading, either as a central counter - party or not, of the tokens or “virtual currencies,” and (iii) token or “virtual currency” pricing, information intermediary services or other services for tokens or “virtual currencies.”

On September 15, 2021, the People’s Bank of China, the Office of the Central Cyberspace Affairs Commission, the Supreme People’s Court, the Supreme People’s Procuratorate, the Ministry of Industry and Information Technology, the Ministry of Public Security, the State Administration for Market Regulation, the China Banking and Insurance Regulatory Commission, the China Securities Regulatory Commission and the State Administration of Foreign Exchange jointly promulgated *the Circular on Further Preventing and Disposing of Risks in Virtual Currency Trading and Speculation* to further strengthen the administration of the virtual currency trading. Pursuant to this circular, virtual currencies do not have the same legal status as legal currencies and it is strictly prohibited and banned that virtual currency-related business activities are illegal financial activities, including carrying out exchange services between legal currencies and virtual currencies or between virtual currencies, buying and selling virtual currencies as a central counter - party, providing information intermediary and pricing services for virtual currency transactions, token issuance financing, virtual currency derivative transactions and other virtual currency-related business activities are suspected of illegal sale of tokens, unauthorized public issuance of securities, illegal operation of futures business, illegal fundraising and other illegal financial activities. Pursuant to the Circular, if related illegal financial activities constitute a crime, criminal liability shall be investigated in accordance with the law.

On September 2, 2022, the Standing Committee of the National People’s Congress issued *the Anti-Telecom and Online Fraud Law*, pursuant to which entities or individuals shall not help others commit money laundering through virtual currency trading for carrying out telecom and online fraud activities.

We launched the LinkToken business in 2017 and disposed of such business to an independent third party in April 2019. In April 2020, we launched our own reward program, which allows users to contribute their idle bandwidth capacity in exchange for cash rewards. See “Item 4. Information on the Company—B. Business Overview—Our Platform—Cloud Computing” for more information on LinkToken and “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business—Regulatory uncertainties exist with respect to our historical LinkToken operations, which may have an adverse effect on our business and results of operations” for regulatory uncertainties and risks relating to our previous LinkToken operations.

#### ***PRC regulation on blockchain information services***

On January 10, 2019, the Cyberspace Administration of China issued *the Provisions on the Administration of Blockchain Information Services*, which came into effect on February 15, 2019. Pursuant to these provisions, a blockchain information service provider is required to file particulars of such service provider including its name, service category, service form, application field, and server address with the blockchain information service filing management system managed by the Cyberspace Administration of China and go through filing procedures within ten business days after it starts to provide services. After completing the filing procedure, the blockchain information service provider should display the filing number in a conspicuous position on the service provider’s websites and applications through which it provides services. Service providers that had already started to provide blockchain information services before these provisions became effective are required to do make-up filings within 20 business days after these provisions became effective. As of the date of this annual report, we had obtained the initial record-filing number.

In addition, these provisions also imposed an array of obligations to the providers of blockchain information services. For example, blockchain information service providers are required to set up various rules and procedures in terms of user registration, information verification, emergency response, and safeguard measures. Blockchain information service providers are also required to formulate and publish blockchain platform management rules and enter into a service agreement with users of blockchain information services. In addition, blockchain information service providers are obligated to verify the real name of the users of blockchain information services and are prohibited to offer services to users who fail to provide information relating to their real identity. Failure to comply with requirements in these provisions may subject blockchain information service providers to administrative penalties such as warning, being ordered to temporarily suspend relevant business operations to rectify within prescribed time period, or fines, or criminal liabilities, depending on which provisions are violated.

On March 12, 2021, the National People’s Congress published Outline of the People’s Republic of China 14th Five-Year Plan for National Economic and Social Development and Long-Range Objectives for 2035, which states that PRC will accelerate the promotion of digital industrialization including blockchain and will promote the innovation of blockchain technology such as smart contracts, consensus algorithms, encryption algorithms, and distributed systems, focus on alliance chains to develop blockchain service platforms and application solutions in the fields of fintech, supply chain management, and government services, and improve supervision mechanisms.

On May 27, 2021, the Ministry of Industry and Information Technology and the Cyberspace Administration of China jointly issued *Guiding Opinions on Accelerating the Application of Blockchain Technology and the Development of the Industry*, which states that the management of blockchain-related intellectual property rights shall be strengthened and risk control mechanisms and technical prevention measures shall be improved. For example, it encourages enterprises to explore and establish a common intellectual property rights protection mechanism through blockchain patent pools, intellectual property rights alliances and other modes. The opinions also emphasize the importance of accelerate the application of blockchain technology and the overall development of the industry.

On April 13, 2022, the National Internet Finance Association of China, the China Banking Association and the Securities Association of China jointly issued *the Proposals on Preventing NFT-related Financial Risks*, which prominently includes a commitment by members of these three associations not to financialize or securitize NFTs, and to not provide trading services or related financial services for NFTs in any form.

### ***PRC regulation on anti-money laundering***

On October 31, 2006, the Standing Committee of the National People's Congress issued the PRC Anti-Money Laundering Law, which was amended on November 8, 2024 and took effect from January 1, 2025. Pursuant to the PRC Anti-Money Laundering Law, specific non-financial institutions that are required by relevant regulations to perform the obligation of anti-money laundering shall, in accordance with law, among others adopt preventive and monitoring measures, establish and improve internal control systems for anti-money laundering, and fulfill anti-money laundering obligations such as customer due diligence, preservation of customer identity data and transaction records, reporting of large and suspicious transactions, and special preventive measures for anti-money laundering. The client ID data and transaction information, and investigation information of anti-money laundering acquired through performing the functions and duties of anti-money laundering according to law shall be kept confidential, and shall not be provided to any unit or individual unless otherwise prescribed by law. Any unit or individual that finds money laundering activities is entitled to report the same to the competent administrative authority of anti-money laundering or judicial organ, and the organs that accept the report shall keep confidential the reporter and the content reported.

Enterprises and other market entities shall submit information on beneficial owners through the relevant information system of the market supervision and regulation department.

On April 12, 2016, General Office of the State Council issued a Circular of the General Office of the State Council on Issuing the Implementing Proposals for the Special Rectification of Internet Financial Risks, pursuant to which online peer-to-peer lending platforms or equity-based crowdfunding platforms shall not engage in asset management, claims or equity transfer, capital allocation in the high-risk securities market, or other financial business without approval. Internet enterprises that have not obtained the financial business qualifications may not carry out the corresponding business by relying on the internet, and the nature of the business they carry out shall comply with the business qualifications obtained. Without approval of the relevant departments, no financial products of different categories that are privately placed may be offered to the public by packaging, splitting, or otherwise.

Furthermore, the People's Bank of China, China Banking and Insurance Regulatory Commission and China Securities Regulatory Commission jointly published *the Administrative Measures for Anti-money Laundering and Counter-terrorism Financing by Internet Finance Service Agencies (for Trial Implementation)*, which became effective on January 1, 2019. Under these measures the specific scope of work on anti-money laundering and counter-terrorism financing in the internet finance industry shall be determined, adjusted and released by the People's Bank of China in concert with financial regulators of the State Council in accordance with laws, regulations and regulatory rules, including the online payment, peer-to-peer lending, peer-to-peer lending information intermediary services, equity crowdfunding financing, internet fund sale, internet insurance, internet trust and internet consumption finance. The People's Bank of China will develop an online monitoring platform for anti-money laundering and counter-terrorism financing in the internet finance industry (hereinafter referred to as the "online monitoring platform"), and this online monitoring platform will be used to improve the online regulatory mechanism for anti-money laundering and strengthen information sharing. Service agencies other than financial institutions and non-banking payment institutions shall register the fulfillment of duties in anti-money laundering and counter-terrorism financing on the online monitoring platform. Where a single cash receipt or payment, or the aggregate cash receipts and payments, of a client on a single day, amount(s) to RMB50,000 or more or the equivalent value of US\$10,000 or more, a service agency that is neither a financial institution nor a non-banking payment institution shall report the large-amount transaction within five working days of the occurrence of the transaction.

### **Laws and Regulations in Singapore**

The below section sets forth a summary of the laws and regulations that most affect our business activities in Singapore. The laws and regulations relate to online streaming, payment processing, games, data protection, intellectual property rights, anti-money laundering and terrorism financing, dividend distribution, and employment and labor.

#### ***Singapore regulation on online live - streaming***

##### *Broadcasting Act*

The Broadcasting Act 1994 of Singapore, or the Broadcasting Act, regulates the dealing in, the operation of and the ownership in broadcasting services and broadcasting apparatus, and online communication services, which are accessible to Singapore-end users, and for matters connected therewith.

Pursuant to this act, an online communication service refers to an electronic service which has the characteristics of a social media service. This electronic service means a service which (a) enables end-users to access or communicate content on the Internet using that service (including a point-to-multipoint service), or deliver content on the Internet to persons having the appropriate equipment to receive that content, (b) between a point in Singapore and one or more points in Singapore, or between a point or one or more points, where the first-mentioned point is outside Singapore and at least one of the other points is inside Singapore, and (c) is not an excluded electronic service.

To the extent that we provide an online communication service that is not exempted under the Broadcasting Act, the Infocomm Media Development Authority, namely the regulator of the information, communications and media sectors in Singapore, the Infocomm Media Development Authority may designate our online communication service as a regulated online communication service pursuant to Section 45K of the Broadcasting Act. The Infocomm Media Development Authority may designate an online communication service as a regulated online communication service provider after taking into account the range of all online communication services provided to Singapore end users, and the extent and nature of the effect that the different types of online communication services have on the people of Singapore and her different communities. According to Section 45L and Section 45M of the Broadcasting Act, such regulated online communication service providers are mandated to comply with the online Code of Practice and the other regulations prescribed by the Infocomm Media Development Authority.

We have not been designated by the Infocomm Media Development Authority as a regulated online communication service and are not subject to compliance with any online Codes of Practice that the Infocomm Media Development Authority may issue to providers of such regulated online communication service.

We highlight that Part 10A of the Broadcasting Act on online communication service regulation does not apply to any of our content provided or communicated on the internet before the date of February 1, 2023, the commencement of Section 5 of the Online Safety (Miscellaneous Amendments) Act 2022. For our content provided or communicated on the internet after February 1, 2023, to which Part 10A of the Broadcasting Act applies, we note our ongoing obligation under Section 45A of the Broadcasting Act to ensure that we (a) provide a safe online environment for Singapore end-users that promotes responsible online behavior, (b) deter objectionable online activity and prevent access to harmful content, (c) place adequate priority on the protection of Singapore end-users who are children of different age groups from exposure to content which may be harmful to them, and (d) be regulated in a manner that enables public interest considerations to be addressed. In connection therewith, we have in place internal procedures to stop egregious content from being communicated or provided on our online communication service, in full compliance with the Broadcasting Act. Such internal procedures include publishing a set of community guidelines on our online communication service that outlines our expectations for user behavior, implementing a complaints resolution process to promptly remove any egregious content, and utilizing a third-party content filtering system to prevent any egregious content from being communicated or provided on our online communication service, however, there can be no assurance that such internal procedures would always be adequate. Any failure to comply is an offence under Section 45E of the Broadcasting Act and may result in administrative sanctions such as fines of up to SGD\$1 million imposed by the Infocomm Media Development Authority. In the case of a continuing offence, further fines of up to SGD\$100,000 for every day or part of a day during which the offence continues after conviction may be imposed by the Infocomm Media Development Authority.

The Broadcasting Act also prohibits the provision of certain broadcasting services, including internet content, in or from Singapore without a license issued by the Infocomm Media Development Authority. The Broadcasting Act sets out an automatic class licensing scheme for computer online services provided by internet content providers. Under the Broadcasting (Class Licence) Notification, an internet content provider, which includes a corporation which provides any program for business purposes on the internet, is automatically class-licensed without any need to make a specific application for licensing to the Infocomm Media Development Authority and are automatically subject to comply with the conditions of the class license set out under the Schedule of the Broadcasting (Class Licence) Notification and the Internet Code of Practice.

As an internet content provider, we are automatically class-licensed by the Infocomm Media Development Authority pursuant to the Broadcasting (Class License) Notification and are obliged to comply with the class license conditions and the Internet Code of Practice. Our compliance includes using our best efforts to ensure that prohibited material, namely, any material that is objectionable on the grounds of public interest, public morality, public security, national harmony, offends good taste or decency, or is otherwise prohibited by applicable Singaporean laws (including, explicitly, the propagation, promotion or discussion of any political or religious issues relating to Singapore), is not broadcast via the internet to Singaporean end-users. We are also required to deny access to any prohibited material if directed to do so by the Infocomm Media Development Authority. In this regard, we have in place internal procedures to ensure that prohibited materials are not broadcasted to Singapore-end users, in full compliance with the class license conditions and the Internet Code of Practice. Such internal procedures include publishing a set of community guidelines that outlines our expectations for user behavior, implementing a complaints resolution process to promptly remove any prohibited materials, and utilizing a third-party content filtering system to prevent any prohibited materials from being broadcasted to Singapore end-users, however, there can be no assurance that such internal procedures would always be adequate. If we contravene the class license conditions or the Internet Code of Practice, we may face administrative sanctions such as the suspension or cancellation of our automatic class license, or fines imposed by the Infocomm Media Development Authority.

### ***Singapore regulation on online games***

#### *Gambling Control Act*

Currently, the Gambling Control Act 2022 of Singapore, or the Gambling Control Act, prohibits a person from conducting gaming unless the person is, pursuant to Section 18(b)(ii) of the Gambling Control Act, a class licensee authorized under a class license to provide a gambling service involving conducting gaming or gaming of that kind.

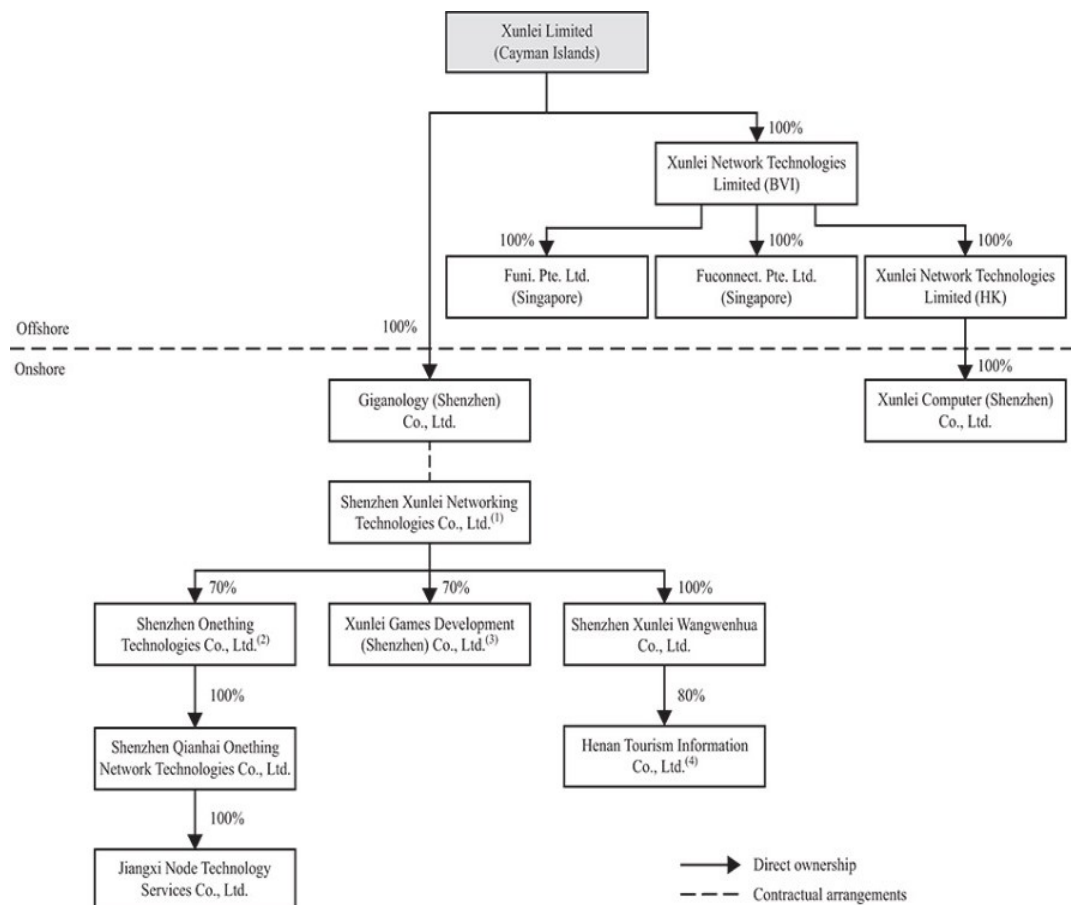
According to the Infocomm Media Development Advisory on the Regulation of Remote Games of Chance under the Gambling Control Act, remote games of chance that provide transferable in-game items such as prizes, and where such prizes are not money and cannot be converted within the game into money, money equivalent or anything else of value unrelated to the game are regulated under a class license regime as a Type 2 class license. Under the class license regime, any person who wishes to offer an remote games of chance under the Type 2 class license does not need to apply for a license from the Gambling Regulatory Authority and can continue to develop and publish games so long as they comply with the respective set of conditions set out in the Gambling Control (Remote Games of Chance – Class License) Order 2022, or the Gaming Control Order.

As our gaming activities are undertaken in relation only to remote games of chance that provide transferable in-game items such as prizes, and such prizes are not money and cannot be converted within the game into money, money equivalent or anything else of value unrelated to the game, we will be regulated by the Gambling Regulatory Authority under the class license regime as a Type 2 class licensee so long as we comply with the Type 2 class license conditions under Paragraph 7 of the Gambling Control Order. Our compliance efforts include, taking all reasonably practicable steps to ensure that we do not provide a service whereby (a) any prize that may be won in the interactive game of chance, (b) any feature of the interactive game of chance that may be unlocked (in a randomized or partially randomized fashion) during gameplay, or (c) any complimentary token awarded by or under the authority of the class licensee to any player for or to play, or to continue to play, the interactive game of chance, is readily converted or made readily converted into money or a money equivalent or into anything else of value except for use in an in-game microtransaction during that same interactive game of chance or another interactive game that is related to the abovementioned interactive game of chance. Accordingly, so long as we are compliant with Paragraph 7 of the Gambling Control Order, we are not required to apply for a license under the Gambling Control Act to undertake such gaming activities. In connection therewith, we have not applied for a license under the Gambling Control Act for our gaming activities.

In the event that we undertake gaming activities that constitute a service that contravenes the Gambling Control Order, and we do not fall within any of the other exceptions under the Gambling Control Act, we will apply for a license under the Gambling Control Act before we undertake such activities to ensure that we are in full compliance with the Gambling Control Act.

**C. Organizational Structure**

The following diagram illustrates our corporate structure, including the variable interest entity and our principal subsidiaries and principal subsidiaries of the variable interest entity, as of the date of this annual report on Form 20-F:



Notes:

- (1) Shenzhen Xunlei is the variable interest entity. Mr. Sean Shenglong Zou, our co-founder, Mr. Hao Cheng, our co-founder, Mr. Jianming Shi, Guangzhou Shulian Information Investment Co., Ltd. and Ms. Fang Wang own 76.0%, 8.3%, 8.3%, 6.7% and 0.7% of Shenzhen Xunlei’s equity interests, respectively.
- (2) The remaining 30% of the equity interest is owned by certain plan participants or share incentive awards holding platforms under the employee share incentive plan.
- (3) The remaining 30% of the equity interest is owned by Mr. Hao Cheng.
- (4) The remaining 20% of the equity interest is owned by Service Center for Department of Culture and Tourism of Henan Province.

## **Contractual Arrangements with Shenzhen Xunlei**

### ***Agreements that enable us to direct the activities most significantly affect Shenzhen Xunlei's economic performance***

#### *Business operation agreement*

Pursuant to the business operation agreement among Giganology Shenzhen, Shenzhen Xunlei and the shareholders of Shenzhen Xunlei, as amended, Shenzhen Xunlei's shareholders must appoint the candidates nominated by Giganology Shenzhen to be the directors on its board of directors in accordance with applicable laws and the articles of association of Shenzhen Xunlei, and must cause the persons recommended by Giganology Shenzhen to be appointed as its general manager, chief financial officer and other senior executives. Shenzhen Xunlei and its shareholders also agree to accept and strictly follow the guidance provided by Giganology Shenzhen from time to time relating to employment, termination of employment, daily operations and financial management. Moreover, Shenzhen Xunlei and its shareholders agree that Shenzhen Xunlei will not engage in any transactions that could materially affect its assets, business, personnel, liabilities, rights or operations, including, but not limited to, the amendment of Shenzhen Xunlei's articles of association, without the prior consent of Giganology Shenzhen and Xunlei Limited or their respective designees. This agreement will expire in 2026 and will be extended automatically for additional ten years unless terminated with Giganology Shenzhen's written confirmation prior to the expiration date.

#### *Equity pledge agreement*

Pursuant to the equity pledge agreement between Giganology Shenzhen and the shareholders of Shenzhen Xunlei, as amended, the shareholders of Shenzhen Xunlei have pledged all of their equity interests in Shenzhen Xunlei to Giganology Shenzhen to guarantee Shenzhen Xunlei and its shareholders' performance of their respective obligations and any ensuing liabilities under the exclusive technology support and service agreement, as amended, the exclusive technology consulting and training agreement, as amended, the proprietary technology license agreement, the business operation agreement, as amended, the equity interests disposal agreement, as amended, the loan agreements, as amended, and the intellectual properties purchase option agreement, as amended. In addition, the shareholders of Shenzhen Xunlei have completed the registration of equity pledge under the equity pledge agreement with the competent governmental authority. If Shenzhen Xunlei and/or its shareholders breach their contractual obligations under those agreements, Giganology Shenzhen, as pledgee, will be entitled to certain rights, including the right to sell the pledged equity interests.

#### *Powers of attorney*

Pursuant to the irrevocable powers of attorney executed by each shareholder of Shenzhen Xunlei, each such shareholder appointed Giganology Shenzhen as its attorney-in-fact to exercise such shareholders' rights in Shenzhen Xunlei, including, without limitation, the power to vote on its behalf on all matters of Shenzhen Xunlei requiring shareholder approval in accordance with PRC laws and regulations and the articles of association of Shenzhen Xunlei. Each power of attorney will remain in force for ten years from the date of execution unless the business operation agreement, as amended, among Giganology Shenzhen, Shenzhen Xunlei and the shareholders of Shenzhen Xunlei is terminated at an earlier date. The term may be extended at Giganology Shenzhen's discretion.

### ***Agreements that transfer economic benefits to us***

#### *Exclusive technology support and services agreement*

Pursuant to the exclusive technology support and services agreement between Giganology Shenzhen and Shenzhen Xunlei, as amended, Giganology Shenzhen has the exclusive right to provide to Shenzhen Xunlei technology support and technology services related to all technologies needed for its business. Giganology Shenzhen exclusively owns any intellectual property rights resulting from the performance of this agreement. The service fee payable by Shenzhen Xunlei to Giganology Shenzhen is a certain percentage of its earnings. This agreement will expire in September 2025 and may be extended with Giganology Shenzhen's written confirmation prior to the expiration date. Giganology Shenzhen is entitled to terminate the agreement at any time by providing 30 days' prior written notice to Shenzhen Xunlei.

*Exclusive technology consulting and training agreement*

Pursuant to the exclusive technology consulting and training agreement between Giganology Shenzhen and Shenzhen Xunlei, as amended, Giganology Shenzhen has the exclusive right to provide to Shenzhen Xunlei technology consulting and training services related to its business. Giganology Shenzhen exclusively owns any intellectual property rights resulting from the performance of this agreement. The service fee payable by Shenzhen Xunlei to Giganology Shenzhen is a certain percentage of its earnings. This agreement will expire in September 2025 and may be extended with Giganology Shenzhen's written confirmation prior to the expiration date. Giganology Shenzhen is entitled to terminate the agreement at any time by providing 30 days' prior written notice to Shenzhen Xunlei.

*Proprietary technology license contract*

Pursuant to the proprietary technology license contract between Giganology Shenzhen and Shenzhen Xunlei, Giganology Shenzhen grants Shenzhen Xunlei a non-exclusive and non-transferable right to use Giganology Shenzhen's proprietary technology. Shenzhen Xunlei can only use the proprietary technology to conduct its business within China. Giganology Shenzhen or its designated representative(s) owns the rights to any improvements developed based on the proprietary technology licensed pursuant to this contract. This agreement expired in March 2022 and was extended for an additional ten years by Giganology Shenzhen and Shenzhen Xunlei on March 1, 2022.

*Intellectual properties purchase option agreement*

Pursuant to the intellectual properties purchase option agreement between Giganology Shenzhen and Shenzhen Xunlei, as amended, Shenzhen Xunlei irrevocably grants Giganology Shenzhen (or its designated representative(s)) an exclusive option to purchase certain specified intellectual properties that it owns for RMB1.0 or the minimum amount of consideration permitted under the PRC law. This agreement expired in March 2022 and was automatically extended for an additional ten years, and will be extended automatically for an additional ten years at each expiration date as long as these intellectual properties have not been transferred to Giganology Shenzhen and/or its designee and Shenzhen Xunlei then still exist.

***Agreements that provide us the option to purchase the equity interest in Shenzhen Xunlei***

*Equity interests disposal agreement*

Pursuant to the equity interests disposal agreement among Giganology Shenzhen, Shenzhen Xunlei and the shareholders of Shenzhen Xunlei, as amended, Shenzhen Xunlei's shareholders irrevocably grant Giganology Shenzhen (or its designated representative(s)) an exclusive option to purchase all or part of their equity interests in Shenzhen Xunlei for RMB1.0 or the minimum amount of consideration permitted under PRC law. This agreement will expire in 2026 and will be extended automatically for additional ten years unless terminated with Giganology Shenzhen's written confirmation prior to the expiration date.

*Loan agreements*

Under the loan agreement between Giganology Shenzhen and Guangzhou Shulian Information Investment Co., Ltd., Sean Shenglong Zou, Hao Cheng, Fang Wang and Jianming Shi, as amended, Giganology Shenzhen made interest-free loans of approximately RMB1.8 million, RMB2.5 million, RMB2.3 million, RMB0.2 million and RMB2.3 million, respectively, to each of the above shareholders of Shenzhen Xunlei and all of these shareholders have used the full amount of loans to make capital contribution to Shenzhen Xunlei. The term of this agreement is two years from the date it was signed, and will be automatically extended afterwards on a yearly basis until each shareholder of Shenzhen Xunlei has repaid the loan in its entirety in accordance with the loan agreement. The loan for each shareholder will be deemed to be repaid under this agreement only when all equity interest held by the relevant shareholder in Shenzhen Xunlei has been transferred to Giganology Shenzhen or its designated parties. As of the date of this annual report, all the loans under the loan agreements remain outstanding. At any time during the term of the loan agreement, Giganology Shenzhen may, at its sole discretion, require any of the shareholders of Shenzhen Xunlei to repay all or any portion of his outstanding loan under the agreement.

In addition, following the loan agreement mentioned above, under a separate loan agreement between Giganology Shenzhen and Mr. Sean Shenglong Zou as a shareholder of Shenzhen Xunlei, as amended, Giganology Shenzhen made an additional interest-free loan of RMB20 million to Mr. Zou, the entire amount of which was used to contribute to the registered capital of Shenzhen Xunlei, increasing the registered capital of Shenzhen Xunlei to RMB30 million. The term of this agreement is two years from the date it was signed, and will be automatically extended afterwards on a yearly basis until Mr. Zou has repaid the loan in its entirety in accordance with the loan agreement. This loan will be deemed to be repaid under this agreement only when all equity interest held by the relevant shareholder in Shenzhen Xunlei has been transferred to Giganology Shenzhen or its designated parties. At any time during the term of the loan agreement, Giganology Shenzhen may, at its sole discretion, require all or any portion of the outstanding loan under the agreement to be repaid.

In the opinion of Kewei Law Firm, our PRC legal counsel:

- the ownership structures of the variable interest entity and our subsidiaries in China comply all applicable PRC laws and regulations currently in effect; and
- the contractual arrangements among Giganology Shenzhen, our PRC subsidiary, Shenzhen Xunlei and its shareholders governed by PRC law are valid, binding and enforceable in accordance with the contractual arrangements' terms, and will not result in any violation of PRC laws or regulations currently in effect.

We have been advised by Kewei Law Firm, our PRC legal counsel, however, 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 above opinion of our PRC legal counsel. We have been further advised by our PRC legal counsel that if the PRC government finds that the agreements that establish the structure for operating our business to provide digital media data transmission and streaming services, online games and other value-added telecommunication services do not comply with PRC government restrictions on foreign investment in the aforesaid business we engage in, we could be subject to severe penalties including being prohibited from continuing operations. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—If the PRC government finds that the agreements that establish the structure for operating our businesses in China do not comply with PRC governmental restrictions on foreign investment in internet-related business and foreign investors’ mergers and acquisition activities in China, 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.”

#### **D. Property, Plant and Equipment**

Our principal executive offices are located at 3709 Baishi Road, Nanshan District, Shenzhen, 518000, the People’s Republic of China, which comprises approximately 65,000 square meters of construction space. Other than our proprietary offices in Shenzhen, we also lease offices in several cities including Shenzhen, Beijing, Shanghai, Guangzhou and Wuhan. All offices have a total floor area of approximately 15,082 square meters. We completed the construction of our headquarters building and relocated our principal executive offices to the new headquarters building at the address mentioned above in December 2022, and obtained the ownership certificate of the new headquarters building in March 2024. Our leased premises are leased from unrelated third parties who have valid title to the relevant properties. Our leases typically have terms of one to three years. Our servers are primarily hosted at internet data centers owned by major domestic internet data center providers. The hosting services agreements typically have one-year terms and are renewed upon expiration. We believe that we will be able to obtain adequate facilities to accommodate our future expansion plans.

#### **Item 4A. Unresolved Staff Comments**

None.

#### **Item 5. Operating and Financial Review and Prospects**

The following discussion of our financial condition and results of operations is based upon, and should be read in conjunction with, our audited consolidated financial statements and the related notes included in this annual report on Form 20-F. This report contains forward-looking statements. See “Forward-looking Information.” In evaluating our business, you should carefully consider the information provided under the caption “Item 3. Key Information—D. Risk Factors” in this annual report on Form 20-F. We caution you that our businesses and financial performance are subject to substantial risks and uncertainties.

## A. Operating Results

### Overview

We operate a powerful internet platform in China based on cloud technology to enable our users to quickly access, store, manage and consume digital media content on the internet. We have expanded our products and services from PC-based devices to mobile devices in part through pre-installed acceleration plug-ins on mobile phones to further enlarge our user base and offer our users a wider range of access points. In addition, we provide a portfolio of synergistic products and services across cloud acceleration, shared cloud computing, blockchain and digital entertainment to enrich the lives of our internet users.

We provide users with quick and easy access to digital media content on the internet through our core product and services, available to users for free and for a subscription fee, respectively. Our acceleration product and services include Xunlei Accelerator and our subscription services delivered through our products. Benefiting from the large user base accumulated by our core product, Xunlei Accelerator, we have further provided and developed various other internet value-added services to meet a fuller spectrum of our users' digital media content access and consumption needs.

We generate revenues primarily through the following services:

- *Subscription services.* We provide subscription services for subscribers to enable faster and more reliable access to digital media content. Revenues from subscription services contributed 41.2% of our revenue in 2024. Subscription fees are duration-based and are primarily collected up-front from subscribers on a monthly, quarterly or annual basis.
- *Cloud computing services and products.* We provide cloud computing services to our customers, such as internet content providers, through our cost-efficient CDN services by crowdsourcing idle bandwidth from our users. In addition to the sales of our cloud computing services, we sell hardware devices. Revenues from cloud computing services and products contributed 32.2 % of our revenue in 2024.
- *Live-streaming and other services.* We historically offer various live-streaming products, including video live-streaming and audio live-streaming domestically and internationally. We have ceased providing both audio and video live-streaming services in China, while we continue to provide audio live-streaming services in overseas markets. Other services primarily include other value-added services such as online advertising, online games, technical services, and rental service. Revenues from live-streaming and other services accounted for 26.6% of our total revenue in 2024.

Our total revenues increased from US\$342.6 million in 2022 to US\$364.9 million in 2023, but then decreased to US\$324.4 million in 2024. We had a net income attributable to Xunlei Limited of US\$21.5 million in 2022, US\$14.2 million in 2023, and US\$1.2 million in 2024.

### Major factors affecting our results of operations

Our business and operating results are subject to general factors affecting the internet industry in China, including overall economic growth, which has resulted in increases in disposable income and consumer spending, government and industry initiatives accelerating the technological advancement and growth of internet industry, the growth of internet usage and penetration rate in China, strong preference of Chinese consumers for accessing digital media content through the internet, the greater availability of digital media content on the internet, the increasing acceptance of online advertising as part of advertisers' overall marketing strategy and spending, as well as the rules and regulations of the Chinese government. Our results of operations will continue to be affected by such general factors.

Our results of operations are also directly affected by a number of company-specific factors, including:

***Our ability to continue to enhance and innovate our service offerings, including our mobile products and our cloud computing services.***

As our industry evolves rapidly and user preference for our services may change quickly, our revenues and results of operations significantly depend on our ability to continue enhancing and expanding our service offerings to meet evolving user preference and market demand, and to broaden our user base. We have a proven track record of developing our service offerings to successfully address the preferences of China's internet users. To address deficiencies of digital media content transmission over the internet in China, we provide users with quick and easy access to digital media content on the internet through our core product and services, Xunlei Accelerator and our subscription services, available to users for free and for a subscription fee, respectively. We have also launched our cloud computing project to allocate idle uplink capacity to internet content providers and other internet users in need. We gather idle uplink capacity from internet users who have bought and connected our proprietary cloud computing hardware devices to their network router. Furthermore, we focus more on user behaviors and study users' life cycles on our platforms, so that we can offer relevant services at the right time and encourage users to continue using our services.

***Our ability to further monetize our user base.***

Our revenues and results of operations depend on our ability to further monetize our user base, to convert more users to subscribers and to increase the spending of our subscribers. With enhanced knowledge of user behavior and preferences, we offer a diverse range of premium services tailored to their individual needs. For example, our subscription services offer users value-added services for speed. We intend to further monetize our user base and aim to convert users to subscribers by expanding our offering of value-added services, such as cloud-based storage mobile and TV access. We plan to provide one-stop services for our users, in terms of accessing content and storage and synchronization of content across devices.

***Our ability to maintain our technology leadership and cost-efficient infrastructure.***

Our results of operations depend on our ability to maintain our technology leadership, with innovations such as our mobile technology, our uplink capacity crowdsourcing technology and our cloud acceleration technology. Our mobile technology allows users to access content from anywhere, our uplink capacity crowdsourcing technology enables us to utilize the idle capacity available from our large user base, and our cloud acceleration technology enables users to access content in an efficient manner. Our proprietary technology and highly scalable massive distributed computing network form our core competitive advantage, enabling us to deliver superior transmission acceleration services and enhanced user experience anywhere and with an efficient sort of acceleration. Our resource discovery network leverages our distributed computing power, computing and storage capacity and significantly reduces our reliance on servers operated by us. As part of our expansion strategy, we plan to devote substantial resources to research and development in order to better serve our users, particularly to our cloud computing services and mobile products and services. Therefore, the expenses associated with our research and development are expected to increase in the near future. However, we plan to continue to increase the uplink capacity we crowdsource through our cloud computing services, which is expected to reduce our bandwidth cost incurred in our purchase from traditional suppliers, contribute to the cost efficiency of our overall infrastructure and generate additional revenue when we sell those capacity to our customers.

***Our ability to control our costs and operating expenses.***

Our results of operations depend on our ability to control our costs and operating expenses. We actively monitor and optimize our cost structure. Our costs and operating expenses are expected to increase in the future, for example, we expect an increase in marketing expense in a competitive environment and an increase in employee compensation to attract talents. We plan to continue to invest in research and development to maintain our technology leadership.

**Description of certain statement of operations items****Revenues**

We derive our revenues primarily from subscription services, cloud computing services and products, and live-streaming and other services, which consist primarily of live-streaming services, other value-added services such as online advertising services, online games, technical services, and rental service. With a view to better presenting our revenues, we reclassified our revenues for the purpose of analysis at the beginning of 2022 by re-grouping the previous four types of revenues, i.e., subscriptions, online advertising, product revenue, and cloud computing and other services, into three types of revenues, i.e., cloud computing, subscriptions, and live-streaming and other services. The following table sets forth the principal components of our total revenues by amounts and percentages of our revenues for the years presented.

	For the Year Ended December 31,					
	2022		2023		2024	
	US\$	%	US\$	%	US\$	%
	(in thousands, except for percentages)					
Subscriptions	100,557	29.4	119,343	32.7	133,680	41.2
Cloud computing services and products	119,635	34.9	123,411	33.8	104,584	32.2
Live-streaming and other services <sup>(1)</sup>	122,372	35.7	122,157	33.5	86,141	26.6
<b>Total</b>	<b>342,564</b>	<b>100.0</b>	<b>364,911</b>	<b>100.0</b>	<b>324,405</b>	<b>100.0</b>

Note:

- (1) Previously reported as “live-streaming and other internet value-added services.” This represents revenues from various live-streaming products and other value-added services, such as online advertising, online games and technical services, and rental service.

*Subscriptions.* We generate revenues from providing our users with exclusive services, such as access to high-speed online transmission, premium acceleration or access privileges, for a duration-based subscription fee. We offer two premium subscription packages with prices at RMB15 (US\$2.1) per month or RMB149 (US\$21.0) per year or RMB30 (US\$4.2) per month or RMB288 (US\$40.5) per year to cater to subscribers’ different demand for acceleration speed, cloud drive storage and user experience, which are becoming increasingly popular among our subscribers. Revenue from our subscription revenues increased from US\$100.6 million in 2022 to US\$119.3 million in 2023 and further increased to US\$133.7 million in 2024. Our subscription revenue as a percentage of our revenues increased from 29.4% in 2022 to 32.7% in 2023 and further increased to 41.2% in 2024.

The most significant factor that directly affects our subscription revenues is the number of subscribers. We may maintain our subscriber base in the future by expanding our offering of fee-based services, but important factors outside of our control, such as the PRC government’s regulation and censorship of information disseminated over the internet, may have a material adverse impact on our cloud acceleration services, which in turn may have an adverse effect on the number of our subscribers and on our revenues and results of operations. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Regulation and censorship of information disseminated over the internet in China have adversely affected our business and may continue to adversely affect our business, and we may be liable for the digital media content on our platform.”

*Cloud computing services and products.* Revenues from cloud computing services and products increased from US\$119.6 million in 2022 to US\$123.4 million in 2023 and decreased to US\$104.6 million in 2024. For cloud computing services, we recognize revenue when we provide bandwidth to our customers. Revenue from cloud computing services and products accounted for 34.9%, 33.8% and 32.2% of our total revenues in 2022, 2023, and 2024, respectively.

*Live-streaming and other services.* Revenues from live-streaming and other services slightly decreased from US\$122.4 million in 2022 to US\$122.2 million in 2023 and further decreased to US\$86.1 million in 2024. Revenue from live-streaming and other services accounted for 35.7%, 33.5% and 26.6% of our total revenues in 2022, 2023, and 2024, respectively. We ceased the operations of our domestic audio live-streaming business in June 2023 and video live-streaming business in October 2024, and continue to offer audio live-streaming services in overseas markets.

Revenues from live-streaming and other services were generated primarily from our audio live-streaming services, other value-added services such as online advertising services, online games, technical services, and rental service. For audio live-streaming services, users purchase virtual gifts from us and send the gifts they purchase to broadcasters while enjoying broadcasters' performance. Our online advertising revenues are mainly derived from the advertising revenue sharing agreement we entered into with Itui, our largest shareholder.

**Cost of revenues**

Our cost of revenues consists primarily of (i) bandwidth costs, (ii) revenue-sharing costs, (iii) depreciation of servers and other equipment, (iv) payment handling charges, (v) cost of inventories sold, and (vi) other costs. The following table sets forth the components of our cost of revenues by amounts and percentages of our revenues for the years presented:

	For the Year Ended December 31,					
	2022		2023		2024	
	US\$	%	US\$	%	US\$	%
	(in thousands, except for percentages)					
Bandwidth costs	104,580	30.5	112,522	30.8	101,632	31.3
Revenue-sharing costs	78,636	23.0	67,302	18.4	26,797	8.3
Depreciation of servers and other equipment	1,363	0.4	740	0.2	801	0.3
Payment handling charges	6,500	1.9	8,494	2.3	12,741	3.9
Cost of inventories sold	2,228	0.7	5,911	1.7	4,162	1.3
Other costs	6,747	1.9	5,680	1.6	9,434	2.9
<b>Total</b>	<b>200,054</b>	<b>58.4</b>	<b>200,649</b>	<b>55.0</b>	<b>155,567</b>	<b>48.0</b>

*Bandwidth costs.* Bandwidth costs consist of the fees we pay to telecommunications carriers and other service providers for telecommunications services and for hosting our servers at their internet data centers and the fees we compensate users of our cloud computing hardware devices for the use of their idle uplink capacity. Bandwidth is a significant component of our cost of our total revenues.

For details on our cloud computing services and products, see “Item 4. Information on the Company—B. Business Overview.”

*Revenue-sharing costs.* Revenue-sharing costs mainly represent the fees we pay to broadcasters and talent agencies for our live-streaming business. We ceased the operations of our domestic video live-streaming business in October 2024, due to strategic business transformation.

*Cost of inventories sold.* Cost of inventories sold mainly consists of the cost associated with the sale of hardware devices in connection with our cloud computing services.

*Depreciation of servers and other equipment.* Depreciation expenses for servers and other equipment that are directly related to our business operations and technical support are included in our cost of revenues. We expect our depreciation expenses as a percentage of revenues to decrease.

*Payment handling charges.* Payment handling charges are the fees we pay to payment channels for subscription services, online games and other paid services. Users can make payments for such services through third-party online, and mobile phone payment channels. These third-party payment channels typically charge a handling fee for their services. Our subscribers used to make subscription payments through mobile phones. However, as mobile carriers generally charge higher handling fees than other channels, we have modified our subscription fee structure to encourage our subscribers to use other available payment channels. We expect such payment handling charges as a percentage of revenues to increase as we cooperated with more third-party payment service providers to collect our live - streaming service fees.

*Other costs.* Other costs mainly include technical service costs, content review costs and depreciation charges of our leased assets.

**Operating expenses**

Our operating expenses consist of (i) research and development expenses, (ii) sales and marketing expenses, (iii) general and administrative expenses, and (iv) credit loss (write-back)/expenses, net. The following table sets forth the components of our operating expenses by amounts and percentages of our revenues for the years presented:

	For the Year Ended December 31,					
	2022		2023		2024	
	US\$	%	US\$	%	US\$	%
	(in thousands, except for percentages)					
Research and development expenses	67,680	19.8	74,201	20.3	71,572	22.1
Sales and marketing expenses	24,841	7.3	43,509	11.9	44,842	13.8
General and administrative expenses	39,701	11.6	46,875	12.8	45,827	14.1
Credit loss (write-back)/expenses, net	(844)	(0.3)	100	0.0	288	0.1
<b>Total</b>	<b>131,378</b>	<b>38.4</b>	<b>164,685</b>	<b>45.0</b>	<b>162,529</b>	<b>50.1</b>

*Research and development expenses.* Research and development expenses consist primarily of salaries and benefits for our research and development personnel. Expenditures incurred during the research phase are expensed as incurred. Expenditures incurred for the development of the acceleration products prior to the establishment of technological feasibility are expensed when incurred. We expect our research and development expenses to increase in the future as we need to recruit and retain talents to develop new products and improve existing products, particularly our cloud computing technology, our acceleration products, and certain new initiatives.

*Sales and marketing expenses.* Sales and marketing expenses consist primarily of salaries and benefits for our sales and marketing personnel and marketing and promotional expenses. We expect our sales and marketing expenses to increase in the future as we expect to invest in brand enhancement efforts and the promotion of our products and services, particularly as we plan to increase our efforts in promoting our Mobile Xunlei, live-streaming products and other mobile products.

*General and administrative expenses.* General and administrative expenses consist primarily of salaries and benefits (including share-based compensation expenses), depreciation of property and equipment, professional service fees and other administrative expenses. We expect our general and administrative expenses to increase in the future as we expect our business to continue to grow and as a result of general inflation.

*Credit loss(write-back)/expenses, net.* Credit loss (write-back)/expenses, net, primarily consist of credit losses allowances for accounts receivable, due from related parties and other receivables. The credit loss expenses in 2024 mainly represents accrual of credit loss allowance for certain receivables based on our assessment.

**Impairment of goodwill**

An impairment of goodwill was identified and recorded in the fourth quarter of 2024 mainly as the financial performance of our cloud computing business declined significantly in late 2024, which was assessed to be a sustained trend that has been reflected in the estimated future results from this business in our annual impairment test performed as of December 31, 2024.

**Taxation**

*Cayman Islands*

We are incorporated in the Cayman Islands. The Cayman Islands currently levies no taxes on corporations based upon profits, income, gains or appreciation. 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.

*China*

Pursuant to the PRC Enterprise Income Tax Law, effective on January 1, 2008 and last revised in December 2018, a 25% enterprise income tax rate is generally applicable to both foreign-invested enterprises and domestic enterprises, except where a special preferential rate applies. In addition, the PRC Enterprise Income Tax Law and its implementation rules permit qualified “high and new technology enterprises” (“HNTE”) to enjoy a reduced enterprise income tax rate of 15%.

In January 2016, PRC government authorities further issued qualification criteria, application procedures and assessment processes for the qualification of HNTE. Each of Shenzhen Xunlei, Shenzhen Onething, Xunlei Computer and Shenzhen Wangwenhua possessed such HNTE certificate for the year ended December 31, 2024. As a result, these four entities are qualified to enjoy a preferential tax rate of 15% for the year ended December 31, 2024. The HNTE certificates possessed by Shenzhen Xunlei and Shenzhen Wangwenhua were renewed and are effective until October 2026. The HNTE certificates possessed by Shenzhen Onething and Xunlei Computer were renewed in December 2024 and are effective until December 2027.

Our other major subsidiaries or VIE's subsidiaries in the PRC have been granted preferential tax treatment under China's Small and Low-Profit Enterprise tax incentive program, and the remaining are subject to the statutory corporate income tax rate of 25%. According to the PRC Enterprise Income Tax Law and its implementation rules, foreign enterprises which have no commercial presence in the PRC but derive dividends, interest, rents, royalties and other income (including capital gains) from sources in the PRC are subject to a 10% PRC withholding tax (a further reduced withholding tax rate may be available according to the applicable double tax treaty or arrangement). The 10% withholding tax is generally applicable to any dividends to be distributed from Giganology Shenzhen and Xunlei Computer to us out of any profits of Giganology Shenzhen and Xunlei Computer derived after January 1, 2008. Although Xunlei Computer and Giganology Shenzhen had retained earnings as of December 31, 2023 and 2024, the directors of the companies decided to reinvest the retained earnings permanently in China and therefore no such withholding tax is required.

In addition, the PRC Enterprise Income Tax Law treats enterprises established outside the PRC with "effective management and control" located in the PRC as PRC resident enterprises for tax purposes. The term "effective management and control" is generally defined as exercising overall management and control over the business, personnel, accounting, properties, etc. of an enterprise. If a company is considered as a PRC resident enterprise for tax purposes, it would be subject to the PRC Enterprise Income Tax at the rate of 25% on its worldwide income after January 1, 2008. As of December 31, 2024, our company had not accrued for PRC tax on such basis. Our company will continue to monitor its tax status.

*Hong Kong*

Our subsidiaries in Hong Kong are subject to 16.5% income tax on their taxable income generated from operations in Hong Kong.

*Singapore*

Our subsidiaries incorporated in Singapore are subject to 17% of their taxable income.

## Results of operations

The following table sets forth a summary of our consolidated results of operations by amounts and percentages of our revenues for the years indicated. This information should be read together with our consolidated financial statements and related notes included elsewhere in this annual report. The results of operations in any period are not necessarily indicative of the results that may be expected for any future period.

	For the Year Ended December 31,					
	2022		2023		2024	
	US\$	%	US\$	%	US\$	%
	(in thousands, except for percentages)					
Total revenue, net of rebates and discounts	342,564	100.0	364,911	100.0	324,405	100.0
Business taxes and surcharge	(1,067)	(0.3)	(1,189)	(0.3)	(1,265)	(0.4)
<b>Total net revenues</b>	<b>341,497</b>	<b>99.7</b>	<b>363,722</b>	<b>99.7</b>	<b>323,140</b>	<b>99.6</b>
<b>Cost of revenues</b>	<b>(200,054)</b>	<b>(58.4)</b>	<b>(200,649)</b>	<b>(55.0)</b>	<b>(155,567)</b>	<b>(48.0)</b>
<b>Gross profit</b>	<b>141,443</b>	<b>41.3</b>	<b>163,073</b>	<b>44.7</b>	<b>167,573</b>	<b>51.7</b>
Research and development expenses	(67,680)	(19.8)	(74,201)	(20.3)	(71,572)	(22.1)
Sales and marketing expenses	(24,841)	(7.3)	(43,509)	(11.9)	(44,842)	(13.8)
General and administrative expenses	(39,701)	(11.6)	(46,875)	(12.8)	(45,827)	(14.1)
Credit loss write-back/(expenses), net	844	0.3	(100)	(0.0)	(288)	(0.1)
Impairment of goodwill	—	—	—	—	(20,748)	(6.4)
<b>Total operating expenses</b>	<b>(131,378)</b>	<b>(38.4)</b>	<b>(164,685)</b>	<b>(45.0)</b>	<b>(183,277)</b>	<b>(56.5)</b>
<b>Operating income/(loss)</b>	<b>10,065</b>	<b>2.9</b>	<b>(1,612)</b>	<b>(0.3)</b>	<b>(15,704)</b>	<b>(4.8)</b>
Interest income	1,898	0.6	4,619	1.3	4,892	1.5
Interest expense	(93)	—	(1,514)	(0.4)	(728)	(0.2)
Other income, net	13,545	4.0	16,904	4.6	9,183	2.8
<b>Income before income tax</b>	<b>25,415</b>	<b>7.4</b>	<b>18,397</b>	<b>5.2</b>	<b>(2,357)</b>	<b>(0.7)</b>
Income tax (expenses)/benefits	(4,068)	(1.2)	(4,131)	(1.1)	3,020	0.9
<b>Net income for the year</b>	<b>21,347</b>	<b>6.2</b>	<b>14,266</b>	<b>4.1</b>	<b>663</b>	<b>0.2</b>
Less: Net (loss)/income attributable to the non-controlling interest	(116)	(0.1)	41	—	(552)	(0.2)
<b>Net income attributable to Xunlei Limited</b>	<b>21,463</b>	<b>6.3</b>	<b>14,225</b>	<b>4.1</b>	<b>1,215</b>	<b>0.4</b>

### Year ended December 31, 2024 compared with year ended December 31, 2023

**Revenues.** Our total revenues decreased by 11.1% from US\$364.9 million in 2023 to US\$324.4 million in 2024, primarily due to the decreased revenues from our cloud computing and live-streaming businesses.

- Revenue from subscription services increased by 12.0% from US\$119.3 million in 2023 to US\$133.7 million in 2024, primarily due to the growing number of total subscribers, which increased from 5.99 million as of December 31, 2023, to 6.38 million as of December 31, 2024.
- Revenue from cloud computing services and products decreased by 15.3% from US\$123.4 million in 2023 to US\$104.6 million in 2024, primarily due to the reduced sales of our cloud computing service and hardware devices.
- Revenues from live-streaming and other services decreased by 29.5% from US\$122.2 million in 2023 to US\$86.1 million in 2024, primarily due to the downsizing of our domestic audio live-streaming operations since June 2023.

**Cost of revenues.** Our cost of revenues decreased by 22.5% from US\$200.6 million in 2023 to US\$155.6 million in 2024, primarily attributable to the decreased demand for our cloud computing services and reduced revenue-sharing costs resulting from the downsizing of our domestic audio live-streaming business.

**Bandwidth costs.** Our bandwidth costs decreased by 9.7% from US\$112.5 million in 2023 to US\$101.6 million in 2024, primarily due to the enhanced utilization efficiency and the decrease demand for our cloud computing services, which was consistent with the decrease in cloud computing revenues.

*Revenue-sharing costs.* Our revenue-sharing costs from live-streaming business decreased by 60.2% from US\$67.3 million in 2023 to US\$26.8 million in 2024, primarily due to the downsizing of our domestic audio live-streaming business, which led to the decline in live-stream revenues as well as revenue-sharing costs.

*Depreciation of servers and other equipment.* Depreciation of servers and other equipment increased by 8.2% from US\$0.7 million in 2023 to US\$0.8 million in 2024, primarily due to the additions in servers and equipment.

*Payment handling charges.* Our payment handling charges increased by 50.0% from US\$8.5 million in 2023 to US\$12.7 million in 2024, primarily because of increased demand for third-party payment service to collect fees from subscription and overseas live-streaming services, as well as increased portion of overseas live-streaming which have higher payment handling charges.

*Cost of inventories sold.* Our cost of inventories sold decreased by 29.6% from US\$5.9 million in 2023 to US\$4.2 million in 2024, primarily due to reduced sales of cloud computing hardware devices.

*Other costs.* These costs increased by 66.1% from US\$5.7 million in 2023 to US\$9.4 million in 2024, primarily due to the increased depreciation charges of our leased assets.

**Gross profit.** As a result of the above, our gross profit increased by 2.8% from US\$163.1 million in 2023 to US\$167.6 million in 2024.

Gross profit margin increased from 44.7% in 2023 to 51.7% in 2024, primarily due to the impact from the downsizing of our domestic live-streaming business, which has a lower gross profit margin, and an increased portion of subscription revenues to total revenues, which has a higher gross profit margin.

**Operating expenses.** Our operating expenses increased by 11.3% from US\$164.7 million in 2023 to US\$162.5 million in 2024, primarily due to impairment of goodwill.

*Research and development expenses.* Our research and development expenses decreased by 3.5% from US\$74.2 million in 2023 to US\$71.6 million in 2024, primarily due to the decreased labor costs and share-based compensation as compared with the previous year.

*Sales and marketing expenses.* Our sales and marketing expenses increased by 3.1% from US\$43.5 million in 2023 to US\$44.8 million in 2024, primarily due to the expansion of our marketing campaign and related expenses incurred for our subscription and live-streaming businesses and increased labor costs.

*General and administrative expenses.* Our general and administrative expenses decreased by 2.2% from US\$46.9 million in 2023 to US\$45.8 million in 2024, primarily due to the decrease in share-based compensation expenses during the year, partially offset by the increase in labor costs as compared with the previous year.

*Credit loss (write-back)/expenses.* We recorded a debit amount of US\$0.3 million in 2024, compared to a debit amount of US\$0.1 million in 2023. The change was primarily due to an increase in the allowance for receivables based on our assessment as of December 31, 2024.

**Impairment of goodwill expenses.** An impairment of goodwill of US\$20.7 million was identified and recorded in the fourth quarter of 2024 mainly as the financial performance of our cloud computing business declined significantly in late 2024, which was assessed to be a sustained trend that has been reflected in the estimated future results from this business in our annual impairment test performed as of December 31, 2024.

**Interest income.** Our interest income increased by 5.9% from US\$4.6 million in 2023 to US\$4.9 million in 2024, primarily due to the increased interest income from time deposits with original maturities of three months or less.

**Interest expense.** Our interest expense decreased from US\$1.5 million in 2023 to US\$0.7 million in 2024, primarily due to the replacement of certain bank borrowings with lower interest rate during this year in 2024.

**Other income, net.** Our other income, net decreased by 45.7% from US\$16.9 million in 2023 to US\$9.2 million in 2024, primarily due to less income from reversal of long aged payables with low payment probability and the decrease in exchange gains and subsidy income received during the year.

**Income tax (expenses)/benefits.** We had income tax benefits of US\$3.0 million in 2024, compared with an income tax expenses of approximately US\$4.1 million in 2023. The tax benefit in 2024 was primarily attributable to the tax benefit from investment loss in a subsidiary under liquidation. The benefit was partially offset by income tax expenses incurred by other entities within our group.

**Net income.** As a result of the above, there was a net income of US\$0.7 million in 2024, as compared with a net income of US\$14.3 million in 2023. The change was primarily due to the increase in operating loss, partially offset by the decrease in income tax expense during the year.

**Net income attributable to Xunlei Limited.** As a result of the above, we generated a net income attributable to Xunlei Limited of US\$1.2 million in 2024 and a net income attributable to Xunlei Limited of US\$14.2 million in 2023.

**Year ended December 31, 2023 compared with year ended December 31, 2022.**

**Revenues.** Our total revenues increased by 6.5% from US\$342.6 million in 2022 to US\$364.9 million in 2023, primarily due to increased revenues from our subscription and cloud computing businesses.

- Revenue from cloud computing services and products increased by 3.2% from US\$119.6 million in 2022 to US\$123.4 million in 2023, primarily due to increased sale of our cloud computing hardware devices.
- Revenue from subscription services increased by 18.7% from US\$100.6 million in 2022 to US\$119.3 million in 2023, primarily due to the increased number of subscribers from 4.99 million as of December 31, 2022 to 5.99 million as of December 31, 2023.
- Revenues from live - streaming and other services decreased by 0.2% from US\$122.4 million in 2022 to US\$122.2 million in 2023, primarily due to the downsize of our domestic audio live - streaming operations since June 2023.

**Cost of revenues.** Our cost of revenues increased by 0.3% from US\$200.1 million in 2022 to US\$200.6 million in 2023, primarily attributable to the increases in bandwidth cost, cost of inventories sold and payment handling cost, partially offset by the decrease in cost of live-streaming services or revenue-sharing costs of the live-streaming.

**Bandwidth costs.** Our bandwidth costs increased by 7.6% from US\$104.6 million in 2022 to US\$112.5 million in 2023, primarily due to increased demand for our subscription and cloud computing services, which was consistent with the increase in subscription and cloud computing revenues.

**Revenue-sharing costs.** Our revenue-sharing costs of the live-streaming decreased by 14.4% from US\$78.6 million in 2022 to US\$67.3 million in 2023, primarily due to enhanced profitability of our live-streaming business during 2023.

**Depreciation of servers and other equipment.** Depreciation of servers and other equipment decreased by 45.7% from US\$1.4 million in 2022 to US\$0.7 million in 2023, primarily due to the decrease in the number of servers and equipment in 2023.

**Payment handling charges.** Our payment handling charges increased by 30.7% from US\$6.5 million in 2022 to US\$8.5 million in 2023, primarily due to the increased demand for third-party payment service to collect fees for rendering subscription and live-streaming services.

**Cost of inventories sold.** Our cost of inventories sold increased by 165.3% from US\$2.2 million in 2022 to US\$5.9 million in 2023, primarily due to increased sale of cloud computing hardware devices.

**Other costs.** These costs decreased by 15.8% from US\$6.7 million in 2022 to US\$5.7 million in 2023, primarily due to the decreased cost in our block chain business.

**Gross profit.** As a result of the above, our gross profit increased by 15.3% from US\$141.4 million in 2022 to US\$163.1 million in 2023.

Gross profit margin also increased from 41.3% in 2022 to 44.7% in 2023, primarily due to the increased revenue contribution of subscription services in 2023, which has a higher gross profit margin.

**Operating expenses.** Our operating expenses increased by 25.4% from US\$131.4 million in 2022 to US\$164.7 million in 2023, primarily due to the increase in sales and marketing expenses, general and administrative expenses and research and development expenses.

**Research and development expenses.** Our research and development expenses increased by 9.6% from US\$67.7 million in 2022 to US\$74.2 million in 2023, primarily due to increased labor costs resulting from increased headcount in 2023.

**Sales and marketing expenses.** Our sales and marketing expenses increased by 75.2% from US\$24.8 million in 2022 to US\$43.5 million in 2023, primarily driven by the increase in marketing expenses for our subscription services and live - streaming business.

**General and administrative expenses.** Our general and administrative expenses increased by 18.1% from US\$39.7 million in 2022 to US\$46.9 million in 2023, primarily due to the increase in share-based compensation expenses, depreciation of our Xunlei headquarters building and a one-off impairment of servers and network equipment incurred in 2023.

**Credit loss (expenses)/write-back, net.** We recorded a debit amount of US\$0.1 million in 2023, compared to a credit amount of US\$0.8 million in 2022. The change was primarily due to an increase in the allowance accrued based on our receivables assessments as of December 31, 2023.

**Interest income.** Our interest income increased by 143.2% from US\$1.9 million in 2022 to US\$4.6 million in 2023, primarily due to the increased interest income from time deposits with original maturities of three months or less, which had higher interest rates in 2023.

**Interest expense.** Our interest expense increased from US\$0.1 million in 2022 to US\$1.5 million in 2023, primarily driven by the interest expenses of bank loans.

**Other income, net.** Our other income, net increased by 24.8% from US\$13.5 million in 2022 to US\$16.9 million in 2023, primarily due to the increase in investment income from short-term investments and reversal of certain payables related to a previously disposed business with low payment probability during 2023.

**Income tax expenses.** Our income tax expenses remained stable at approximately US\$4.1 million in 2022 and 2023.

**Net income.** As a result of the above, we recorded a net income of US\$14.3 million in 2023, as compared with a net income of US\$21.3 million in 2022. The change was primarily driven by the increase in operating expenses as discussed above.

**Net income attributable to Xunlei Limited.** As a result of the above, we generated net income attributable to Xunlei Limited of US\$21.5 million in 2022 and US\$14.2 million in 2023.

## **B. Liquidity and Capital Resources**

We have financed our operations primarily by using our existing internal cash reserves and borrowing bank loans. As of December 31, 2024, we had US\$287.5 million in cash and cash equivalents and short-term investments, and we also had US\$29.2 million outstanding bank loans.

We have incurred accounts receivable from the sales of cloud computing services and advertising revenue sharing with Itui. Thus, the financials of our customers purchasing cloud computing services from us including Itui may affect our collection of accounts receivable. Any inability of customers of our cloud computing services, especially those that accounted for a significant percentage of our accounts receivable in the past, to pay us in a timely manner may adversely affect our liquidity and cash flows. In the future, we may rely on dividends and other distributions on equity paid by our wholly-owned PRC subsidiaries for our cash and financing requirements. There may be potential restrictions on the dividends and other distributions by our PRC subsidiaries. For instance, if Giganology Shenzhen, our PRC subsidiary, incurs debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us. The PRC tax authorities may require us to adjust our taxable income under the contractual arrangements Giganology Shenzhen currently has in place with Shenzhen Xunlei in a way that would materially and adversely affect the latter's ability to pay dividends and other distributions to us. In addition, under PRC laws and regulations, Giganology Shenzhen, as a wholly foreign-owned enterprises in China, may pay dividends only out of its accumulated profits as determined in accordance with PRC accounting standards and regulations. Wholly foreign-owned enterprises such as Giganology Shenzhen are required to set aside at least 10% of their accumulated after-tax profits each year, if any, to fund a statutory reserve fund, until the aggregate amount of such fund reaches 50% of their respective registered capital. At their discretion, wholly foreign-owned enterprises may allocate a portion of their after-tax profits based on PRC accounting standards to staff welfare and bonus funds. These reserve funds and staff welfare and bonus funds are not distributable as cash dividends. See "Item 3. Key Information—D. Risk Factors—Risk Related to Our Corporate Structure—We may rely principally on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have. Any limitation on the ability of Giganology Shenzhen and Xunlei Computer to pay dividends to us could have a material adverse effect on our ability to conduct our business." In addition, our investment made as registered capital and additional paid in capital of our subsidiaries, the variable interest entity and its subsidiaries are also subject to restrictions in their distribution and transfer according to the laws and regulations in China. Owing to the above, our subsidiaries, variable interest entity and its subsidiaries in China are restricted in their ability to transfer their net assets to us in terms of cash dividends, loans or advances. As of December 31, 2024, the amount of the restricted net assets, which represents registered capital and additional paid-in capital cumulative appropriations made to statutory reserves, was US\$173.8 million.

As an offshore holding company, we are permitted, under PRC laws and regulations, to provide funding from the proceeds of our offshore fund raising activities to our PRC subsidiaries only through loans or capital contributions, and to the variable interest entity only through loans, subject to the satisfaction of the applicable government registration and approval requirements. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—PRC regulation of loans to, and direct investment in, PRC entities by offshore holding companies and government control of currency conversion may restrict or prevent us from making loans to our PRC subsidiaries and variable interest entity and its subsidiaries or making additional capital contributions to our PRC subsidiaries, which may materially and adversely affect our liquidity and our ability to fund and expand our business." As a result, uncertainties exist as to our ability to provide prompt financial support to our PRC subsidiaries or variable interest entity when needed. Notwithstanding the forgoing, Giganology Shenzhen may use its own retained earnings (as opposed to Renminbi converted from foreign currency denominated capital) to provide financial support to Shenzhen Xunlei either through extended payment terms on amounts due to Giganology Shenzhen from Shenzhen Xunlei, or via entrusted loans from Giganology Shenzhen to Shenzhen Xunlei, or direct loans to its nominee shareholders, which would be contributed to the variable interest entity as capital injection. Such direct loans to the nominee shareholders would be eliminated in the consolidated financial statements against the VIE's share capital.

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 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. If we determine that our cash requirements exceed the amount of cash and cash equivalents we have on hand, we may seek to issue debt or equity securities or obtain additional credit facilities.

## Cash Flows

The following table sets forth a summary of our cash flows for the periods indicated:

	For the Year Ended December 31,		
	2022	2023	2024
	(in thousands of US\$)		
Net cash generated from operating activities	51,109	25,716	30,976
Net cash generated from/(used in) investing activities	11,758	(23,898)	(21,913)
Net cash generated from/(used in) financing activities	6,641	(13,524)	(925)
Net increase/(decrease) in cash, cash equivalents and restricted cash	69,508	(11,706)	8,138
Cash, cash equivalents and restricted cash at the beginning of year	127,436	184,808	170,802
Effect of exchange rates on cash, cash equivalents, and restricted cash	(12,136)	(2,300)	(1,393)
Cash, cash equivalents and restricted cash at end of year	184,808	170,802	177,547

As of December 31, 2024, we had cash, cash equivalents and restricted cash of US\$177.5 million in total, including RMB586.7 million (US\$81.6 million) and US\$34.1 million located within the PRC, of which RMB302.9 million (US\$42.1 million) and US\$0.6 million was held by Shenzhen Xunlei and its subsidiaries. We also had cash or cash equivalents of RMB0.3 million (US\$39.2 thousand), US\$55.4 million, HKD7.3 million (US\$0.9 million), SGD7.3 million (US\$5.4 million) and INR\$71.3 million (US\$4.5 thousand) located outside of the PRC as of December 31, 2024.

### Operating activities

Net cash generated from operating activities amounted to US\$31.0 million in 2024, as compared to a net income of US\$0.7 million. The difference between net cash generated from operating activities and net income was attributable to adjustments for certain non-cash expenses and net changes in working capital. Adjustments for non-cash expenses consisted principally of one-time impairment of goodwill of US\$20.7 million, the share-based compensation expenses of US\$2.5 million, and depreciation of property and equipment of US\$4.7 million. The net change in working capital was primarily due to (i) an increase in accounts receivable of US\$2.0 million, which was in line with the increased revenues from joint-subscription service, (ii) an increase in accrued liabilities and other payables of US\$5.4 million, which was mainly due the increase in payables for advertisements and tax levies; (iii) an increase in contract liabilities of US\$3.6 million, which was in line with the increase in our subscription revenues, (iv) an increase in income tax payable of US\$3.1 million, which was mainly due to the increase in taxable profit, and (v) an increase in deferred tax assets of US\$10.1 million, which was primarily attributable to the tax benefit from investment loss in a subsidiary under liquidation.

Net cash generated from operating activities amounted to US\$25.7 million in 2023, as compared to a net income of US\$14.3 million. The difference between net cash generated from operating activities and net income was attributable to adjustments for certain non-cash expenses and net changes in working capital. Adjustments for non-cash expenses consisted principally of the share-based compensation expenses of US\$9.7 million, depreciation of property and equipment of US\$4.4 million, and impairment of property and equipment of US\$1.1 million. The net change in working capital was primarily due to (i) an increase in accounts receivable of US\$2.0 million, which was in line with the increased cloud computing service revenues, (ii) a decrease in contract liabilities of US\$2.0 million, which was in line with the increase in our subscription revenues, (iii) an increase in inventories of US\$1.8 million, which was mainly due to the increased demand of our cloud computing products, and (iv) an increase in accrued liabilities and other payables of US\$3.1 million, primarily attributable to an increased accrual in employee bonus and marketing expenses.

Net cash generated from operating activities amounted to US\$51.1 million in 2022, as compared to a net income of US\$21.3 million. The difference between net cash generated from operating activities and net income was attributable to adjustments for certain non-cash expenses and net changes in working capital. Adjustments for non-cash expenses consisted principally of the share-based compensation expenses of US\$8.2 million, depreciation of property and equipment of US\$2.7 million, and amortization of intangible assets of US\$1.1 million. The net change in working capital was primarily due to (i) an increase in accounts receivable of US\$6.0 million, which was in line with the increase of cloud computing service revenues, (ii) an increase in contract liabilities of US\$5.7 million, which was mainly due to the contribution from our subscription business, (iii) an increase in accrued liabilities and other payable of US\$8.6 million, which was mainly due to an increase in employee bonus accrual, and (iv) an increase in income tax payable of US\$3.4 million, which was due to the increase in taxable profit.

### **Investing activities**

Net cash used in investing activities largely reflects purchases of property and equipment in connection with the expansion and upgrade of our technology infrastructure, purchases of intangibles assets, acquisition of long-term investments, payments to purchase and payments received upon maturity of short-term investments such as treasury products and amounts payable for constructions of Xunlei headquarters building.

Net cash used in investing activities was US\$21.9 million in 2024, primarily attributable to maturities of short-term investments of US\$470.2 million, while partially offset by our purchase of short-term investments of US\$479.5 million and purchase of property and plant of US\$8.0 million.

Net cash used in investing activities amounted to US\$23.9 million in 2023, primarily attributable to proceeds from collection upon maturities of short-term investments of US\$360.7 million, which was partially offset by our purchase of short-term investments of US\$378.2 million.

Net cash generated from investing activities amounted to US\$11.8 million in 2022, primarily attributable to proceeds from collection upon maturities of short-term investments of US\$545.1 million, which was partially offset by our purchase of short-term investments of US\$517.4 million and payment on the construction of the headquarters building of US\$11.7 million.

### **Financing activities**

Net cash used in financing activities was US\$0.9 million in 2024, which was attributable to the repurchase of shares of US\$7.7 million and repayment of bank borrowings of US\$26.6 million, while offset by the proceeds from bank borrowings of US\$33.4 million.

Net cash used in financing activities amounted to US\$13.5 million in 2023, primarily attributable to repayment of bank borrowings of US\$13.1 million and repurchase of shares of US\$4.7 million.

Net cash generated from financing activities amounted to US\$6.6 million in 2022, primarily attributable to proceeds from bank borrowings of US\$16.7 million, repayment of bank borrowings of US\$3.3 million and repurchase of shares of US\$6.7 million.

### **Material Cash Requirements**

Our material cash requirements mainly include capital expenditures, contractual obligations and long-term debt obligations.

#### **Capital expenditures**

Our capital expenditures primarily consist of purchasing servers or other equipment for our business operations and payment for construction of our headquarters office building. We made capital expenditures of US\$15.0 million in 2022, US\$4.0 million in 2023 and US\$8.0 million in 2024. We will continue to make capital expenditures to meet the expected growth of our business.

#### **Contractual obligations**

Our contractual obligations mainly include bandwidth lease obligations and capital obligations. The following table sets forth our contractual obligations as of December 31, 2024.

	<b>Total</b>	<b>Less than 1 year</b>	<b>1-3 years</b>	<b>3-5 years</b>	<b>Over 5 years</b>
		<b>(in thousands of US\$)</b>			
Bandwidth lease obligations	275	275	—	—	—
Capital obligations	—	—	—	—	—
<b>Total</b>	<b>275</b>	<b>275</b>	<b>—</b>	<b>—</b>	<b>—</b>

As of December 31, 2024, we had unconditional purchase obligations for bandwidth that had not been recognized in the amount of US\$0.3 million.

### **Long term debt obligations**

Our long term debt obligations primarily consist of bank borrowings and estimated interest payments. The interest rate of our long term loan is calculated based on the loan prime rate minus 45 or 10 basis points. The bank borrowings will be due according to the following schedule:

	<u>Total</u>	<u>Less than 1 year</u>	<u>1-3 years</u>
Bank borrowings obligations	27,823	696	27,127
Estimated interest payment obligations	2,132	801	1,331
<b>Total</b>	<b><u>29,955</u></b>	<b><u>1,497</u></b>	<b><u>28,458</u></b>

We intend to fund our existing and future material cash requirements primarily with anticipated cash flows from operations, our existing cash balance and other financing alternatives. We will continue to make cash commitments, including capital expenditures, to support the growth of our business.

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We do not have retained or contingent interests in assets transferred. We have not entered into contractual arrangements that support the credit, liquidity or market risk for transferred assets. We do not have obligations that arise or could arise from variable interests held in an unconsolidated entity, or obligations related to derivative instruments that are both indexed to and classified in our own equity, or not reflected in the statement of financial position.

Other than as discussed above, we did not have any significant capital and other commitments, long-term obligations or guarantees as of December 31, 2024.

### **Off-balance sheet arrangements**

We do not have any commitments or obligations, including contingent obligations, arising from arrangements with unconsolidated entities or persons that have or are reasonably likely to have a material current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, cash requirements or capital resources. In addition, we have not entered into any derivative contracts that are indexed to our shares and classified as shareholders' equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any guarantees, retained or contingent interest in assets transferred to an unconsolidated entity, contractual arrangements that support the credit, liquidity or market risk for transferred assets; obligations that arise or could arise from variable interests held in an unconsolidated entity.

### **C. Research and Development**

We believe that our commitment to research and development is an important contributing factor in our success. As of December 31, 2024, we had a team of 523 engineers. We provide our engineers with various continuing training programs and opportunities. To maintain and enhance our leadership position in the market, we will continue to compete for engineering talent and invest in research and development in order to provide better services to our users, subscribers and advertisers.

### **D. Trend Information**

Other than as disclosed elsewhere in this annual report, we are not aware of any known trends, uncertainties, demands, commitments or events for the period since January 1, 2025 that are reasonably likely to have a material effect on our revenues, income, profitability, liquidity or capital resources, or that would cause the disclosed financial information to be not necessarily indicative of future operating results or financial conditions.

## **E. Critical Accounting Estimates**

We prepare our consolidated financial statements in accordance with accounting principles generally accepted in the United States, or U.S. GAAP, which requires our management to make estimates that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the balance sheet dates, as well as the reported amounts of revenues and expenses during the reporting periods. To the extent that there are material differences between these estimates and actual results, our financial condition or results of operations would be affected. We base our estimates on our own historical experience and other assumptions that we believe are reasonable after taking account of our circumstances and expectations for the future based on available information. We evaluate these estimates on an ongoing basis.

We consider an accounting estimate to be critical if: (i) the accounting estimate requires us to make assumptions about matters that were highly uncertain at the time the accounting estimate was made, and (ii) changes in the estimate that are reasonably likely to occur from period to period or use of different estimates that we reasonably could have used in the current period, would have a material impact on our financial condition or results of operations. There are other items within our financial statements that require estimation but are not deemed critical, as defined above. Changes in estimates used in these and other items could have a material impact on our financial statements. See Item 18 of Part III, “Financial Statements—Note 2—Summary of significant accounting policies.”

### ***Allowance for expected credit losses***

The current expected credit losses methodology requires that the full amount of expected credit losses for the lifetime of the financial instrument be recorded at the time when it is originated or acquired, considering relevant historical experience, current conditions and reasonable and supportable macroeconomic forecasts that affect the collectability of financial assets, and adjusted for changes in expected lifetime credit losses subsequently, which may require earlier recognition of credit losses. Our accounts receivable, due from related parties and other current assets (including other receivables) and other non-current assets (including other long-term receivables), are within the scope of ASC Topic 326.

Our accounts receivable consists primarily of receivables from cloud computing customers, third-party payment channels and advertising customers. To estimate expected credit losses, we have identified the relevant risk characteristics of our customers and the related receivables and other receivables which include size, type of the services or the products we provide, or a combination of these characteristics. Receivables with similar risk characteristics have been grouped into pools and assessed on a pool basis. The credit loss assessment for each pool was mainly based on past collection experience, consideration of current and future economic conditions and changes in our collection trends. Other key factors that influence the expected credit loss analysis include credit rating, payment terms offered in the normal course of business to customers, and industry-specific factors that could impact our receivables. Additionally, external data and macroeconomic factors are also considered.

### ***Valuation allowance of deferred tax assets***

We make estimates and apply judgment in determining the provision for income taxes for financial reporting purposes. We make these estimates and judgments primarily in the following areas: (i) the calculation of tax credits, (ii) the calculation of differences in the timing of recognition of revenue and expense for tax reporting and financial statement purposes, as well as (iii) the calculation of interest and penalties related to uncertain tax positions. Changes in these estimates and judgments may result in a material increase or decrease to our tax provision, which would be recorded in the period in which the change occurs. Deferred tax assets and liabilities are recognized for expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities, and for operating losses and tax credit carry forwards. We record a valuation allowance to reduce deferred tax assets to an amount for which realization is more likely than not. To assess uncertain tax positions, we apply a more likely than not threshold and a two-step approach for the tax position measurement and financial statement recognition. Under the two-step approach, the first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement. This process is inherently subjective since it requires our assessment of the probability of future outcomes. We evaluate these uncertain tax positions on a quarterly basis, including consideration of changes in facts and circumstances, such as new regulations or recent judicial opinions, as well as the status of audit activities by taxing authorities. Changes in these estimates and assumptions could materially affect the tax position measurement and financial statement recognition. See Note 22 to the consolidated financial statements for information regarding taxation.

### **Impairment of goodwill**

Under U.S. GAAP, goodwill is not amortized but is tested for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that it might be impaired. Application of a goodwill impairment test requires significant management judgment. Our goodwill was attributable to our company as a whole. The impairment test for goodwill determines the fair value of our company, and compares it to the carrying value of the related net assets, including goodwill.

For the estimated fair value of the company, we use a discounted cash flow (“DCF”) model derived from the long-term cash flow projections, which involves judgements and assumptions relating to revenues forecasts, operating margins, the discount rate, the terminal growth rate. A reconciliation to market capitalization based on the public trading price of our equity securities was also performed by us to analyze the reasonableness of the DCF-based fair value estimate.

No goodwill impairment losses were recognized for the years ended December 31, 2022 and 2023, respectively. A goodwill impairment of US\$20.7 million was made for the year ended December 31, 2024. See Notes 2 (k) and 13 to the consolidated financial statements for information regarding goodwill.

### **Impairment of long-lived assets**

Our long-lived assets include property, plant and equipment, definite lived intangible assets and operating lease assets. We evaluate our long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may no longer be recoverable. Events that trigger a test for recoverability include material adverse changes in projected revenues or expenses, present cash flow losses combined with a history of cash flow losses and a forecast that demonstrates significant continuing and significant negative expectation of economic growth. When a triggering event occurs, a test for recoverability is performed. We assess the recoverability of the long-lived assets by comparing the carrying value of the long-lived assets to the estimated undiscounted future cash flows we expect to receive from the use of the assets and their eventual disposition at the lowest level of identifiable cash flows. An impairment charge is recognized for the amount by which the carrying value of the asset group exceeds its estimated fair value.

Inherent in the undiscounted future cash flows are assumptions and estimates derived from a review of business plan forecasts, expected growth rates, and market economy. Changes in assumptions or estimates can materially affect the fair value measurement.

## **Item 6. Directors, Senior Management and Employees**

### **A. Directors and Senior Management**

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

<b>Directors and Executive Officers</b>	<b>Age</b>	<b>Position/Title</b>
Jinbo Li	50	Chairman and Chief Executive Officer
Yubo Zhang	49	Director and President
Peng Shi	38	Director
Hui Duan	45	Director
Xiaosong Li	43	Director
Jenny Wenjie Wu	51	Independent Director
He Huang	48	Independent Director
Naijiang (Eric) Zhou	62	Chief Financial Officer

*Mr. Jinbo Li* has been our chairman and chief executive officer since April 2020. Mr. Li is a successful serial entrepreneur with more than 20 years’ experience in China’s internet and technology industry. Mr. Li was part of Xunlei’s founding team and contributed to establishing and leading the core R&D team during the crucial early stage of Xunlei from 2004 to 2009. Mr. Li left Xunlei in January 2010 and acted as the chief executive officers of two internet ventures from 2010 to 2014. Mr. Li founded Itui International Inc., a company focusing on developing mobile applications for social networking services, in 2014 and acted as its chairman and chief executive officer since then. Mr. Li received his bachelor’s degree in 1998 from Shandong University in China and master’s degree in 2001 from Peking University in China.

*Mr. Yubo Zhang* has been serving as our president since April 2020. Prior to rejoining us in April 2020, Mr. Zhang served as the chief executive officer of Beijing Nesound International Media Corp, Ltd., or Nesound, from April 2015 to April 2020. During his tenure at Nesound, Mr. Zhang combined the respective advantages of live broadcasting and traditional film & television businesses and built a multifaceted platform incorporating self-produced exclusive content, star development plans and Internet services. Mr. Zhang joined our company for the first time in August 2005 and was one of the core founding members of our company. During his ten years with us, Mr. Zhang served various management positions including a senior vice president of our company and the president of a major subsidiary of our company from August 2005 to March 2015. Mr. Zhang received his bachelor's degree in mechanical design and manufacturing from Jilin University of Technology in China in 1999.

*Mr. Peng Shi* has been serving as a director of our company since April 2020. Mr. Shi has also been serving as the president of product at Beijing Itui Technology Co., Ltd since March 2018. Prior to join Beijing Itui, Mr. Shi served as the general manager at Qutoutiao Inc. Beijing branch from January 2018 to March 2018, the product director of Toutiao.com, a Chinese news and information content platform operated by Beijing Bytedance Technology Co., Ltd, from 2016 to 2017, the product vice president of Quanmin.tv, a live-streaming platform operated by Shanghai Maimiao Information Technology Co., Ltd. from 2015 to 2016, the senior product officer of UCWeb Inc from May 2014 to June 2015, a senior product manager at Baidu, Inc. from April 2013 to May 2014, and a product manager at Qihoo 360 Technology Co., Ltd. from March 2010 to April 2013. Mr. Shi received his bachelor's degree in software engineering from Beihai College of Beihang University in China in 2011.

*Mr. Hui Duan* had served as a director of our company from April 2020 to September 2023 and was reelected to our board in September 2024. Mr. Duan currently serves as the chief technology officer of Beijing Itui Technology Co., Ltd. Prior to that, Mr. Duan founded his own company that provided SaaS tools and services from October 2015 to 2017. From April 2008 to April 2015, Mr. Duan served in various management positions at Xunlei including vice president and the chief executive officer of a major subsidiary of Xunlei. Mr. Duan received his EMBA degree from China Europe International Business School in 2015 and his bachelor's degree in computer science from Peking University in 2001.

*Mr. Xiaosong Li* had served as a director of our company since September 2024. Mr. Li has been serving as the vice president of AGI Business at Xunlei since December 2023. From March 2018 to November 2023, he held the position of technology partner at Beijing Itui Technology Co., Ltd., where he was responsible for leading research and development in the field of artificial intelligence. From March 2008 to March 2018, he gained valuable experience working at Baidu Search Ads (Phoenix Nest), where he progressively advanced his career and ultimately served as the chief architect. He obtained a bachelor's degree in software engineering from Northwestern Polytechnical University in 2005 and a master's degree in computer system architecture from Chinese Academy of Sciences in 2008.

*Ms. Jenny Wenjie Wu* has been serving as our independent director since June 2014 and is currently an independent non-executive director of Kingsoft Corporation Limited (3888.HK) and an independent non-executive Director of Dida Inc. (Stock Code: 02559). Ms. Wu served as an independent non-executive Director of Aquila Acquisition Corporation (Stock Code: 07836) from February 2024 to March 2025 and an independent Director of BlueCity Holdings Ltd. from July 2020 to August 2022. Ms. Wu served as the chief investment officer of New Hope Group from November 2018 to February 2020. Prior to joining New Hope Group, Ms. Wu was a founding and managing partner of Baidu Capital from November 2016 to November 2018. Ms. Wu successively served as the deputy chief financial officer, the chief financial officer, and the chief strategy officer at Trip.com Group Limited (Nasdaq: TCOM) from December 2011 to November 2016. Ms. Wu was an equity research analyst covering China Internet and Media industries in Morgan Stanley Asia Limited and in Citigroup Global Markets Asia Limited from 2005 to 2011. Prior to that, Ms. Wu worked in China Merchants Holdings (International) Company Limited (0144.HK), a company listed on the Hong Kong Stock Exchange, for three years. Ms. Wu has a Ph.D. degree in Finance from the University of Hong Kong, a master's degree in Finance from the Hong Kong University of Science and Technology, and both a master's degree and a bachelor's degree in Economics from Nankai University, China. Ms. Wu has been a Chartered Financial Analyst (CFA) since 2004.

*Mr. He Huang* had served as a director of our company since November 2024. Mr. Huang founded and has served as the chief executive officer of Beijing Duwo Technology Co., Ltd., an online education company operated under the brand name of Ipalfish, since 2015. He received a bachelor's degree in computer science and a master's degree in the same field from Beijing University of Technology in 2000 and 2003, respectively.

*Mr. Naijiang (Eric) Zhou* has been serving as our chief financial officer since September 2017. Mr. Zhou has extensive professional experience covering corporate finance, financial planning and analysis, domestic and international investment project due diligence, and mutual fund and private equity investment research and management in the U.S. and in China. Furthermore, Mr. Zhou was an interim chief financial officer at ChinaCache International Holdings Limited. Mr. Zhou served as a senior vice president of ChinaCache from September 2015 to June 2016. From February 2010 to December 2014, he served as the vice president of finance and the chief financial officer at Sutor Technology Group Limited. Prior to that, Mr. Zhou served in various roles, including an executive vice president and the chief financial officer at Richfield Investment Ltd., an equity research analyst at Roth Capital Partners, a principal financial planner at American Electric Power and a senior research analyst at U.S. Global Investors. Mr. Zhou obtained a bachelor's degree with honors in Petroleum Management Engineering from China Petroleum University, and both MBA in Finance and Ph.D. in Interdisciplinary Energy and Mineral Resources from the University of Texas at Austin. Mr. Zhou is a CFA charter holder.

## **B. Compensation**

For the fiscal year ended December 31, 2024, we paid an aggregate of approximately US\$2.1 million in cash to our executive officers, and we paid approximately US\$0.2 million in cash compensation to our non-executive directors. In addition, we paid approximately US\$0.3 million in pension, housing funds, transportation subsidies and commercial insurance to our executive officers, and we did not set aside or accrued any amount to provide such benefits to our non-executive directors. For share incentive grants to our officers and directors under our share incentive plan and restricted share grants outside the share incentive plan, see “—Share Incentive Plan.”

### **Share Incentive Plans**

On June 30, 2020, our board of directors approved the termination of the 2010 share incentive plan, the 2013 share incentive plan and the 2014 share incentive plan, or collectively, the Terminated Plans, and adopted a 2020 share incentive plan, or the 2020 Plan. The awards that were granted and outstanding under the Terminated Plans and the evidencing original award agreements survived the termination of the Terminated Plans and remain effective and binding under the 2020 Plan.

On March 13, 2023, our board of directors amended and restated the 2020 Plan to expand the award pool of 31,000,000 common shares to 46,561,200 common shares, which consist of (i) 25,228,430 common shares underlying the 5,045,686 ADSs repurchased pursuant to our repurchase programs, (ii) 10,150,313 common shares reserved for issuance, which were previously reserved but not granted under our Terminated Plans, (iii) 10,889,429 common shares, which were previously reserved but not granted under our Terminated Plans, held by Leading Advice Holding Limited, a share incentive awards holding platform, and (iv) 293,028 common shares reserved for issuance under the 2020 Plan.

On April 26, 2024, our board of directors further amended and restated its amended and restated the 2020 Plan to expand the award pool of 46,561,200 common shares to 61,525,345 shares. The 14,964,145 common shares added to the 2020 Plan were from the 2,992,829 ADS we repurchased under the share repurchase program adopted in March 2023.

As of March 31, 2025, 1,967,486 restricted share units were granted and outstanding under the 2020 Plan. The following paragraphs summarize the terms of the 2020 Plan.

**Types of awards.** The 2020 Plan permits the awards of option, restricted share, restricted share unit or other types of award approved by the committee or the board.

**Plan administration.** The 2020 Plan shall be administered by the board or the compensation committee of the board to whom the board shall delegate the authority to grant or amend awards to participants other than any of the compensation committee members and independent directors.

**Award agreement.** Options, restricted shares, or restricted share units granted under the Amended and Restated 2020 Plan are evidenced by an award agreement that sets forth the terms, conditions, and limitations for each grant.

**Option exercise price.** The exercise price per share subject to an option shall be determined by the compensation committee and set forth in the award agreement. The exercise price may be amended or adjusted in the absolute discretion of the compensation committee, the determination of which shall be final, binding and conclusive.

**Eligibility.** We may grant awards to our employees, consultants and all members of our board of directors, as determined by the board of directors.

**Vesting schedule.** In general, the plan administrator determines the vesting schedule, which is set forth in the award agreement.

**Transfer restrictions.** Except as otherwise provided by the committee or pursuant to the Amended and Restated 2020 Plan, no awards shall be assigned, transferred, or otherwise disposed of other than by will or the laws of descent and distribution.

**Termination.** Unless terminated earlier, the 2020 Plan will expire automatically in June 2030. At any time and from time to time, our board of directors may terminate, amend or modify the 2020 Plan; *provided, however*, that (a) to the extent necessary and desirable to comply with applicable laws or stock exchange rules, shareholder approval is required for any amendment in such a manner and to such a degree as required, unless we decide to follow home country practice, and (b) unless we decide to follow home country practice, shareholder approval is required for any amendment to the 2020 Plan that (i) increases the number of shares available under the 2020 Plan, or (ii) permits the committee to extend the term of the 2020 Plan or the exercise period for an option beyond ten years from the date of grant.

The following table summarizes the awards granted to our executive officers and directors under the 2020 plan as of March 31, 2025.

Name	Number of restricted share units awarded <sup>(1)</sup>	Exercise price (US\$/share)	Date of grant	Date of expiration
Jinbo Li	6,693,040	—	May 25, 2021	—
Yubo Zhang	6,693,040	—	May 25, 2021	—
	9,725,750	—	March 13, 2023	
Naijiang (Eric) Zhou	*	—	March 1, 2018	—
Jenny Wenjie Wu	*	—	June 23, 2014	—
	*	—	April 13, 2018	—
	*	—	April 29, 2021	—
Peng Shi	*	—	August 1, 2021	—
Xiaosong Li	*	—	January 1, 2024	—

(1) The number in this column does not include the common shares issued to the grantee upon vesting of restricted shares.

\* Less than one percent of our total outstanding share capital.

As of March 31, 2025, our employees other than directors and executive officers as a group held 3,741,920 outstanding restricted shares and restricted share units that remain unvested. These restricted shares and restricted share units were granted on various dates between March 2023 and January 2024.

In addition, on April 26, 2024, our board of directors adopted a share incentive plan for Shenzhen Onething (the “Shenzhen Onething 2024 Plan”) in order to provide incentives for employees contributing to our cloud computing business. In December 2024, 30% of equity interest of Shenzhen Onething was transferred to certain plan participants or share incentive awards holding platforms at a nominal price to facilitate the grant of restricted share units under the Shenzhen Onething 2024 Plan. Certain directors and executive officers of the Company, including Mr. Jinbo Li, Mr. Yubo Zhang, Mr. Xiaosong Li, and certain management of the Company have been granted restricted share units under the Shenzhen Onething 2024 Plan. Specifically, on December 31, 2024, each of Mr. Jinbo Li, Mr. Yubo Zhang and Mr. Xiaosong Li has been granted restricted share units, equal to 4.0%, 4.0%, 1.1% of the total equity interest of Shenzhen Onething, respectively. These restricted share units are subject to the vesting schedule set forth in the respective award agreement.

## **Employment Agreements**

We have entered into employment agreements with each of our senior executive officers. We may terminate a senior executive officer's employment for cause at any time by giving written notice for certain acts of the officer, including: (i) conviction of a felony or act of fraud, misappropriation or embezzlement; (ii) gross negligence or dishonest to the detriment of our company; and (iii) material breach of the employment agreement. We may also terminate a senior executive officer's employment upon at least two months' prior written notice. A senior executive officer may terminate his or her employment by giving two-month or three-month prior notice.

Each senior executive officer has agreed that he or she shall not, at any time during the period of employment or after the termination of the period of employment, except for the benefit of our company, use or disclose any confidential information to any person, corporation or other entity without our written consent. Upon termination of the employment or at any other time when requested by us, the officer should promptly deliver to our company all documents and materials of any nature pertaining to his or her work with us and should provide written certification of his or her compliance with the employment agreement. Under no circumstances can the officer, following his or her termination, in his or her possession any property of our company, or any documents or materials containing any confidential information. The officer should not, during the employment term, (i) improperly use or disclose any proprietary information or trade secrets of any former employer or other person or entity with which the officer has a duty to keep in confidence information acquired by such officer, if any, or (ii) bring into the premises of our company any document or confidential or proprietary information belonging to the former employer unless consented to in writing by such employer. The officer will indemnify us and hold us harmless from and against all claims, liabilities, damages and expenses.

Each officer also agrees that during the term of employment and within one year of termination of employment, he or she will not approach clients, customers or contacts of our company or other persons or entities introduced to such officer in his/her capacity as a representative of our company for the purposes of doing business with such persons or entities which will harm the business relationship between our company and such persons or entities. Unless consented to by us, the officer should not assume employment with or provide services as a director or otherwise for any of our competitors, or engage in any competitor as a principal, partner, licensor or otherwise. The officer will not seek, directly or indirectly, by the offer of alternative employment or other inducement whatsoever, to solicit the services of any of our employees as at or after the date of the termination of such officer's employment, or in the year preceding such termination.

### **C. Board Practices**

#### **Board of Directors**

Our board of directors consists of seven directors. A director is not required to hold any shares in our company to qualify to serve as a director. All the powers of our 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 whenever money is borrowed or as a security for any debt, liability or obligation of our company or any third party, may only be carried out jointly by our chief executive officer and chief financial officer.

#### **Committees of the Board of Directors**

We have established an audit committee, a compensation committee and a nominating and corporate governance committee under the board of directors. We have adopted a charter for each of the three committees. Each committee's members and functions are described below.

***Audit committee***

Our audit committee consists of Ms. Jenny Wenjie Wu and Mr. He Huang, and is chaired by Ms. Jenny Wenjie Wu. Our board of directors has determined that each of Ms. Jenny Wenjie Wu and Mr. He Huang satisfies the “independence” requirements of Rule 10A-3 under the Securities Exchange Act of 1934, as amended, and Rule 5605(a)(2) of the Nasdaq Listing Rules. The audit committee oversees our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee is responsible for, among other things:

- selecting the independent registered public accounting firm and pre-approving all auditing and non-auditing services permitted to be performed by the independent registered public accounting firm;
- reviewing with the independent registered public accounting firm any significant matters or difficulties encountered by the external auditors during the course of their audits and management’s response;
- reviewing and approving all proposed related party transactions, as defined in Item 404 of Regulation S-K under the Securities Act;
- discussing the annual audited financial statements with management and the independent registered public accounting firm;
- reviewing significant matters as to the adequacy of our internal controls and any special procedures adopted by the external auditors in light of material control deficiencies;
- annually reviewing and reassessing the adequacy of our audit committee charter; and
- meeting separately and periodically with management and the independent registered public accounting firm.

***Compensation committee***

Our compensation committee consists of Ms. Jenny Wenjie Wu, Mr. He Huang and Mr. Jinbo Li, and is chaired by Mr. Jinbo Li. Our board of directors has determined that each of Ms. Jenny Wenjie Wu and Mr. He Huang satisfies the “independence” requirements of Rule 5605(a)(2) of the Nasdaq Listing Rules. The compensation committee assists the board in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. Our chief executive officer may not be present at any committee meeting during which his compensation is deliberated upon. The compensation committee is responsible for, among other things:

- reporting regularly to the board;
- reviewing the total compensation package for our two most senior executives and making recommendations to the board with respect to it;
- approving and overseeing the total compensation package for our executives other than the two most senior executives;
- reviewing the compensation of our directors and making recommendations to the board with respect to it; and
- periodically reviewing and approving any long-term incentive compensation or equity plans, programs or similar arrangements, annual bonuses, and employee pension and welfare benefit plans.

### ***Nominating and corporate governance committee***

Our nominating and corporate governance committee consists of Ms. Jenny Wenjie Wu, Mr. He Huang and Mr. Yubo Zhang, and is chaired by Mr. Yubo Zhang. Our board of directors has determined that each of Ms. Jenny Wenjie Wu and Mr. He Huang satisfies the “independence” requirements of Rule 5605(a)(2) of the Nasdaq Listing Rules. The nominating and corporate governance committee assists the board in selecting individuals qualified to become our directors and in determining the composition of the board and its committees. The nominating and corporate governance committee is responsible for, among other things:

- recommending nominees to the board for election or re-election to the board, or for appointment to fill any vacancy on the board;
- reviewing annually with the board the current composition of the board with regards to characteristics such as independence, age, skills, experience and availability of service to us;
- selecting and recommending to the board the names of directors to serve as members of the audit committee and the compensation committee, as well as of the nominating and corporate governance committee itself;
- 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; and
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance.

### **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 have 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 what 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. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association, as amended from time to time. Our company may have the right to seek damages if a duty owed by our directors is breached. A shareholder may in certain circumstances have rights to damages if a duty owed by the directors is breached.

### **Terms of Directors and Executive Officers**

Our directors may be elected by an ordinary resolution of our shareholders, or by the affirmative vote of a simple majority of our directors (which should include one non-independent director) present and voting at a meeting of our board of directors, and shall hold office until the expiration of his term and until his successor has been elected and qualified, or until such time as they are removed from office by ordinary resolution or the unanimous written resolution of all shareholders. A director will be removed from office automatically (i) if a simple majority of all directors determine at a duly called and constituted board meeting that such director has been guilty of actual fraud or willful neglect in performing his duties as a director, or (ii) if a director is notified of, and fails to attend, an aggregate of three duly called and constituted board meetings within any 365-day period. In addition, the office of a director will be vacated if such director (a) dies, becomes bankrupt or makes any arrangement or composition with his creditors, (b) is found to be or becomes of unsound mind, or (c) resigns his office by notice in writing to us.

**D. Employees**

As of December 31, 2022, 2023 and 2024, we had 1,097, 1,215 and 1,216 employees, respectively. The following table sets forth the number of our employees by function as of December 31, 2024:

<b>Function</b>	<b>Number</b>
Research and development	819
Sales and marketing	228
General administration	169
Total	1,216

As required by PRC regulations, we participate in employee benefit plans organized by government authorities, including pensions, work-related injury benefits, medical benefits, maternity benefits, unemployment benefit and housing fund plans. We have granted stock options and restricted shares to management and key employees in order to reward their services and provide them with equity incentives. We maintain good employee relations.

**E. Share Ownership**

For information regarding the share ownership of our directors and officers, see “Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders.” For information as to stock options granted to our directors, executive officers and other employees, see “Item 6. Directors, Senior Management and Employees—B. Compensation—Share Incentive Plan.”

**F. Disclosure of A Registrant’s Action to Recover Erroneously Awarded Compensation**

Not applicable.

**Item 7. Major Shareholders and Related Party Transactions**

**A. Major Shareholders**

Except as specifically noted, the following table sets forth information with respect to the beneficial ownership of our shares as of March 31, 2025 held by:

- each of our current directors and executive officers; and
- each person known to us to beneficially own more than 5% of our common shares.

Percentage of beneficial ownership is based on 311,860,331 total outstanding common shares as of March 31, 2025, excluding (i) 52,252,180 common shares that are reserved for bulk issuance upon the exercise or vesting of awards granted under our share incentive plan, or repurchased by our company but not yet canceled, and (ii) 10,889,429 common shares, consisting of 274,057 ADSs (representing 1,370,285 common shares) and 9,519,144 common shares held by Leading Advice Holding Limited, a share incentive awards holding platform).

[Table of Contents](#)

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. These rules generally provide that a person is the beneficial owner of securities if such person has or shares the power to vote or direct the voting of securities, or to dispose or direct the disposition of securities or has the right to acquire such powers within 60 days. 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 of March 31, 2025, including through the exercise of any option, warrant or other right or the conversion of any other security, in both the numerator and the denominator. These shares, however, are not included in the computation of the percentage ownership of any other person.

	<b>Common Shares Beneficially Owned</b>	
	<b>Number</b>	<b>%<sup>†</sup></b>
<b>Directors and executive officers**:</b>		
Jinbo Li <sup>(1)</sup>	139,711,519	44.8 %
Yubo Zhang <sup>(2)</sup>	13,264,540	4.3 %
Peng Shi	*	*
Jenny Wenjie Wu	*	*
Hui Duan	—	—
Xiaosong Li	—	—
He Huang	—	—
Naijiang (Eric) Zhou	*	*
<b>All directors and executive officers as group</b>	<b>154,269,039</b>	<b>49.5 %</b>
<b>Principal shareholders:</b>		
Itui International Inc. <sup>(3)</sup>	133,018,479	42.7 %
Sean Shenglong Zou <sup>(4)</sup>	22,931,611	7.4 %

Notes:

\* Less than 1% of our total outstanding common shares.

\*\* The business addresses of Mr. Jinbo Li, Mr. Yubo Zhang, Mr. Naijiang (Eric) Zhou, Mr. Peng Shi, Ms. Jenny Wenjie Wu, Mr. Hui Duan and Mr. Xiaosong Li are 3709 Baishi Road, Nanshan District, Shenzhen, 518000, the People's Republic of China. The business address of Mr. He Huang is Room 601, Jianxiang Building, 8 Qijiahuozi, Chaoyang District, Beijing, 100029, the People's Republic of China.

† For each person and group included in this column, percentage ownership is calculated by dividing the number of common shares beneficially owned by such person or group, including shares that such person or group has the right to acquire within 60 days of March 31, 2025, by the sum of (i) the total number of outstanding common shares as of March 31, 2025, and (ii) the number of common shares underlying share options, restricted shares, restricted share units and warrants held by such person or group that are exercisable within 60 days of March 31, 2025.

(1) Mr. Jinbo Li, through his holding vehicle, owns 14.4% of the total outstanding shares (equal to 45.7% of the total voting power of all outstanding shares) of Itui International Inc., which in turn owns 101,820,239 common shares and 6,239,648 ADSs of our company. In addition, 6,693,040 common shares are beneficially owned by Mr. Li. By virtue of his controlling interest in Itui International Inc. and the common shares directly held by him in our company, Mr. Jinbo Li is deemed to beneficially own 139,711,519 common shares of our company.

(2) Represents 13,264,540 common shares in the form of 2,652,908 ADSs directly held by Mr. Yubo Zhang.

- (3) Represents 101,820,239 common shares and 6,239,648 ADSs held by Itui International Inc., a limited liability company incorporated under the laws of the Cayman Islands. Mr. Jinbo Li, our chairman and chief executive officer, through his holding vehicle, owns 14.4% of the total outstanding shares (equal to 45.7% of the total voting power of all outstanding shares) of Itui International Inc. Best Ventures Limited, formerly known as Xiaomi Ventures Limited, owns 16.3% of the total outstanding shares of Itui International Inc. and has a veto right in determining how the voting power of Itui International Inc. should be exercised when Itui International Inc. votes as a shareholder of our company on certain matters in relation to our company. As a result, Mr. Jinbo Li and Best Ventures Limited are deemed to be beneficial owners of, and share voting and dispositive power over, 101,820,239 common shares and 6,239,648 ADSs held by Itui International Inc. Best Ventures Limited is wholly owned by Xiaomi Corporation, a limited liability company organized under the laws of the Cayman Islands and listed on the Hong Kong Stock Exchange (Stock Code: 1810). The business address of Best Ventures Limited is Start Chambers, Wickham's Cay II, P. O. Box 2221, Road Town, Tortola, British Virgin Islands. The business address of Itui International Inc. is Room 407, 4/F, Taixing Building, 11 Huayuan East Road, Haidian District, Beijing, the People's Republic of China.
- (4) Represents (i) 2,186,322 ADSs and one common share directly held by Vantage Point Global Limited, a British Virgin Islands company, and (ii) 2,400,000 ADSs directly held by Eagle Spirit LLC, a Delaware limited liability company. Vantage Point Global Limited is wholly owned by Choice & Chance Limited, which is wholly owned by Mr. Zou with Mr. Zou as a director. Mr. Zou indirectly holds all voting and investment powers of Vantage Point Global Limited and its assets. Eagle Spirit LLC is wholly owned by a United States irrevocable trust with Mr. Zou as the settlor and Mr. Zou is the sole director of Eagle Spirit LLC. Mr. Zou indirectly holds the voting power and investment power of all of the common shares held by Eagle Spirit LLC.

To our knowledge, as of March 31, 2025, 263,662,524 of our outstanding common shares were held by two record holders in the United States including 263,662,520 common shares held by JPMorgan Chase Bank, N.A., the depository of our ADS program. The number of our common shares held by JPMorgan Chase Bank, N.A. include 1,370,285 common shares representing 274,057 ADSs held for purposes of our share incentive plan and 52,252,180 common shares (i) reserved for bulk issuance of ADSs for future issuance upon the exercise or vesting of awards granted under our share incentive plan, and (ii) repurchased by our company but not yet canceled. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

## **B. Related Party Transactions**

### **Contractual arrangements with Shenzhen Xunlei and its shareholders**

Due to current legal restrictions on foreign ownership and investment in value-added telecommunications services in China, we conduct our primarily operations in China principally through a series of contractual arrangements with the variable interest entity and its shareholders in China. For a description of these contractual arrangements, see "Item 4. Information on the Company—C. Organizational Structure."

### **Employment agreements**

See "Item 6. Directors, Senior Management and Employees—B. Compensation—Employment agreements."

### **Share incentive plans**

See "Item 6. Directors, Senior Management and Employees—B. Compensation—Share incentive plans."

### **Intellectual property framework agreement between Shenzhen Xunlei and Xunlei Computer**

On December 24, 2013, Shenzhen Xunlei and Xunlei Computer entered into a technology development and software license framework agreement. The term of the agreement is two years from the date of its execution.

Under this framework agreement, Xunlei Computer provides Shenzhen Xunlei with technology development services according to Shenzhen Xunlei's business needs. Any new intellectual property resulting from the technology development services is owned by Xunlei Computer, and cannot be substituted or sub-licensed to any third party by Shenzhen Xunlei without the prior written consent of Xunlei Computer. During the term of the framework agreement, with respect to each technology development project, Shenzhen Xunlei and Xunlei Computer will separately sign technology development (services) agreements, which set out the specific terms and amount of consideration, all subject to the terms of the framework agreement.

In addition, under the framework agreement, Xunlei Computer grants Shenzhen Xunlei a non-exclusive and limited right to use certain specified proprietary software that Xunlei Computer owns. With respect to the licensing of each software, Shenzhen Xunlei and Xunlei Computer will separately sign software licensing agreements, which will set out the specific terms and the amount of licensing fee, all subject to the terms of the framework agreement.

In relation to cooperation under the framework agreement, Xunlei Computer and Shenzhen Xunlei entered into four agreements in 2013 for Xunlei Computer's technology development services and its software license and Giganology Shenzhen has agreed to the execution of these agreements and the relevant services and licenses between Xunlei Computer and Shenzhen Xunlei.

For the years ended December 31, 2022, 2023 and 2024, the aggregate amount of the fees that have been incurred by Shenzhen Xunlei for the technology development services and the software license provided by Xunlei Computer under the framework agreement was US\$4.0 million, US\$12.4 million and US\$12.2 million, respectively.

### **Transactions with Xiaomi**

In December 2013, we entered into a Cooperation Framework Agreement with Millet Communication Technology Co., Ltd., or Millet Communication, a company controlled by one of our indirect shareholders, Best Ventures Limited (formerly known as Xiaomi Ventures Limited). Parties would enter into separate agreements to carry our detailed cooperation.

***Xunlei Accelerator Mobile Pre-installed Services Agreement.*** In 2014, we entered into a Xunlei Accelerator Mobile Pre-installed Services Agreement, or the Pre-installed Services Agreement, with Beijing Xiaomi Mobile Software Co., Ltd., or Beijing Xiaomi, a company controlled by one of our indirect shareholders, Best Ventures Limited. Through such cooperation, Xiaomi phones would be pre-installed with our mobile acceleration applications and Xiaomi phone users would have access to our acceleration services. We provided such pre-installed service at no charge which was consistent with our pre-installed agreements with other unrelated parties. The Pre-installed Services Agreement had a term of one year, which is renewed on a yearly basis. Parties renewed such agreement in 2015 and 2016. In 2017, we entered into a supplemental agreement of the Pre-installed Services Agreement, or the Supplemental Agreement, with another Xiaomi group company, Guangzhou Millet Information Service Co., Ltd., or Guangzhou Millet. Pursuant to the Supplemental Agreement, Guangzhou Millet replaced Beijing Xiaomi under the Pre-installed Services Agreement. Parties further agreed in the Supplemental Agreement that Guangzhou Millet will share with us a portion of the revenue generated from the advertising services offered by Guangzhou Millet through Xunlei Accelerator that we pre-installed in Xiaomi's mobile phones as compensation for technology solution services we provided to Guangzhou Millet. The Supplemental Agreement had a term of two years from mid-June 2017 to mid-June 2019 and was automatically extended for another two years from mid-June 2019 to mid-June 2021. In 2021, we renewed the supplemental agreement of the pre-installed services agreement, with another Xiaomi group company, Shenzhen Xiaomi Information Service Co. Ltd., or Shenzhen Xiaomi. Pursuant to the renewed supplemental agreement, Shenzhen Xiaomi replaced Guangzhou Millet under the pre-installed agreement. The renewed supplemental agreement has a term of two years from mid-June 2021 to mid-June 2023 and was automatically extended for another two years from mid-June 2023 to mid-June 2025. In 2024, we recognized a revenue of US\$0.7 million from Shenzhen Xiaomi. As of December 31, 2024, the amount of outstanding revenue from Shenzhen Xiaomi was US\$0.6 million.

***Cloud Computing Service Agreement.*** We entered into an agreement with Millet Technology Co., Ltd., or Millet Technology, in April 2019 and renewed every year to provide cloud computing services at market prices based on the actual usage. Millet Technology is a company controlled by one of our indirect shareholders, Best Ventures Limited. In 2024, our total cloud computing service revenue was US\$6.0 million from Millet Technology. As of December 31, 2024, the amount of outstanding cloud computing service revenue was US\$1.5 million from Millet Technology.

## Transactions with Itui International Inc.

**Advertising Services Agreement.** In May 2020, we entered into a user traffic monetization agreement with Itui Online, a company controlled by Itui, our largest shareholder. Pursuant to the agreement, Itui Online will be responsible for operating our advertising services and share a portion of revenue generated from placing advertisements on our PC websites and mobile platform. The agreement has a term of one year and is renewable on a yearly basis. In 2024, we recognized a net revenue of US\$9.0 million from placing advertisements on our PC websites and mobile platform from Itui Online. As of December 31, 2024, the amount of outstanding advertising services revenue from Itui was US\$9.3 million.

**Cloud Computing Service Agreement.** We entered into an agreement with Beijing Itui Technology Co., Ltd. (“Beijing Itui”), a company controlled by Itui, our largest shareholder, in July 2019 to provide cloud computing services at market prices. The agreement is renewed every year and the price may be adjusted semi-annually. In 2024, we generated cloud computing services revenue of US\$0.2 million from Beijing Itui. As of December 31, 2024, the amount of outstanding cloud computing service revenue from Beijing Itui was US\$0.2 million.

**Term Loan Agreement.** In September 2021, we approved to provide a term loan in the amount of US\$20.0 million to CHIZZ (HK) LIMITED, a company controlled by Itui, our largest shareholder. The loan has a term of two years and the interest of the loan is 3% per annum. In September 2023, the loan was extended for another two years and the interest of the loan is 5.1% per annum. Our audit committee had also approved the transaction. As of December 31, 2024, the term loan remained unpaid.

### C. Interests of Experts and Counsel

Not applicable.

## Item 8. Financial Information

### A. Consolidated Statements and Other Financial Information

We have appended consolidated financial statements filed as part of this annual report.

## Legal Proceedings

We have been involved in legal proceedings related to our business from time to time and expect to continue to be involved in such proceedings in the future. We are not presently a party to any legal proceedings that, if determined adversely to us, would individually or taken together have a material adverse effect on our business, results of operations, financial condition or cash flows. Internet services and content providers such as ours are frequently involved in litigation based on intellectual property-related claims. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business—The intellectual property protection mechanism we have implemented may not always be effective or sufficient. Certain services we provide to our users have exposed us to and may continue to expose us to copyright infringement claims and other related claims. Any damage awards, injunctive relief and/or court orders could materially and adversely affect our existing business model, divert our management’s attention and adversely impact our business and reputation.”

## Dividend Policy

We have not previously declared or paid cash dividends. Subject to our ongoing financial performance, cash position, budget and business plan and market conditions, we may consider paying special dividends. However, we do not plan to pay dividends in the foreseeable future. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

We are a holding company incorporated in the Cayman Islands. We rely principally 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 “Item 4. Information on the Company—B. Business Overview—Regulation—PRC regulation on dividend distributions.”

Our board of directors has discretion as to whether to distribute dividends, subject to applicable laws. In addition, our shareholders may by ordinary resolution declare dividends, but no dividend may exceed the amount recommended by our board of directors. Even if our board of directors decides 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. Under Cayman Islands law, we may declare and pay dividends on our shares only out of our profit or our share premium account, provided always that even if our company has sufficient profit or share premium, we may not pay a dividend if this would result in our company being unable to pay our debts as they fall due in the ordinary course of business. If we pay any dividends on our common shares, we will pay those dividends which are payable in respect of the underlying common shares represented by our ADSs to the depositary, as the registered holder of such common shares, and the depositary then will pay such amounts to our ADS holders in proportion to the common shares underlying the ADSs held by such ADS holders, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. See “Item 12. Description of Securities Other than Equity Securities—D. American Depositary Shares.” Cash dividends on our common shares, if any, will be paid in U.S. dollars.

**B. Significant Changes**

Except as disclosed elsewhere in this annual report, we have not experienced any significant changes since the date of our audited consolidated financial statements included in this annual report.

**Item 9. The Offer and Listing**

**A. Offering and Listing Details**

Our ADSs have been listed on The Nasdaq Global Select Market since June 24, 2014. Our ADSs currently trade on The Nasdaq Global Select Market under the symbol “XNET.” One ADS represents five common shares.

**B. Plan of Distribution**

Not applicable.

**C. Markets**

Our ADSs have been listed on Nasdaq Global Select Market since June 24, 2014 under the symbol “XNET.”

**D. Selling Shareholders**

Not applicable.

**E. Dilution**

Not applicable.

**F. Expenses of the Issues**

Not applicable.

**Item 10. Additional Information**

**A. Share Capital**

Not applicable.

**B. Memorandum and Articles of Association**

The following are summaries of material provisions of our eighth amended and restated memorandum and seventh amended and restated articles of association, as well as the Companies Act (As Revised) insofar as they relate to the material terms of our ordinary shares.

*Objects of Our Company.* Under our amended and restated memorandum and articles of association, the objects for which our company is established are unrestricted, and we have full power and authority to carry out any object not prohibited by the laws of the Cayman Islands.

*Common Shares.* Our common shares are issued in registered form. We may not issue shares to bearer. Our shareholders who are non-residents of the Cayman Islands may freely hold and vote their shares.

*Dividends.* The holders of our common shares are entitled to such dividends as may be declared by our board of directors or declared by our shareholders by ordinary resolution (provided that no dividend may be declared by our shareholders which exceeds the amount recommended by our directors). Our amended and restated memorandum and articles of association provide that our 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, at the discretion of the directors be applicable for meeting contingencies, or for equalizing dividends or for any other purpose to which those funds be properly applied. 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.* Voting at any meeting of shareholders is by show of hands unless a poll (before or on the declaration of the result of the show of hands) is demanded. A poll may be demanded by the chairperson of such meeting or any one or more shareholders present in person or by proxy entitled to vote and who together hold not less than 10 per cent of the paid up voting share capital of our company.

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 cast attaching to the outstanding and issued 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 amended and restated 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 amended and restated memorandum and articles of association provide that we may in each year hold a general meeting as our annual general meeting in which case we should specify the meeting as such in the notices calling it, and the annual general meeting should be held at such time and place as may be determined by our directors.

Shareholders' general meetings may be convened by our chairman or by a simple majority of our board of directors (which shall include one non-independent director). Advance notice of at least seven calendar 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 one or more shareholders present in person or by proxy, representing not less than an aggregate of fifty (50) per cent of the total voting power of our company in issue and entitled to vote at the 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 amended and restated memorandum and articles of association provide that upon the requisition of any one or more of our shareholders who together hold shares which carry in aggregate not less than one-third of all votes of the aggregate voting power of our company as at the date of the deposit carries the right of voting at our general meetings, our board will convene an extraordinary general meeting and put the resolutions so requisitioned to a vote at such meeting. However, our amended and restated 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.* Shares of our company are transferable; provided that our board of directors may, in its sole discretion, decline to register any transfer of any 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 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 shares transferred are free of any lien in favor of us; and
- a fee of such maximum sum as Nasdaq 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 should, within two 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 14 days' notice being given by advertisement in such one or more newspapers or by electronic means, be suspended and the register closed at such times and for such periods as our board of directors may from time to time determine.

*Liquidation.* On the winding up of our company, the liquidator may, with the sanction of an ordinary resolution of the shareholders, divide amongst the shareholders in specie 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 note) and may for such purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the shareholders or different classes of shareholders.

*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 calendar 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 by our board of directors before the issue of such shares. We may also repurchase any of our shares (including any redeemable shares) provided that the shareholders shall have approved the manner of repurchase by ordinary resolutions unless:

- if the number of shares being repurchased is less than 3% of our issued shares, then we may repurchase such shares in such manner our board of directors may, by a simple majority of the entire board of directors (which shall include one non-independent director), approve and on such terms as the board of directors may agree with the relevant shareholder; and
- if the number of shares being repurchased is more than 3% but less than 5% of our issued shares, then we may repurchase such shares in such manner our board of directors may, by a majority of two-thirds (2/3rds) of the entire board of directors (which shall include one non-independent director), approve and on such terms as the board of directors may agree with the relevant shareholder.

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 (a) unless it is fully paid up, (b) if such redemption or repurchase would result in there being no shares issued and outstanding or (c) if the company has commenced liquidation. In addition, our company may accept the surrender of any fully paid share for no consideration.

*Variation of Rights of Shares.* If at any time, our share capital is divided into different classes of shares, the rights attached to any class may, subject to any rights or restrictions for the time being attached to any class, only be varied or abrogated with the consent in writing of the holders of a majority of the issued shares of that class or with the sanction of an ordinary 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 be deemed to be varied by the creation or issue of further shares ranking in priority or *pari passu* therewith.

*Issuance of Additional Shares.* Our amended and restated memorandum and articles of association authorize our board of directors to issue additional shares from time to time as our board of directors determines, without approval of the existing shareholders, to the extent out of available authorized but unissued ordinary shares, provided however that:

- if such issued shares account for 3% or less of the total issued shares upon the completion of the issuance of shares, such issuance may only be approved by a simple majority of the entire board of directors (which shall include one non-independent director);
- if such issued shares account for more than 3% and not exceeding 5% of the total issued shares upon the completion of the issuance of shares, such issuance may only be approved by at least two-thirds of the entire board of directors (which shall include one non-independent director);
- if such issued shares account for more than 5% and not exceeding 10% of the total issued shares upon the completion of the issuance of shares, such issuance may only be approved by a unanimous resolution of the entire board of directors; and
- if such issued shares account for more than 10% of the total issued shares upon the completion of the issuance of shares, such issuance may only be approved by (i) a unanimous resolution of the entire board of directors, and (ii) an ordinary resolution of the shareholders of the company.

Save for the foregoing, all other matters relating to our shares, including granting rights over existing shares, or issuing other securities in one or more series and determining designations, powers, preferences, privileges and other rights, including dividend rights, conversion rights, terms of redemption and liquidation preferences, any or all of which may be greater than the powers and rights associates with the shares held by existing shareholders, may be approved only by an ordinary resolution of the shareholders.

*Inspection of Books and Records.* Holders of our ordinary shares have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records (other than our memorandum and articles of association, any special resolutions, and our register of mortgages and charges). However, we will provide our shareholders with annual audited financial statements.

*Anti-Takeover Provisions.* Some provisions of our amended and restated 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 certain additional shares (up to 10% of our total issued 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 amended and restated 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 obtain an undertaking against the imposition of any future taxation (such undertakings are given for up to 30 years);
- 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 (As Revised) is derived, to a large extent, from the older Companies Acts of England but does not follow recent United Kingdom statutory enactments, and accordingly there are significant differences between the Companies Act (As Revised) and the current Companies Act of England.

In addition, the Companies Act (As Revised) differs from laws applicable to United States corporations and their shareholders. Set forth below is a summary of certain significant differences between the provisions of the Companies Act (As Revised) applicable to us and the laws applicable to United States corporations and companies incorporated in the State of Delaware.

### ***Mergers and Similar Arrangements***

The Companies Act (As Revised) permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (1) “merger” means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company and (2) a “consolidation” means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies in the consolidated company.

In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (1) a special resolution of the shareholders of each constituent company, and (2) such other authorization, if any, as may be specified in such constituent company’s articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

A merger between a Cayman parent company and its Cayman subsidiary or subsidiaries does not require authorization by a resolution of shareholders of that Cayman subsidiary if a copy of the plan of merger is given to every member of that Cayman subsidiary to be merged unless that member agrees otherwise. For this purpose a company is a “parent” of a subsidiary if it holds issued shares that together represent at least 90% of the votes at a general meeting of the subsidiary.

The consent of each holder of a fixed or floating security interest over a constituent company is required unless this requirement is waived by a court in the Cayman Islands.

Save in certain limited circumstances, a shareholder of a Cayman constituent company who dissents from the merger or consolidation is entitled to payment of the fair value of his shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) upon dissenting to the merger or consolidation, provide the dissenting shareholder complies strictly with the procedures set out in the Companies Act. The exercise of dissenter rights will preclude the exercise by the dissenting shareholder of any other rights to which he or she might otherwise be entitled by virtue of holding shares, save for the right to seek relief on the grounds that the merger or consolidation is void or unlawful.

Separate from the statutory provisions relating to mergers and consolidations, the Companies Act (As Revised) 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) 75% in value of the shareholders or class of shareholders, as the case may be, or (b) a majority in number representing 75% in value of the creditors or each class of creditors, as the case may be, with whom the arrangement is to be made, that are, in each case, 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 Grand Court can be expected to approve the arrangement if it determines that:

- the statutory provisions as to the required majority vote have been met;
- the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class;
- the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Act.

The Companies Act (As Revised) also contains a statutory power of compulsory acquisition which may facilitate the “squeeze out” of dissentient minority shareholder upon a tender offer. When a tender offer is made and accepted by holders of 90% of the shares affected within four months, the offeror may, within a two-month period commencing on the expiration of such four-month period, require the holders of the remaining shares to transfer such shares to the offeror on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed in the case of an offer which has been so approved unless there is evidence of fraud, bad faith or collusion.

If an arrangement and reconstruction by way of scheme of arrangement is thus approved, the dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of Delaware corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

### ***Shareholders' Suits***

In principle, we will normally be the proper plaintiff to sue for a wrong done to us as a company, and as a general rule a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, the Cayman Islands court can be expected to follow and apply the common law principles (namely the rule in *Foss v. Harbottle* and the exceptions thereto) so that a non-controlling shareholder may be permitted to commence a class action against or derivative actions in the name of our company to challenge actions where:

- an act which is ultra vires or illegal and is therefore incapable of ratification by the shareholders;
- the act complained of, although not ultra vires, could only be effected duly if authorized by more than a simple majority vote that has not been obtained; and
- an act which constitute a fraud against the minority where the wrongdoer are themselves in control of the company.

### ***Indemnification of Directors and Executive Officers and Limitation of Liability***

Cayman Islands law does not limit the extent to which a company's memorandum and articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Our memorandum and articles of association provides that every director and officer of our company for the time being and from time to time shall be indemnified and secured harmless out of the assets and funds of the company against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by him, otherwise than by reason of his own dishonesty, actual fraud or willful default, in connection with the execution or discharge of his duties, powers, authorities or discretions as a director or officer of the company, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by him in defending (whether successfully or otherwise) any civil proceedings concerning the company or its affairs in any court whether in 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 memorandum and articles of association.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

### ***Directors' Fiduciary Duties***

Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction.

The duty of loyalty requires that a director acts in a manner he or she reasonably believes to be in the best interests of the corporation. He or she must not use his corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally.

In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, the director must prove the procedural fairness of the transaction and that the transaction was of fair value to the corporation.

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company and therefore it is considered that he or she owes the following duties to the company:

- a duty to act in good faith in the best interests of the company,
- a duty not to make a personal profit based on his or her position as director (unless the company permits him or her to do so),
- a duty not to put himself or herself in a position where the interests of the company conflict with his or her personal interest or his or her duty to a third party, and
- a duty to exercise powers for the purpose for which such powers were intended.

A director of a Cayman Islands company owes to the company a duty of care, diligence and skill. It was previously considered that a director need not exhibit in the performance of his or her duties a greater degree of skill than may reasonably be expected from a person of his or her knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.

#### ***Shareholder Action by Written Consent***

Under the Delaware General Corporation Law, a corporation may eliminate the right of shareholders to act by written consent by amendment to its certificate of incorporation. Cayman Islands law and our currently effective memorandum and articles of association provide that our shareholders may approve corporate matters by way of a unanimous written resolution signed by or on behalf of all shareholders who would have been entitled to vote on such matter at a general meeting without a meeting being held.

#### ***Shareholder Proposals***

Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided it complies with the notice provisions in the governing documents. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

The Companies Act (As Revised) does not provide shareholders with an express right to put forth any proposal before a general meeting of the shareholders. However, the Companies Act (As Revised) may provide shareholders with limited rights to requisition a general meeting but such rights must be stipulated in the articles of association of the company.

Under our amended and restated memorandum and articles of association, any one or more shareholders holding not less than one-third of the aggregate voting power of the company as at the date of deposit of the requisition carrying the right to vote at general meetings of the company shall have the right, by written requisition to the company, to require an extraordinary general meeting to be called by the board of directors for the transaction of any business specified in such requisition.

#### ***Cumulative Voting***

Under the Delaware General Corporation Law, cumulative voting for election of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director.

There are no prohibitions relating to cumulative voting under the laws of the Cayman Islands, but our memorandum and articles of association do not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

### ***Removal of Directors***

Under the Delaware General Corporation Law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the issued and outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our memorandum and articles of association, directors may be removed with or without cause, by an ordinary resolution of our shareholders at any time before the expiration of his term of office notwithstanding anything in our memorandum and articles of association or in any agreement between our company and such director (but without prejudice to any claim for damages under any such agreement).

### ***Transactions with Interested Shareholders***

The Delaware General Corporation Law contains a business combination statute applicable to Delaware public corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation, it is prohibited from engaging in certain business combinations with an “interested shareholder” for three years following the date that such person becomes an interested shareholder. An interested shareholder generally is a person or a group who or which owns or owned 15% or more of the target’s outstanding voting shares within the past three years.

This statute has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with the target’s board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, it does provide that such transactions must be entered into bona fide in the best interests of the company and for a proper purpose and not with the effect of constituting a fraud on the minority shareholders.

### ***Restructuring***

A company may present a petition to the Grand Court of the Cayman Islands for the appointment of a restructuring officer on the grounds that the company:

- (a) is or is likely to become unable to pay its debts; and
- (b) intends to present a compromise or arrangement to its creditors (or classes thereof) either pursuant to the Companies Act, the law of a foreign country or by way of a consensual restructuring.

The Grand Court may, among other things, make an order appointing a restructuring officer upon hearing of such petition, with such powers and to carry out such functions as the court may order. At any time (i) after the presentation of a petition for the appointment of a restructuring officer but before an order for the appointment of a restructuring officer has been made, and (ii) when an order for the appointment of a restructuring officer is made, until such order has been discharged, no suit, action or other proceedings (other than criminal proceedings) shall be proceeded with or commenced against the company, no resolution to wind up the company shall be passed, and no winding up petition may be presented against the company, except with the leave of the court. However, notwithstanding the presentation of a petition for the appointment of a restructuring officer or the appointment of a restructuring officer, a creditor who has security over the whole or part of the assets of the company is entitled to enforce the security without the leave of the court and without reference to the restructuring officer appointed.

### ***Dissolution; Winding Up***

Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation's outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board.

Under Cayman Islands law, a company may be wound up by either an order of the courts of the Cayman Islands or by a special resolution of its members or, if the company is unable to pay its debts as they fall due, by an ordinary resolution of its members. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so.

### ***Variation of Rights of Shares***

Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under Cayman Islands law and our memorandum and articles of association, if our share capital is divided into more than one class of shares, we may vary the rights attached to any class with the consent in writing of the holders of a majority of the issued shares of that class or with the sanction of an ordinary resolution passed at a separate meeting of the holders of the shares of that class.

### ***Amendment of Governing Documents***

Under the Delaware General Corporation Law, a corporation's governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise.

Under Cayman Islands law, our memorandum and articles of association may only be amended with a special resolution of our shareholders.

### ***Rights of Non-resident or Foreign Shareholders***

There are no limitations imposed by our memorandum and articles of association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares.

In addition, there are no provisions in our memorandum and articles of association governing the ownership threshold above which shareholder ownership must be disclosed.

### ***Inspection of Books and Records***

Under the Delaware General Corporation Law, any shareholder of a corporation may for any proper purpose inspect or make copies of the corporation's stock ledger, list of shareholders and other books and records.

Shareholders of Cayman Islands exempted companies like us have no general right under Cayman Islands law to inspect corporate records (other than the memorandum and articles of association, the register of mortgages and charges and any special resolutions passed by our shareholders) or obtain copies of the list of shareholders of these companies. Under Cayman Islands law, the names of our current directors can be obtained from a search conducted at the Registrar of Companies. However, we intend to provide our shareholders with annual reports containing audited financial statements.

## **C. Material Contracts**

We have not entered into any material contracts other than in the ordinary course of business and other than those described in "Item 4. Information on the Company" or elsewhere in this annual report on Form 20-F during the two years immediately preceding the date of this annual report.

#### **D. Exchange Controls**

See “Item 4. Information on the Company—Business Overview—Regulation— PRC regulation on foreign exchange control and administration.”

#### **E. Taxation**

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

According to Maples and Calder (Hong Kong) LLP, our Cayman Islands legal counsel, the Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation, and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to holders of our ADSs or common shares levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or after execution brought within, the jurisdiction of the Cayman Islands. The Cayman Islands is not party to any double tax treaties that are applicable to any payments made to or by our company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Payments of dividends and capital in respect of the shares 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 the Shares, nor will gains derived from the disposal of the shares be subject to Cayman Islands income or corporation tax.

##### **People’s Republic of China Taxation**

Under the PRC Enterprise Income Tax Law, an enterprise established outside the PRC with “de facto management bodies” within the PRC is considered a “resident enterprise” of the PRC. A circular issued by the SAT on April 22, 2009 clarified that dividends and other income paid by such resident enterprises will be considered PRC-source income and subject to PRC withholding tax, currently at a rate of 10%, when paid to non-PRC enterprise shareholders. Under the implementation regulations to the PRC Enterprise Income Tax Law, a “de facto management body” is defined as a body that has material and overall management and control over the manufacturing and business operations, personnel and human resources, finances and properties of an enterprise. In addition, the circular mentioned above specifies that certain offshore enterprises controlled by PRC resident enterprises will be classified as PRC resident enterprises if the following are located or resident in the PRC: senior management personnel and departments that are responsible for daily production, operation and management; financial and personnel decision making bodies; key properties, accounting books, the company seal, and minutes of board meetings and shareholders’ meetings; and half or more of the senior management or directors having voting rights. We do not believe we would be treated as a “resident enterprise” for PRC tax purposes even if the criteria for “de facto management body” as set forth in the circular mentioned above were deemed applicable to us. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Our global income may be subject to PRC taxes under the PRC Enterprise Income Tax Law, which may have a material adverse effect on our results of operations.” However, if the PRC tax authorities determine that we are 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 non-resident enterprise shareholders, including the holders of our ADSs and nonresident enterprise holders may be subject to PRC tax on gains realized on the sale or other disposition of ADSs or common shares. It is unclear whether our non-PRC individual shareholders (including our ADS holders) would be subject to any PRC tax on dividends or gains 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).

If we are deemed to be a PRC resident enterprise and our non-resident enterprise shareholders (including our ADS holders) are subject to PRC tax as described above, the withholding agent will be required to withhold enterprise income tax on payments of dividends to such investors. The withholding agent must obtain a tax withholding registration and withhold the enterprise income tax from each payment made to non-resident enterprise shareholders and file a report to the competent tax authorities. Where the withholding agent fails or is unable to perform its withholding obligation, the non-resident enterprise shareholders must pay the tax due to the applicable tax authorities within seven days after the payment is made or due. We, as the withholding agent, will be required to obtain a tax withholding registration and withhold the applicable enterprise income tax in order to comply with the above requirements. It is not clear who the withholding agent would be if tax is due on capital gains. In the event that we or our non-resident enterprise shareholders (including our ADS holders) fail to comply with the above procedures, we or our non-resident enterprise shareholders (including our ADS holders) may be ordered to rectify the non-compliance or be subject to a fine of no more than RMB10,000. Failure by us to withhold the income tax fully and timely may result in a fine of 50% to three times of the unpaid tax and failure by our ADS holders to pay the tax fully and timely may result in late payment penalties, or a fine of 50% to five times of the unpaid tax.

In addition, if we are treated as a PRC resident enterprise for enterprise income tax purposes, we may be eligible for the benefits of the income tax treaty between the PRC and other jurisdictions in which we may derive income, such as the United States. However, if we are treated as a PRC resident enterprise, we do not expect to withhold at treaty rates if any withholding is required on dividends we pay to our non-resident shareholders (including our ADS holders) notwithstanding such holders may be eligible for the income tax treaty between their resident jurisdictions and the PRC. The United States—PRC tax treaty generally limits PRC withholding on dividends to a rate of 10%. Investors should consult their tax advisors regarding the availability of treaty benefits and the procedure for claiming a refund, if any.

If we are not deemed a PRC resident enterprise, no PRC income tax will be withheld from dividends distributed by us and no PRC income tax will be payable on gains realized from the sale or other disposition of our shares or ADSs by the non-resident holders of our shares or ADSs. SAT Circular 7 further clarifies that, where a non-resident enterprise derives income by acquiring and selling shares in an offshore listed enterprise in the public market, such income shall not be subject to PRC tax. However, given the uncertainty concerning the application of SAT Public Notice 37 and SAT Circular 7, 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 37 and SAT Circular 7, and we may be required to expend valuable resources to comply with SAT Public Notice 37 and SAT Circular 7 or to establish that we should not be taxed under SAT Public Notice 37 and SAT Circular 7 in the future.

### **United States Federal Income Tax Considerations**

The following discussion is a summary of the United States federal income tax considerations generally applicable to the ownership and disposition of our ADSs or common shares by a U.S. Holder (as defined below) that holds our ADSs as “capital assets” (generally, property held for investment) under the United States Internal Revenue Code of 1986, as amended. This discussion is based upon existing United States federal income tax law, which is subject to differing interpretations or change, possibly with retroactive effect. There can be no assurance that the Internal Revenue Service or a court will not take a contrary position. This discussion, moreover, does not address the U.S. federal estate, gift, any minimum tax considerations, the Medicare tax on net investment income, or any state, local or non-U.S. tax considerations relating to the ownership or disposition of the ADSs or common shares. The following summary does not address all aspects of United States federal income taxation that may be important to particular investors in light of their individual investment circumstances or to persons in special tax situations such as:

- banks and other financial institutions;
- insurance companies;
- pension plans;
- cooperatives;
- regulated investment companies;
- real estate investment trusts;
- broker-dealers;
- traders that elect to use a mark-to-market method of accounting;
- certain former U.S. citizens or long-term residents;
- tax-exempt entities (including private foundations);
- persons liable for any minimum tax;
- holders who acquire their ADSs or common shares pursuant to any employee share option or otherwise as compensation;

- investors that will hold their ADSs or common shares as part of a straddle, hedge, conversion, constructive sale or other integrated transaction for U.S. federal income tax purposes;
- investors that have a functional currency other than the U.S. dollar;
- persons that actually or constructively own 10% or more of our stock (by vote or value); or
- partnerships or other entities or arrangements taxable as partnerships for U.S. federal income tax purposes, or persons holding common stock through such entities or arrangements;

all of whom may be subject to tax rules that differ significantly from those discussed below.

Each U.S. Holder is urged to consult its tax advisor regarding the United States federal, state, local, and non-U.S. income and other tax considerations of the ownership and disposition of our ADSs or common shares.

### ***General***

For purposes of this discussion, a “U.S. Holder” is a beneficial owner of our ADSs or common shares that is, for United States federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for United States federal income tax purposes) created in, or organized under the laws of, the United States or any state thereof or the District of Columbia;
- an estate the income of which is includible in gross income for United States federal income tax purposes regardless of its source; or
- a trust (A) the administration of which is subject to the primary supervision of a United States court and which has one or more United States persons who have the authority to control all substantial decisions of the trust or (B) that has otherwise validly elected to be treated as a United States person under the United States Internal Revenue Code of 1986, as amended, or applicable U.S. Treasury Regulations.

If a partnership (or other entity or arrangement treated as a partnership for United States federal income tax purposes) is a beneficial owner of our ADSs or common shares, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Partnerships holding our ADSs or common shares and partners in such partnerships are urged to consult their tax advisors regarding the ownership and disposition of our ADSs or common shares.

It is generally expected that a U.S. Holder of ADSs should be treated, for United States federal income tax purposes, as the beneficial owner of the underlying shares represented by the ADSs. The remainder of this discussion assumes that a holder of ADSs will be treated in this manner. Accordingly, deposits or withdrawals of common shares for ADSs will generally not be subject to United States federal income tax.

### ***Passive Foreign Investment Company Considerations***

Based upon the nature and composition of our assets (in particular, the retention of substantial amounts of cash and investments), and the market price of our ADSs, we believe that we were a PFIC for United States federal income tax purposes for the taxable year ended December 31, 2024, and we will very likely be classified as a PFIC for our current taxable year ending December 31, 2025 unless the market price of our ADSs increases and/or we invest a substantial amount of the cash and other passive assets we hold in assets that produce or are held for the production of non-passive income. A non-United States corporation, such as our company, will be classified as PFIC, for United States federal income tax purposes, if, in the case of any particular taxable year, 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 the value of its assets (generally determined on the basis of a quarterly average) during such year is attributable to assets that produce or are held for the production of passive income. For this purpose, cash is categorized as a passive asset and the company’s unbooked intangibles associated with active business activities may generally be classified as non-passive assets. Passive income generally includes, among other things, dividends, interest, rents, royalties, and gains from the disposition of passive assets. We will be treated as owning a proportionate share of the assets and earning a 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 unclear, we treat the variable interest entity (including its subsidiaries) as being owned by us for United States federal income tax purposes, not only because we exercise effective control over the operations of such entity, but also because we are entitled to substantially all of its economic benefits, and, as a result, we consolidate its results of operations in our consolidated financial statements.

If we are classified as a PFIC for any year during which a U.S. Holder holds our ADSs or common shares, we generally will continue to be treated as a PFIC for all succeeding years during which such U.S. Holder holds our ADSs or common shares, even if we cease to be a PFIC. However, if we cease to be a PFIC; *provided* that a U.S. Holder has not made a mark-to-market election, as described below, such U.S. Holder may avoid some of the adverse effects of the PFIC regime by making a “deemed sale” election with respect to the ADSs or common shares, as applicable. If such election is made, such U.S. Holder will be deemed to have sold our ADSs or common shares such U.S. Holder holds at their fair market value and any gain from such deemed sale would be subject to the rules described below under “Passive Foreign Investment Company Rules.” After the deemed sale election, so long as we do not become a PFIC in a subsequent taxable year, the ADSs or common shares with respect to which such election was made will not be treated as shares in a PFIC and such U.S. Holder will not be subject to the rules described below with respect to any “excess distribution” such U.S. Holder receives from us or any gain from an actual sale or other disposition of the ADSs or common shares. The rules dealing with deemed sale elections are very complex. Each U.S. Holder should consult its tax advisors regarding the possibility and considerations of making a deemed sale election.

### ***Dividends***

Subject to the discussion below under “Passive Foreign Investment Company Rules,” the gross amount of any distributions (including the amount of any PRC tax withheld) paid on our ADSs or common shares out of our current or accumulated earnings and profits, as determined under United States federal income tax principles, will generally be includible in the gross income of a U.S. Holder as dividend income on the day actually or constructively received by the U.S. Holder, in the case of common shares, or by the depository, in the case of ADSs. Because we do not intend to determine our earnings and profits on the basis of United States federal income tax principles, any distribution paid will generally be treated as a “dividend” for United States federal income tax purposes. Dividends received on our ADSs or common shares will not be eligible for the dividends received deduction allowed to corporations.

A non-corporate recipient of dividend income will generally be subject to tax on dividend income from a “qualified foreign corporation” at a lower applicable capital gains rate rather than the marginal tax rates generally applicable to ordinary income provided that certain holding period requirements are met. A non-United States corporation (other than a corporation that is classified as a PFIC for the taxable year in which the dividend is paid or the preceding taxable year) generally will be considered to be a qualified foreign corporation (i) if it is eligible for the benefits of a comprehensive tax treaty with the United States which the Secretary of Treasury of the United States determines is satisfactory for purposes of this provision and which includes an exchange of information program, or (ii) with respect to any dividend it pays on stock (or ADSs in respect of such stock) which is readily tradable on an established securities market in the United States. Our ADSs are currently listed on Nasdaq Global Select Market. We believe that the ADSs will be readily tradable on an established securities market in the United States for so long as our ADSs continue to be listed on the Nasdaq Global Select Market. Since we do not expect that our common shares will be listed on established securities markets, it is unclear whether dividends that we pay on our common shares that are not backed by ADSs currently meet the conditions required for the reduced tax rate. There can be no assurance that our ADSs will continue to be considered readily tradable on an established securities market in later years. Furthermore, as mentioned above, we believe that we were a PFIC for the taxable year ended December 31, 2024, and we will likely be classified as a PFIC for our current taxable year ending December 31, 2025. In the event that we are deemed to be a PRC resident enterprise under the PRC Enterprise Income Tax Law (see “Item 10. Additional Information—E. Taxation—People’s Republic of China Taxation”), we may be eligible for the benefits of the U.S.-PRC income tax treaty, or the Treaty. If we are eligible for such benefits, dividends we pay on our common shares, regardless of whether such shares are represented by the ADSs, and regardless of whether our ADSs are readily tradable on an established securities market in the United States, would potentially be eligible for the reduced rate of taxation described above in this paragraph. Each non-corporate U.S. holder is advised to consult its tax advisors regarding the availability of the reduced tax rate applicable to qualified dividend income for any dividends we pay with respect to our ADSs or common shares.

Dividends will generally be treated as passive income from foreign sources for United States foreign tax credit purposes. In the event that we are deemed to be a PRC resident enterprise under the PRC Enterprise Income Tax Law, a U.S. Holder may be subject to PRC withholding taxes on dividends paid on our ADSs or common shares (see “Item 10. Additional Information—E. Taxation—People’s Republic of China Taxation”). A U.S. Holder may be eligible, subject to a number of complex limitations, to claim a foreign tax credit in respect of any foreign withholding taxes imposed on dividends received on our ADSs or common shares. A U.S. Holder who does not elect to claim a foreign tax credit for foreign tax withheld, may instead claim a deduction, for United States federal income tax purposes, in respect of such withholding, 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 are urged to consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

As mentioned above, we believe that we were a PFIC for the taxable year ended December 31, 2024, and we will likely be classified as a PFIC for our current taxable year ending December 31, 2025. U.S. Holders are urged to consult their tax advisors regarding the availability of the reduced rate of taxation on dividends with respect to our ADSs or common shares under their particular circumstances.

#### ***Sale or Other Disposition of ADSs or Common Shares***

Subject to the discussion below under “Passive Foreign Investment Company Rules,” a U.S. Holder will generally recognize capital gain or loss upon the sale or other disposition of ADSs or common shares in an amount equal to the difference between the amount realized upon the disposition and the holder’s adjusted tax basis in such ADSs or common shares. Any capital gain or loss will be long-term if the ADSs or common shares have been held for more than one year and will generally be United States source gain or loss for United States foreign tax credit purposes, which will generally limit the availability of foreign tax credits. Long-term capital gain of non-corporate U.S. Holders is generally eligible for a reduced rate of taxation. The deductibility of a capital loss is subject to limitations.

As described in “Item 10. Additional Information—E. Taxation—People’s Republic of China Taxation,” if we are deemed to be a PRC resident enterprise under the PRC Enterprise Income Tax Law, gains from the disposition of the ADSs or common shares may be subject to PRC income tax and will generally be U.S.-source, which may limit the ability to receive a foreign tax credit. If a U.S. Holder is eligible for the benefits of the Treaty, such holder may be able to elect to treat such gain as PRC-source income under the Treaty. Pursuant to the U.S. Treasury Regulations (the applicability of which has been postponed until further guidance is issued), however, if a U.S. Holder is not eligible for the benefits of the Treaty or does not elect to apply the Treaty, then such holder may not be able to claim a foreign tax credit arising from any PRC tax imposed on the disposition of the ADSs or common shares. The rules regarding foreign tax credits and deduction of foreign taxes are complex. U.S. Holders should consult their tax advisors regarding the availability of a foreign tax credit or deduction in light of their particular circumstances, including their eligibility for benefits under the Treaty, and the potential impact of the U.S. Treasury Regulations.

As mentioned above, we believe that we were a PFIC for the taxable year ended December 31, 2024, and we will likely be classified as a PFIC for our current taxable year ending December 31, 2025. U.S. Holders are urged to consult their tax advisors regarding the tax considerations of the sale or other disposition of our ADSs or common shares under their particular circumstances.

#### ***Passive Foreign Investment Company Rules***

As mentioned above, we believe that we were a PFIC for the taxable year ended December 31, 2024, and we will very likely be classified as a PFIC for our current taxable year ending December 31, 2025. If we are classified as a PFIC for any taxable year during which a U.S. Holder holds our ADSs or common shares, and unless the U.S. Holder makes a mark-to-market election (as described below), the U.S. Holder will generally be subject to special United States federal income tax rules that have a penalizing effect, regardless of whether we remain a PFIC, on (i) any excess distribution that we make to the U.S. Holder (which generally means any distribution paid during a taxable year to a U.S. Holder that is greater than 125 percent of the average annual distributions paid in the three preceding taxable years or, if shorter, the U.S. Holder’s holding period for the ADSs or common shares), and (ii) any gain realized on the sale or other disposition, including, under certain circumstance, a pledge, of ADSs or common shares. Under the PFIC rules:

- the excess distribution and/or gain will be allocated ratably over the U.S. Holder’s holding period for the ADSs or common shares;
- the amount allocated to the current taxable year 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, or a pre-PFIC year, will be taxable as ordinary income;
- the amount allocated to each prior taxable year, other than 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
- an interest charge generally applicable to underpayments of tax will be imposed on the tax attributable to each prior taxable year, other than a pre-PFIC year.

If we are a PFIC for any taxable year during which a U.S. Holder holds our ADSs or common shares and any of our non-United States subsidiaries or variable interest entity is also a PFIC, such U.S. Holder would be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of these rules. U.S. Holders are advised to consult their tax advisors regarding the application of the PFIC rules to any of our subsidiaries or variable interest entity.

As an alternative to the foregoing rules, a U.S. Holder of “marketable stock” in a PFIC may make a mark-to-market election with respect to our ADSs; *provided* that the ADSs are regularly traded on a national securities exchange that is registered with the SEC, or on a foreign exchange or market that the Internal Revenue Service determines is a qualified exchange that has rules sufficient to ensure that the market price represents a legitimate and sound fair market value. Our ADSs are listed on the Nasdaq Global Select Market, which is an established securities market in the United States. Our ADSs may be regularly traded, but no assurances may be given in this regard. If a mark-to-market election is made, the U.S. Holder will generally (i) include as ordinary income for each taxable year that we are a PFIC the excess, if any, of the fair market value of ADSs held at the end of the taxable year over the adjusted tax basis of such ADSs and (ii) deduct as an ordinary loss the excess, if any, of the adjusted tax basis of the ADSs over the fair market value of such ADSs held at the end of the taxable year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. The U.S. Holder’s adjusted tax basis in the ADSs would be adjusted to reflect any income or loss resulting from the mark-to-market election. If a U.S. Holder makes a mark-to-market election in respect of a corporation classified as a PFIC and such corporation ceases to be classified as a PFIC, the holder will not be required to take into account the gain or loss described above during any period that such corporation is not classified as a PFIC. If a U.S. Holder makes an effective mark-to-market election, in each year that we are a PFIC, any gain recognized upon the sale or other disposition of the ADSs will be treated as ordinary income and any loss will be treated as ordinary loss, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. If a U.S. Holder makes a mark-to-market election it will be effective for the taxable year for which the election is made and all subsequent taxable years unless the ADSs are no longer treated as marketable stock or the Internal Revenue Service consents to the revocation of the election. It is intended that only the ADSs and not the common shares will be listed on the Nasdaq Global Select Market. Consequently, if a U.S. Holder holds common shares that are not represented by ADSs, such holder will generally not be eligible to make a mark-to-market election if we are or were to become a PFIC.

Because a mark-to-market election cannot technically be made for any lower-tier PFICs that we may own, a U.S. Holder that makes a mark-to-market election with respect to our ADSs may continue to be subject to the general PFIC rules with respect to such U.S. Holder’s indirect interest in any investments held by us that are treated as an equity interest in a PFIC for United States 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 (and generally less adverse than) the general tax treatment for PFICs described above.

If a U.S. Holder owns our ADSs or common shares during any taxable year that we are a PFIC, the holder generally will be required to file annual reports with the Internal Revenue Service. U.S. Holders are advised to consult their tax advisors regarding the reporting requirements that may apply and the United States federal income tax consequences of holding and disposing ADSs or common shares if we are or become classified as a PFIC, including the possibility of making a mark-to-market election and the unavailability of the election to treat us as a qualified electing fund.

**F. Dividends and Paying Agents**

Not applicable.

**G. Statement by Experts**

Not applicable.

## **H. Documents on Display**

We are subject to the periodic reporting and other informational requirements of the Exchange Act. Under the Exchange Act, we are required to file reports and other information with the SEC. Specifically, we are required to file annually an annual report on Form 20-F within four months after the end of each fiscal year, which is December 31. All information filed with the SEC can be obtained over the internet at the SEC's website at [www.sec.gov](http://www.sec.gov). As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements, and officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act.

We will furnish JPMorgan Chase Bank, N.A., the depository of our ADS program, with our annual reports, which will include a review of operations and annual audited consolidated financial statements prepared in conformity with U.S. GAAP, and all notices of shareholders' meetings and other reports and communications that are made generally available to our shareholders. The depository will make such notices, reports and communications available to holders of ADSs and, upon our request, will mail to all record holders of ADSs the information contained in any notice of a shareholders' meeting received by the depository from us.

In accordance with Nasdaq Stock Market Rule 5250(d), we will post this annual report on Form 20-F on our website at <http://ir.xunlei.com>. In addition, we will provide hard copies of our annual report free of charge to shareholders and ADS holders upon request.

## **I. Subsidiary Information**

Not applicable.

## **J. Annual Report to Security Holders**

Not applicable.

## **Item 11. Quantitative and Qualitative Disclosures about Market Risk**

### **Foreign exchange risk**

Renminbi is not freely convertible into foreign currencies. Remittances of foreign currencies into the PRC and conversion of foreign currencies into Renminbi 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 Renminbi into other currencies. A majority of our revenues and expenses of our subsidiaries, and the consolidated variable interest entity and its subsidiaries are generally denominated in Renminbi and their assets and liabilities are denominated in Renminbi. In addition, our financing activities have been denominated mainly in U.S. dollars while the interest bearing loan we borrowed for the construction of our headquarters building is denominated in Renminbi. We do not believe that we currently have any significant direct foreign exchange risk and have not used any derivative financial instruments to hedge our exposure to such risk. Although in general, our exposure to foreign exchange risks should be limited, the value of your investment in our ADSs will be affected by the exchange rate between the U.S. dollar and the Renminbi because the value of our business is effectively denominated in Renminbi, while the ADSs will be traded in U.S. dollars.

The conversion of Renminbi into other currencies, including U.S. dollars, is based on rates set by the People's Bank of China. The Renminbi has fluctuated against other currencies, at times significantly and unpredictably. The value of Renminbi against other currencies is affected by changes in China's political and economic conditions and by China's foreign exchange policies, among other things. It is difficult to predict how market forces or government policies may impact the exchange rate between Renminbi and other currencies in the future.

To the extent that we need to convert U.S. dollars into Renminbi for our operations, appreciation of the Renminbi against the U.S. dollar would have an adverse effect on the amount of Renminbi we receive from the conversion. Conversely, if we decide to convert Renminbi into U.S. dollars for the purpose of making payments for dividends on our common 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 amounts available to us.

As of December 31, 2024, we had RMB-denominated cash and cash equivalents and short-term investments of RMB1,103.3 million, HKD-denominated cash and cash equivalents of HKD7.3 million, USD-denominated cash, cash equivalents and short-term investments of US\$127.7 million, SGD-denominated cash and cash equivalents of SGD7.3 million and INR-denominated cash and cash equivalents of INR71.3 million. We also had RMB-denominated restricted cash of RMB1.6 million. Assuming we had converted RMB1,104.9 million into U.S. dollars at the exchange rate of RMB7.1884 for US\$1.00 on December 31, 2024 released by the State Administration of Foreign Exchange of the PRC, our U.S. dollar cash balance would have had a US\$153.7 million increase. If the Renminbi had depreciated by 10% against the U.S. dollar, our U.S. dollar cash balance would have had a US\$139.7 million increases instead. Assuming we had converted US\$127.7 million into Renminbi at the exchange rate of RMB7.1884 for US\$1.00 on December 31, 2024 released by the State Administration of Foreign Exchange of the PRC, our Renminbi cash balance would have had a RMB917.8 million increase. If the Renminbi had depreciated by 10% against the U.S. dollar, our Renminbi cash balance would have had a RMB1,009.5 million increase instead.

#### **Interest rate risk**

Our exposure to interest rate risk primarily relates to the interest income generated by excess cash, which is mostly held in interest-bearing bank deposits. Further, our interest-bearing bank loan is in Renminbi with a flexible interest rate. We have not used derivative financial instruments in our investment portfolio. Interest earning instruments carry a degree of interest rate risk. We have not been exposed to, nor do we anticipate being exposed to, material risks due to changes in market interest rates. However, our future interest income may fall short of expectations due to changes in market interest rates.

#### **Item 12. Description of Securities Other than Equity Securities**

##### **A. Debt Securities**

Not applicable.

##### **B. Warrants and Rights**

Not applicable.

##### **C. Other Securities**

Not applicable.

##### **D. American Depositary Shares**

We appointed JPMorgan Chase Bank, N.A. as the successor depositary for our ADS program, effective from December 31, 2024, replacing The Bank of New York Mellon.

#### **Fees and Charges Our ADS Holders May Have to Pay**

The depositary may charge each person to whom ADSs are issued, including, without limitation, issuances against deposits of shares, issuances in respect of share distributions, rights and other distributions, issuances pursuant to a stock dividend or stock split declared by us or issuances pursuant to a merger, exchange of securities or any other transaction or event affecting the ADSs or deposited securities, and each person surrendering ADSs for withdrawal of deposited securities or whose ADRs are canceled or reduced for any other reason, \$5.00 for each 100 ADSs (or any portion thereof) issued, delivered, reduced, canceled or surrendered, as the case may be. The depositary may sell (by public or private sale) sufficient securities and property received in respect of a share distribution, rights and/or other distribution prior to such deposit to pay such charge.

The following additional charges shall be incurred by the ADR holders, by any party depositing or withdrawing shares or by any party surrendering ADSs and/or to whom ADSs are issued (including, without limitation, issuance pursuant to a stock dividend or stock split declared by us or an exchange of stock regarding the ADSs or the deposited securities or a distribution of ADSs), whichever is applicable:

- a fee of up to US\$5.00 for each 100 ADSs (or portion thereof) issued, delivered, reduced, canceled or surrendered, or upon which a share distribution or elective distribution is made or offered (as the case may be);

- a fee of up to US\$0.05 per ADS for any cash distribution made pursuant to the deposit agreement;
- a fee of up to US\$0.05 per ADS held for the direct or indirect distribution of securities or the net cash proceeds from the public or private sale of any such securities, regardless of whether any such distribution and/or sale is made by, for, or received from, or (in each case) on behalf of, the depositary, the company and/or any third party (which fee may be assessed against holders as of a record date set by the depositary),
- an aggregate fee of up to US\$0.05 per ADS per calendar year (or portion thereof) for services performed by the depositary in administering the ADRs (which fee may be charged on a periodic basis during each calendar year and shall be assessed against holders of ADRs as of the record date or record dates set by the depositary during each calendar year and shall be payable in the manner described in the next succeeding provision);
- a fee for the reimbursement of such fees, charges and expenses as are incurred by the depositary and/or any of its agents (including, without limitation, the custodian and expenses incurred on behalf of holders in connection with compliance with foreign exchange control regulations or any law or regulation relating to foreign investment) in connection with the servicing of the shares or other deposited securities, the sale of securities (including, without limitation, deposited securities), the delivery of deposited securities or otherwise in connection with the depositary's or its custodian's compliance with applicable law, rule or regulation (which fees and charges shall be assessed on a proportionate basis against holders as of the record date or dates set by the depositary and shall be payable at the sole discretion of the depositary by billing such holders or by deducting such charge from one or more cash dividends or other cash distributions);
- stock transfer or other taxes and other governmental charges;
- a transaction fee per cancellation request (including any cancellation request made through SWIFT, facsimile transmission or any other method of communication) as disclosed on the "Disclosures" page (or successor page) of [www.adr.com](http://www.adr.com) (as updated by the depositary from time to time, "ADR.com") and any applicable delivery expenses (which are payable by such persons or holders);
- transfer or registration expenses for the registration or transfer of deposited securities on any applicable register in connection with the deposit or withdrawal of deposited securities (which are payable by persons depositing shares or holders withdrawing deposited securities);
- in connection with the conversion of foreign currency into U.S. dollars, by the depositary shall deduct out of such foreign currency the fees, expenses and other charges charged by it and/or its agent (which may be a division, branch or affiliate) so appointed in connection with such conversion; and
- fees of any division, branch or affiliate of the depositary utilized by the depositary to direct, manage and/or execute any public and/or private sale of securities under the deposit agreement.

#### **Fees and Other Payments Made by the Depositary to Us**

The depositary has agreed to reimburse us for our expenses incurred in connection with the establishment of our ADS facility including, investor relations expenses, roadshow expenses, legal fees, stock exchange listing fees or any direct or indirect expenses incurred in connection with the establishment of the facility. The depositary has also agreed to provide additional reimbursements to us based on the applicable performance indicators relating to our ADS facility, including ADS issuance and cancellation fees, cash dividend fees and depositary servicing fees. In addition, the depositary has agreed to waive the issuance fees for ADSs issued (i) in connection with our follow-on equity offerings, (ii) to our founders and senior management, and (iii) in connection with our employee incentive plans. In 2024, we did not receive any reimbursement from JPMorgan Chase Bank, N.A. In 2023, reimbursement from The Bank of New York Mellon, the previous depositary of our ADS program, was US\$0.2 million (after withholding tax).

## PART II

### Item 13. Defaults, Dividend Arrearages and Delinquencies

None.

### Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

None.

### Item 15. Controls and Procedures

#### Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, has performed an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this report, as required by Rule 13a-15(b) under the Exchange Act.

Based upon that evaluation, our management, with the participation of our chief executive officer and chief financial officer, has concluded that as of December 31, 2024, our disclosure controls and procedures were effective in ensuring that the information required to be disclosed by us in the reports that we file and furnish under the Exchange Act was recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

#### Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Exchange Act, for our company. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements in accordance with generally accepted accounting principles, including those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of a company's assets, (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that a company's receipts and expenditures are being made only in accordance with authorizations of a company's management and directors, and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of a company's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, a system of internal control over financial reporting can provide only reasonable assurance with respect to consolidated financial statement preparation and presentation and may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As required by Section 404 of the Sarbanes-Oxley Act of 2002 and related rules promulgated by the SEC, our management, including our chief executive officer and chief financial officer, assessed the effectiveness of internal control over financial reporting as of December 31, 2024 using the criteria set forth in the report "Internal Control—Integrated Framework (2013)" published by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2024.

#### Attestation Report of the Registered Public Accounting Firm

Our independent registered public accounting firm, PricewaterhouseCoopers Zhong Tian LLP, has audited the effectiveness of our internal control over financial reporting as of December 31, 2024 as stated in its report, which appears on page F-1 of this annual report on Form 20-F.

#### Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting occurred during the period covered by this annual report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Item 16. [Reserved]**

**Item 16A. Audit Committee Financial Expert**

Our board of directors has determined that Ms. Jenny Wenjie Wu, our independent director (under the standards set forth in Rule 5605(a)(2) of the Nasdaq Listing Rules and Rule 10A-3 under the Securities Exchange Act of 1934), is an audit committee financial expert.

**Item 16B. Code of Ethics**

In 2014, our board of directors adopted a code of business conduct and ethics that applies to our directors, officers and employees, including certain provisions that specifically apply to our chief executive officer, chief financial officer, other executive officers as defined under Rule 405 under the Securities Act of 1933, as amended, senior finance officer, controller, senior vice presidents and any other persons who perform similar functions for us. The code is also available on our official website under the corporate governance section at our investor relations website <http://ir.xunlei.com>.

Our chairman and chief executive officer, Mr. Jinbo Li, currently also serves as the chairman and chief executive officer of Itui International Inc., our shareholder holding approximately 42.7% of our outstanding share capital as of March 31, 2024. Mr. Jinbo Li is the founder and a shareholder of Itui International Inc. Section III of our code of business conduct and ethics provides that 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 our company. Employees must obtain prior approval from the board of directors before accepting any such board or committee position. Our 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. Section III also provides that no employee may have any financial interest (ownership or otherwise) in any other business or entity if such interest requires the employee to devote time to it during such employee's working hours at our company. On April 11, 2020, our board of directors granted Mr. Jinbo Li a waiver from compliance with the above provisions of our code of business conduct and ethics so that Mr. Jinbo Li is able to simultaneously serve as the chairman and the chief executive officer at both our company and Itui International Inc.

**Item 16C. Principal Accountant Fees and Services**

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by PricewaterhouseCoopers Zhong Tian LLP, our principal external auditors, for the periods indicated.

	2023	2024
Audit fees <sup>(1)</sup>	US\$ 992,628	US\$ 742,690
Audit-related fees <sup>(2)</sup>	—	US\$ 2,813
All other fees <sup>(3)</sup>	—	—

Notes:

- (1) "Audit fees" represents the aggregate fees billed for each of the fiscal years listed for professional services rendered by our principal accountant for the audit or review of our annual financial statements or quarterly financial information and review of documents filed with the SEC.
- (2) "Audit-related fees" represents the aggregate fees incurred in each of the fiscal years listed as a result of our principal auditors' issuance of consent letter related to our registration of securities on Form S-8.
- (3) "All other fees" represents the aggregate fees billed in each of the fiscal years listed for products and services provided by our principal accountant, other than the services reported in "audit fees" and "audit-related fees" above.

The policy of our audit committee is to pre-approve all audit and non-audit services provided by our independent auditor as described above.

**Item 16D. Exemptions from the Listing Standards for Audit Committees**

Not applicable.

**Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers**

On June 6, 2023, our board of directors authorized a share repurchase program, under which we may repurchase up to US\$20 million of our shares through June 2024. The table below is a summary of the shares repurchased by us in 2024 under this share repurchase program, all of which were repurchased in the open market.

Period	Total Number of ADSs Purchased	Average Price Paid Per ADS	Total Number of ADSs Purchased as Part of the Publicly Announced Plan	Approximate Dollar Value of ADSs that May Yet Be Purchased Under the Plan
January 2, 2024 - January 31, 2024	324,008	1.55	2,361,729	15.91 million
February 1, 2024 - February 29, 2024	189,604	1.51	2,551,333	15.63 million
March 1, 2024 - March 28, 2024	233,173	1.53	2,784,506	15.27 million
April 1, 2024 - April 30, 2024	271,310	1.54	3,055,816	14.85 million
May 1, 2024 - May 31, 2024	278,679	1.76	3,334,495	14.36 million
June 3, 2024 - June 4, 2024	44,000	1.83	3,378,495	14.28 million
<b>Total</b>	<b>1,340,774</b>	<b>1.69</b>	<b>3,378,495</b>	<b>14.28 million</b>

On June 4, 2024, our board of directors authorized a share repurchase program, under which we may repurchase up to US\$20 million of our shares until June 2025. The table below is a summary of the shares repurchased by us in 2024 under this share repurchase program, all of which were repurchased in the open market.

Period	Total Number of ADSs Purchased	Average Price Paid Per ADS	Total Number of ADSs Purchased as Part of the Publicly Announced Plan	Approximate Dollar Value of ADSs that May Yet Be Purchased Under the Plan
June 5, 2024 - June 28, 2024	261,188	1.82	261,188	19.52 million
July 1, 2024 - July 31, 2024	242,105	1.74	503,293	19.10 million
August 1, 2024 - August 30, 2024	198,496	1.64	701,789	18.78 million
September 3, 2024 - September 30, 2024	147,424	1.66	849,213	18.53 million
October 1, 2024 - October 31, 2024	773,305	2.06	1,622,518	16.94 million
November 1, 2024 - November 29, 2024	490,782	2.01	2,113,300	15.95 million
December 2, 2024 - December 31, 2024	717,705	2.10	2,831,005	14.44 million
<b>Total</b>	<b>2,831,005</b>	<b>1.96</b>	<b>2,831,005</b>	<b>14.44 million</b>

**Item 16F. Change in Registrant’s Certifying Accountant**

Not applicable.

**Item 16G. Corporate Governance**

As a Cayman Islands company listed on the Nasdaq Global Select Market, we are subject to the corporate governance standards under the Nasdaq Stock Market Rules. Under Nasdaq Stock Market Rule 5615(a)(3), a foreign private issuer such as us may follow its home-country corporate governance practices in lieu of certain of the Nasdaq Stock Market Rules corporate governance requirements. We strive to comply with most of the Nasdaq corporate governance practices to ensure a high standard of corporate governance. However, our current corporate governance practices differ from Nasdaq corporate governance requirements for U.S. companies in certain respects, as summarized below:

Nasdaq Marketplace Rule 5620(a) requires each issuer to hold an annual meeting of shareholders no later than one year after the end of the issuer’s fiscal year-end. The practices of our home country, the Cayman Islands, do not require us to hold annual shareholders meetings every year. We have elected to adopt this practice and did not hold an annual meeting of shareholders for fiscal year 2024. We have not decided whether or not to hold annual shareholders meetings in the future.

Nasdaq Stock Market Rule 5605(b)(1) requires a Nasdaq-listed company to have a board of directors composed of at least a majority of independent directors. The practices of our home country, the Cayman Islands, do not require us to have a majority of the board of directors composed of independent directors at this time. We have elected to adopt this practice and do not have a board of directors composed of at least a majority of independent directors.

Nasdaq Stock Market Rule 5605(c)(2) requires a Nasdaq-listed company to have an audit committee composed of at least three independent members. The practices of our home country, the Cayman Islands, do not require us to have a three-member audit committee at this time. We have elected to adopt this practice and have an audit committee composed of two independent members.

Nasdaq Stock Market Rule 5605(e)(1) requires a Nasdaq-listed company to have a nominations committee composed solely of independent directors to select or recommend for selection director nominees. The practices of our home country, the Cayman Islands, do not require that any of the members of a company's nominations committee be independent directors. We have elected to adopt this practice in order to utilize the experience of Mr. Yubo Zhang and our nominating and corporate governance committee is not composed solely of independent directors.

Nasdaq Stock Market Rule 5605(d)(2) requires a Nasdaq-listed company to have a compensation committee composed solely of independent directors. The practices of our home country, the Cayman Islands, do not require that any of the members of a company's compensation committee be independent directors. We have elected to adopt this practice in order to utilize the experience of Mr. Jinbo Li and our compensation committee is not composed solely of independent directors.

Nasdaq Stock Market Rule 5635(c) requires that a Nasdaq-listed company seek shareholder approval when it establishes or materially amends a stock option or purchase plan or other arrangement pursuant to which stock may be acquired by officers, directors, employees or consultants. The practices of our home country, the Cayman Islands, do not require that our shareholder approve the establishment or material amendment to a stock option or purchase plan or other arrangement pursuant to which stock may be acquired by officers, directors, employees or consultants. We have elected to adopt this practice and have adopted the Second Amended and Restated 2020 Share Incentive Plan without seeking the approval of our shareholders.

Maples and Calder (Hong Kong) LLP, our Cayman Islands counsel, has provided a letter to the Nasdaq Stock Market certifying that under Cayman Islands law, we are not required to follow the above corporate governance standards.

Other than the above, there are no significant differences between our corporate governance practices and those followed by U.S. domestic companies under Nasdaq Stock Market Rules.

**Item 16H. Mine Safety Disclosure**

Not applicable.

**Item 16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections**

Not applicable.

**Item 16J. Insider Trading Policies**

Our board of directors has established insider trading policies and procedures to provide guidance on the purchases, sales, and other dispositions of our securities by our directors, officers, employees and other relevant persons, with the goal of promoting compliance with applicable insider trading laws, rules and regulations, and the listing standards of Nasdaq.

The Amended and Restated Statement of Policies Governing Material, Non-Public Information and the Prevention of Insider Trading is filed as Exhibit 11.2 to this annual report on Form 20-F.

## **Item 16K. Cybersecurity**

### **Risk Management and Strategy**

We have implemented comprehensive cybersecurity risk assessment procedures to ensure effectiveness in cybersecurity management, strategy and governance and reporting cybersecurity risks. We have also integrated cybersecurity risk management into our overall enterprise risk management system.

We have developed a comprehensive cybersecurity threat defense system to address both internal and external threats. We strive to manage cybersecurity risks and protect sensitive information through various means, such as technical safeguards, procedural requirements, an intensive program of monitoring on our corporate network, continuous testing of aspects of our security posture internally and with outside vendors, a robust incident response program and regular cybersecurity awareness training for employees. Our IT department regularly monitors the performance of our platforms, apps and infrastructure to enable us to respond quickly to potential problems, including potential cybersecurity threats.

As of the date of this annual report, we have not experienced any material cybersecurity incidents or identified any material cybersecurity threats that have affected or are reasonably likely to materially affect us, our business strategy, results of operations or financial condition.

### **Governance**

Our board of directors is responsible for overseeing the cybersecurity risk management and be informed on risks from cybersecurity threats. The chief executive officer, the chief financial officer and the principal officer in charge of the cybersecurity matters, who have extensive experience in working in the field of cybersecurity, with expertise in cybersecurity risk management and compliance, are responsible for discussing material cybersecurity incidents or threats with specific constituencies before sign - off, ensuring thorough review of information and disclosures. This involves our disclosure committee (comprising of our chief financial officer, the investor relations officer, the principal officer in charge of the cybersecurity matters and appropriate business unit heads of our company), as a whole, and the board of directors of our company; and other members of senior management and external legal counsel, to the extent appropriate. The chief executive officer, the chief financial officer and the principal officer in charge of the cybersecurity matters are also responsible for assessing, identifying and managing material risks from cybersecurity threats to our company and monitoring the prevention, detection, mitigation and remediation of material cybersecurity incident, maintaining oversight of the disclosure in Form 6-K for material cybersecurity incidents (if any) and meeting with our board of directors in connection with (i) each quarterly earnings release, update the status of any material cybersecurity incidents or material risks from cybersecurity threats to our company, if any, and the relevant disclosure issues and (ii) each annual report, present the disclosure concerning cybersecurity matters in Form 20-F, along with a report highlighting particular disclosure issues, if any, and hold a Q&A session. Our board of directors is responsible for maintaining oversight of the disclosure related to cybersecurity matters in the periodic reports of our company.

## **PART III**

### **Item 17. Financial Statements**

We have elected to provide financial statements pursuant to Item 18.

### **Item 18. Financial Statements**

The consolidated financial statements of Xunlei Limited, its subsidiaries and the variable interest entity and its subsidiaries are included at the end of this annual report.

**Item 19. Exhibits**

<b>Exhibit Number</b>	<b>Description of Document</b>
1.1	<a href="#">Eighth amended and restated memorandum and seventh amended and restated articles of association of the Registrant (incorporated by reference to Exhibit 3.2 of our registration statement on Form F-1, as amended (file no. 333-196221), filed with the SEC on June 12, 2014)</a>
2.1	<a href="#">Registrant's specimen American depository receipt (included in Exhibit 2.3)</a>
2.2	<a href="#">Registrant's specimen certificate for common shares (incorporated by reference to Exhibit 4.2 of our registration statement on Form F-1, as amended (file no. 333-196221), filed with the SEC on June 12, 2014)</a>
2.3	<a href="#">Amended and restated deposit agreement among the Registrant, the depository and holders of American depository receipts, dated December 31, 2024 (incorporated by reference to Exhibit 99(a) of the registration statement on Form F-6 (file no. 333-283769), filed with the SEC on December 12, 2024).</a>
2.4*	<a href="#">Description of securities</a>
4.1	<a href="#">Second Amended and Restated 2020 Share Incentive Plan (incorporated by reference to Exhibit 10.1 of our registration statement on Form S-8 (file no. 001-281272) filed with the SEC on August 6, 2024)</a>
4.2	<a href="#">Form of indemnification agreement with the Registrant's directors and officers (incorporated by reference to Exhibit 10.7 of our registration statement on Form F-1 (file no. 333-196221) filed with the SEC on June 12, 2014)</a>
4.3	<a href="#">Form of employment agreement between the Registrant and Executive Officers of the Registrant (incorporated by reference to Exhibit 10.8 of our registration statement on Form F-1 (file no. 333-196221) filed with the SEC on June 12, 2014)</a>
4.4	<a href="#">English translation of business operation agreement among Giganology Shenzhen, Shenzhen Xunlei and the shareholders of Shenzhen Xunlei, dated November 15, 2006, as amended on March 1, 2012 and further amended on September 29, 2016 (incorporated by reference to Exhibit 4.15 of our annual report on Form 20-F (file no. 001-35224) filed with the SEC on April 20, 2017)</a>
4.5	<a href="#">English translation of equity pledge agreement among Giganology Shenzhen and the shareholders of Shenzhen Xunlei dated November 15, 2006, as amended on May 10, 2011, March 1, 2012 and March 10, 2014 (incorporated by reference to Exhibit 10.10 of our registration statement on Form F-1 (file no. 333-196221) filed with the SEC on May 23, 2014)</a>
4.6	<a href="#">English translation of power of attorney between Giganology Shenzhen and Shenglong Zou, dated May 10, 2011 (incorporated by reference to Exhibit 10.11 of our registration statement on Form F-1 (file no. 333-196221) filed with the SEC on May 23, 2014)</a>
4.7	<a href="#">English translation of power of attorney between Giganology Shenzhen and Hao Cheng, dated May 10, 2011 (incorporated by reference to Exhibit 10.12 of our registration statement on Form F-1 (file no. 333-196221) filed with the SEC on May 23, 2014)</a>
4.8	<a href="#">English translation of power of attorney between Giganology Shenzhen and Fang Wang, dated May 10, 2011 (incorporated by reference to Exhibit 10.13 of our registration statement on Form F-1 (file no. 333-196221) filed with the SEC on May 23, 2014)</a>
4.9	<a href="#">English translation of power of attorney between Giganology Shenzhen and Jianming Shi, dated May 10, 2011 (incorporated by reference to Exhibit 10.14 of our registration statement on Form F-1 (file no. 333-196221) filed with the SEC on May 23, 2014)</a>
4.10	<a href="#">English translation of power of attorney between Giganology Shenzhen and Guangzhou Shulian Information Investment Co., Ltd., dated May 10, 2011 (incorporated by reference to Exhibit 10.15 of our registration statement on Form F-1 (file no. 333-196221) filed with the SEC on May 23, 2014)</a>
4.11	<a href="#">English translation of exclusive technical support and services agreement between Giganology Shenzhen and Shenzhen Xunlei, dated September 16, 2005, as amended on November 15, 2006 and March 10, 2014 (incorporated by reference to Exhibit 10.16 of our registration statement on Form F-1 (file no. 333-196221) filed with the SEC on May 23, 2014)</a>
4.12	<a href="#">English translation of exclusive technology consulting and training agreement between Giganology Shenzhen and Shenzhen Xunlei, dated September 16, 2005, as amended on November 15, 2006 and March 10, 2014 (incorporated by reference to Exhibit 10.17 of our registration statement on Form F-1 (file no. 333-196221) filed with the SEC on May 23, 2014)</a>
4.13	<a href="#">English translation of proprietary technology license contract between Giganology Shenzhen and Shenzhen Xunlei, dated March 1, 2012 (incorporated by reference to Exhibit 10.18 of our registration statement on Form F-1 (file no. 333-196221) filed with the SEC on May 23, 2014)</a>

<b>Exhibit Number</b>	<b>Description of Document</b>
4.14	<a href="#">English translation of intellectual properties purchase option agreement between Giganology Shenzhen and Shenzhen Xunlei dated March 1, 2012, as amended on March 10, 2014 (incorporated by reference to Exhibit 10.19 of our registration statement on Form F-1 (file no. 333-196221) filed with the SEC on May 23, 2014)</a>
4.15	<a href="#">English translation of loan agreement among Giganology Shenzhen, Guangzhou Shulian Information Investment Co., Ltd., Sean Shenglong Zou, Hao Cheng, Fang Wang and Jianming Shi, dated December 22, 2010, as amended on March 1, 2012 and March 10, 2014 (incorporated by reference to Exhibit 10.20 of our registration statement on Form F-1 (file no. 333-196221) filed with the SEC on May 23, 2014)</a>
4.16	<a href="#">English translation of loan agreement between Giganology Shenzhen and Sean Shenglong Zou, dated May 10, 2011, as amended on March 1, 2012 (incorporated by reference to Exhibit 10.21 of our registration statement on Form F-1 (file no. 333-196221) filed with the SEC on May 23, 2014)</a>
4.17	<a href="#">English translation of the Facility Agreement dated September 9, 2021 between CHIZZ (HK) LIMITED and Xunlei Network Technologies Limited (incorporated by reference to Exhibit 4.44 of our annual report on Form 20-F (file no. 001-35224) filed with the SEC on April 28, 2022)</a>
4.18	<a href="#">English translation of the Supplementary Agreement to Proprietary Technology License Agreement dated March 1, 2022 between Giganology (Shenzhen) Ltd. and Shenzhen Xunlei Networking Technologies Co., Ltd. (incorporated by reference to Exhibit 4.45 of our annual report on Form 20-F (file no. 001-35224) filed with the SEC on April 28, 2022)</a>
4.19	<a href="#">English translation of Power of Attorney between Giganology Shenzhen and Shenglong Zou, dated May 11, 2021 (incorporated by reference to Exhibit 4.46 of our annual report on Form 20-F (file no. 001-35224) filed with the SEC on April 28, 2022)</a>
4.20	<a href="#">English translation of Power of Attorney between Giganology Shenzhen and Hao Cheng, dated May 10, 2021 (incorporated by reference to Exhibit 4.47 of our annual report on Form 20-F (file no. 001-35224) filed with the SEC on April 28, 2022)</a>
4.21	<a href="#">English translation of Power of Attorney between Giganology Shenzhen and Fang Wang, dated May 10, 2021 (incorporated by reference to Exhibit 4.48 of our annual report on Form 20-F (file no. 001-35224) filed with the SEC on April 28, 2022)</a>
4.22	<a href="#">English translation of Power of Attorney between Giganology Shenzhen and Jianming Shi, dated May 10, 2021 (incorporated by reference to Exhibit 4.49 of our annual report on Form 20-F (file no. 001-35224) filed with the SEC on April 28, 2022)</a>
4.23	<a href="#">English translation of Power of Attorney between Giganology Shenzhen and Guangzhou Shulian Information Investment Co., Ltd., dated May 10, 2021 (incorporated by reference to Exhibit 4.50 of our annual report on Form 20-F (file no. 001-35224) filed with the SEC on April 28, 2022)</a>
4.24	<a href="#">English translation of technology development and software license framework agreement between Shenzhen Xunlei and Xunlei Computer dated January 1, 2025 (incorporated by reference to Exhibit 4.51 of our annual report on Form 20-F (file no. 001-35224) filed with the SEC on April 28, 2022)</a>
4.25	<a href="#">Supplemental Facility Agreement dated September 14, 2023 between CHIZZ (HK) LIMITED and Xunlei Network Technologies Limited (incorporated by reference to Exhibit 4.25 of our annual report on Form 20-F (file no. 001-35224) filed with the SEC on April 23, 2024)</a>
4.26	<a href="#">English translation of the Certificate of Credit Line dated January 9, 2024 between Bank of Ningbo Co., Ltd. and Shenzhen Xunlei Networking Technologies Co., Ltd. (incorporated by reference to Exhibit 4.26 of our annual report on Form 20-F (file no. 001-35224) filed with the SEC on April 23, 2024)</a>
4.27	<a href="#">English translation of the Credit Line Agreement dated February 2, 2024 between Shanghai Pudong Development Bank Co., Ltd. and Shenzhen Xunlei Networking Technologies Co., Ltd. (incorporated by reference to Exhibit 4.27 of our annual report on Form 20-F (file no. 001-35224) filed with the SEC on April 23, 2024)</a>
4.28*	<a href="#">English translation of the merger agreement dated January 26, 2025 among by and among Shenzhen Suqu Network Technology Co., Ltd., Shanghai Kuanghui Network Technology Co., Ltd., and the shareholders of Shanghai Kuanghui Network Technology Co., Ltd.</a>
4.29*	<a href="#">English translation of the credit line agreement dated May 29, 2024 between Shenzhen Xunlei Networking Technologies Co., Ltd. and Shanghai Pudong Development Bank Co., Ltd., Shenzhen Branch</a>
4.30*	<a href="#">English translation of the credit agreement dated July 9, 2024 between Shenzhen Xunlei Network Technology Co., Ltd. and China Merchants Bank Shenzhen Branch</a>
4.31*	<a href="#">English translation of the Technology Development and Software License Framework Agreement dated January 1, 2025 between Xunlei Computer (Shenzhen) Co., Ltd. and Shenzhen Xunlei Networking Technologies Co., Ltd.</a>

<b>Exhibit Number</b>	<b>Description of Document</b>
8.1*	<a href="#">List of principal subsidiaries, the VIE and subsidiaries of the VIE of the Registrant</a>
11.1	<a href="#">Code of business conduct and ethics of the Registrant (incorporated by reference to Exhibit 99.1 of our Registration Statement on Form F-1 (file no. 333-196221) filed with the SEC on June 12, 2014)</a>
11.2*	<a href="#">Amended and Restated Statement of Policies Governing Material, Non-Public Information and the Prevention of Insider Trading of the Registrant</a>
12.1*	<a href="#">Certification by Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
12.2*	<a href="#">Certification by Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
13.1**	<a href="#">Certification by Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
13.2**	<a href="#">Certification by Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
15.1*	<a href="#">Consent of Maples and Calder (Hong Kong) LLP</a>
15.2*	<a href="#">Consent of Kewei Law Firm</a>
15.3*	<a href="#">Consent of PricewaterhouseCoopers Zhong Tian LLP, an independent registered public accounting firm</a>
97.1	<a href="#">Clawback Policy of the Registrant (incorporated by reference to Exhibit 97.1 of our annual report on Form 20-F (file no. 001-35224) filed with the SEC on April 23, 2024)</a>
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

\* Filed herewith

\*\* Furnished herewith

**SIGNATURES**

The registrant here by certifies that it meets all of the requirements for filing its annual report on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Xunlei Limited

By: /s/ Jinbo Li

Name: Jinbo Li

Title: Chairman of the Board and Chief Executive Officer

Date: April 24, 2025

**Index to consolidated financial statements**

	<u>Page</u>
<a href="#">Report of Independent Registered Public Accounting Firm (PCAOB ID: 1424)</a>	F-2
<a href="#">Consolidated Balance Sheets as of December 31, 2023 and 2024</a>	F-5
<a href="#">Consolidated Statements of Comprehensive Income/(Loss) for the Years Ended December 31, 2022, 2023 and 2024</a>	F-7
<a href="#">Consolidated Statements of Changes in Shareholders' Equity for the Years Ended December 31, 2022, 2023 and 2024</a>	F-8
<a href="#">Consolidated Statements of Cash Flows for the Years Ended December 31, 2022, 2023 and 2024</a>	F-9
<a href="#">Notes to the Consolidated Financial Statements</a>	F-10

## Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Xunlei Limited

### ***Opinions on the Financial Statements and Internal Control over Financial Reporting***

We have audited the accompanying consolidated balance sheets of Xunlei Limited and its subsidiaries (the “Company”) as of December 31, 2024 and 2023, and the related consolidated statements of comprehensive income/(loss), of changes in shareholders’ equity and of cash flows for each of the three years in the period ended December 31, 2024, including the related notes (collectively referred to as the “consolidated financial statements”). We also have audited the Company’s internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

### ***Basis for Opinions***

The Company’s management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management’s Annual Report on Internal Control over Financial Reporting appearing under Item 15. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company’s internal control over financial reporting 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 Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

***Definition and Limitations of Internal Control over Financial Reporting***

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

***Critical Audit Matters***

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

***Goodwill impairment assessment***

As described in Notes 2(k) and 13 to the consolidated financial statements, the Company recognized a goodwill impairment charge of US\$20.7 million during the year ended December 31, 2024. The impairment was recorded as the estimated fair value of the Company was lower than the carrying value of the related net assets, including goodwill. Significant judgement was required by management to estimate the fair value of the Company using a discounted cash flow ("DCF") model. The DCF model is derived from long-term cash flow projections prepared by management which include significant judgments and assumptions relating to revenue forecast, operating margins, the discount rate and the terminal growth rate. A reconciliation to market capitalization based on the public trading price of the Company's equity securities was performed to analyze the reasonableness of the DCF-based fair value estimate.

The principal considerations for our determination that performing procedures relating to goodwill impairment assessment is a critical audit matter are (i) the significant judgment by management when developing the estimated fair value of the Company; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions related to the revenue forecast, operating margins, the discount rate, the terminal growth rate, and the market reconciliation; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

[Table of Contents](#)

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's goodwill impairment assessment, including controls over the valuation of the Company. These procedures also included, among others, (i) testing management's process for developing the fair value estimate; (ii) evaluating the appropriateness of the DCF model; (iii) testing the completeness, accuracy, and relevance of underlying data used in the model; (iv) evaluating the reasonableness of significant assumptions used by management, related to revenue forecast, operating margins, the discount rate, and the terminal growth rate; and (v) evaluating management's reconciliation of the DCF-based fair value estimate to the Company's market capitalization. Evaluating management's significant assumptions involved evaluating whether the assumptions used by management were reasonable considering (i) historical performance; (ii) the consistency with relevant market and industry data; and (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in the evaluation of the appropriateness of the Company's DCF model and reasonableness of certain significant assumptions, including the discount rate and the terminal growth rate.

/s/ PricewaterhouseCoopers Zhong Tian LLP  
Shenzhen, the People's Republic of China  
April 24, 2025

We have served as the Company's auditor since 2014.

**Xunlei Limited**  
**Consolidated Balance Sheets**

(Amounts expressed in thousands of United States dollars (“USD”), except for number of shares and per share data)	Note	As of December 31, 2023	As of December 31, 2024
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	4	170,802	177,329
Short-term investments	5	101,078	110,209
Accounts receivable, net (Allowance for current expected credit losses of USD1,022 and USD1,258 as of December 31, 2023 and 2024, respectively)	6	31,210	32,662
Inventories	7	2,219	1,255
Due from related parties (Allowance for current expected credit losses of USD388 and USD691 as of December 31, 2023 and 2024, respectively)	24	12,644	31,519
Prepayments and other current assets (Allowance for current expected credit losses of USD6,186 and USD6,223 as of December 31, 2023 and 2024, respectively)	8	9,423	10,058
<b>Total current assets</b>		<b>327,376</b>	<b>363,032</b>
<b>Non-current assets:</b>			
Long-term investments	9	32,134	30,599
Deferred tax assets	22	478	10,528
Property and equipment, net	10	60,028	55,430
Operating lease assets	11	575	450
Intangible assets, net	12	5,697	8,310
Goodwill	2(k), 13	20,826	—
Due from a related party (Allowance for current expected credit losses of USD381 and nil as of December 31, 2023 and 2024, respectively)	24	19,619	—
Long-term prepayments and other assets	8	1,953	5,334
Restricted cash	2(e)	—	218
<b>Total assets</b>		<b>468,686</b>	<b>473,901</b>
<b>Liabilities</b>			
<b>Current liabilities (including amounts of the consolidated variable interest entity and its subsidiaries (“VIEs”) without recourse to the Company of USD203,936 and USD185,762 as of December 31, 2023 and 2024, respectively)</b>			
Accounts payable		24,430	22,964
Due to related parties	24	—	17
Contract liabilities, current portion	14	36,375	39,936
Income tax payable		6,391	9,386
Accrued liabilities and other payables	15	53,708	52,093
Short-term borrowings and current portion of long-term borrowings	16	6,906	2,087
Lease liabilities	11	276	253
<b>Total current liabilities.</b>		<b>128,086</b>	<b>126,736</b>

**Xunlei Limited**  
**Consolidated Balance Sheets (Continued)**

(Amounts expressed in thousands of United States dollars ("USD"), except for number of shares and per share data)	Note	As of December 31, 2023	As of December 31, 2024
<b>Non-current liabilities (including amounts of the consolidated VIEs without recourse to the Company of USD86,029 and USD97,997 as of December 31, 2023 and 2024, respectively)</b>			
Contract liabilities	14	846	458
Deferred tax liabilities	22	513	1,154
Long-term borrowings	16	15,539	27,127
Other long-term payables	15	—	480
Lease liabilities	11	229	161
<b>Total liabilities</b>		<b>145,213</b>	<b>156,116</b>
<b>Commitments and contingencies</b>	26		
<b>Equity</b>			
Common shares (375,001,940 shares issued and 323,525,556 shares outstanding as of December 31, 2023; 375,001,940 shares issued and 307,351,196 shares outstanding as of December 31, 2024)	17	81	77
Treasury shares (51,476,384 shares and 67,650,744 shares as of December 31, 2023 and 2024, respectively)		12	16
Additional paid-in-capital		482,484	477,244
Statutory reserves		8,142	8,718
Accumulated other comprehensive loss		(18,913)	(21,694)
Accumulated deficits		(146,944)	(146,305)
<b>Total Xunlei Limited's shareholders' equity</b>		<b>324,862</b>	<b>318,056</b>
<b>Non-controlling interests</b>		<b>(1,389)</b>	<b>(271)</b>
<b>Total liabilities and shareholders' equity</b>		<b>468,686</b>	<b>473,901</b>

*The accompanying notes are an integral part of these consolidated financial statements.*

**Xunlei Limited**  
**Consolidated Statements of Comprehensive Income/(Loss)**

(Amounts expressed in thousands of USD, except for number of shares and per share data)	Note	Years ended December 31,		
		2022	2023	2024
<b>Net revenues</b>				
Total revenues, net of rebates and discounts (including transactions with related parties of USD15,991, USD17,270 and USD15,963 for the years ended December 31, 2022, 2023 and 2024, respectively)	2(p), 2(x)	342,564	364,911	324,405
Taxes and surcharges		(1,067)	(1,189)	(1,265)
<b>Net revenues</b>		<b>341,497</b>	<b>363,722</b>	<b>323,140</b>
Costs of revenues (including transactions with related parties of USD87, USD39 and nil for the years ended December 31, 2022, 2023 and 2024, respectively)	20	(200,054)	(200,649)	(155,567)
<b>Gross profit</b>		<b>141,443</b>	<b>163,073</b>	<b>167,573</b>
<b>Operating expenses</b>				
Research and development expenses		(67,680)	(74,201)	(71,572)
Sales and marketing expenses		(24,841)	(43,509)	(44,842)
General and administrative expenses		(39,701)	(46,875)	(45,827)
Impairment of goodwill		—	—	(20,748)
Credit loss write-back/(expenses), net		844	(100)	(288)
<b>Total operating expenses</b>		<b>(131,378)</b>	<b>(164,685)</b>	<b>(183,277)</b>
<b>Operating income/(loss)</b>		<b>10,065</b>	<b>(1,612)</b>	<b>(15,704)</b>
Interest income		1,898	4,619	4,892
Interest expense		(93)	(1,514)	(728)
Other income, net	21	13,545	16,904	9,183
<b>Income/(loss) before income taxes</b>		<b>25,415</b>	<b>18,397</b>	<b>(2,357)</b>
Income tax (expenses)/benefits	22	(4,068)	(4,131)	3,020
<b>Net income for the year</b>		<b>21,347</b>	<b>14,266</b>	<b>663</b>
Less: net (loss)/income attributable to the non-controlling interests		(116)	41	(552)
<b>Net income attributable to Xunlei Limited</b>		<b>21,463</b>	<b>14,225</b>	<b>1,215</b>
Net income for the year		21,347	14,266	663
Other comprehensive loss: Currency translation adjustments, net of tax		(16,427)	(4,203)	(2,749)
<b>Comprehensive income/(loss)</b>		<b>4,920</b>	<b>10,063</b>	<b>(2,086)</b>
Less: comprehensive income/(loss) attributable to non-controlling interests		408	83	(520)
<b>Comprehensive income/(loss) attributable to Xunlei Limited</b>		<b>4,512</b>	<b>9,980</b>	<b>(1,566)</b>
<b>Income per share for common shares</b>				
Basic	23	0.0639	0.0436	0.0038
Diluted	23	0.0638	0.0435	0.0038
<b>Weighted average number of common shares used in calculating</b>				
Basic	23	336,040,378	326,390,687	318,758,374
Diluted	23	336,235,501	326,849,502	319,146,281

The accompanying notes are an integral part of these consolidated financial statements.

**Xunlei Limited**  
**Consolidated Statements of Changes in Shareholders' Equity**

(Amounts expressed in thousands of USD, except for number of shares and per share data)	Common shares		Treasury stock		Additional	Statutory	Accumulated other	Accumulated	Total Xunlei Limited's	Non-	Total
	Shares	Amount	Shares	Amount	paid-in	reserves	comprehensive	deficits	shareholders' equity	controlling interest	equity
					capital		income/(loss)				
<b>Balance at January 1, 2022</b>	<b>337,257,946</b>	<b>84</b>	<b>31,619,259</b>	<b>8</b>	<b>476,057</b>	<b>6,155</b>	<b>1,988</b>	<b>(180,645)</b>	<b>303,647</b>	<b>(1,880)</b>	<b>301,767</b>
Issuance of common shares for vesting of restricted shares	—	—	6,124,735	1	(1)	—	—	—	—	—	—
Repurchase of common shares	(22,049,870)	(5)	22,049,870	5	(6,747)	—	—	—	(6,747)	—	(6,747)
Share-based compensation	—	—	—	—	8,184	—	—	—	8,184	—	8,184
Restricted shares vested	9,839,660	2	(9,839,660)	(2)	—	—	—	—	—	—	—
Appropriation of statutory reserves	—	—	—	—	—	881	—	(881)	—	—	—
Disposal of subsidiaries	—	—	—	—	2	—	—	—	2	358	360
Capital injection in a subsidiary from noncontrolling interest shareholders	—	—	—	—	—	—	—	—	—	(63)	(63)
Net income	—	—	—	—	—	—	—	21,463	21,463	(116)	21,347
Currency translation adjustments	—	—	—	—	—	—	(16,656)	—	(16,656)	229	(16,427)
<b>Balance at December 31, 2022</b>	<b>325,047,736</b>	<b>81</b>	<b>49,954,204</b>	<b>12</b>	<b>477,495</b>	<b>7,036</b>	<b>(14,668)</b>	<b>(160,063)</b>	<b>309,893</b>	<b>(1,472)</b>	<b>308,421</b>
Repurchase of common shares	(13,037,345)	(3)	13,037,345	3	(4,687)	—	—	—	(4,687)	—	(4,687)
Share-based compensation	—	—	—	—	9,676	—	—	—	9,676	—	9,676
Restricted shares vested	11,515,165	3	(11,515,165)	(3)	—	—	—	—	—	—	—
Appropriation of statutory reserves	—	—	—	—	—	1,106	—	(1,106)	—	—	—
Net income	—	—	—	—	—	—	—	14,225	14,225	41	14,266
Currency translation adjustments	—	—	—	—	—	—	(4,245)	—	(4,245)	42	(4,203)
<b>Balance at December 31, 2023</b>	<b>323,525,556</b>	<b>81</b>	<b>51,476,384</b>	<b>12</b>	<b>482,484</b>	<b>8,142</b>	<b>(18,913)</b>	<b>(146,944)</b>	<b>324,862</b>	<b>(1,389)</b>	<b>323,473</b>
Repurchase of common shares	(20,858,895)	(5)	20,858,895	5	(7,693)	—	—	—	(7,693)	—	(7,693)
Share-based compensation	—	—	—	—	2,453	—	—	—	2,453	—	2,453
Restricted shares vested	4,684,535	1	(4,684,535)	(1)	—	—	—	—	—	—	—
Appropriation of statutory reserves	—	—	—	—	—	576	—	(576)	—	—	—
Acquisition of a subsidiary	—	—	—	—	—	—	—	—	—	1,638	1,638
Net income	—	—	—	—	—	—	—	1,215	1,215	(552)	663
Currency translation adjustments	—	—	—	—	—	—	(2,781)	—	(2,781)	32	(2,749)
<b>Balance at December 31, 2024</b>	<b>307,351,196</b>	<b>77</b>	<b>67,650,744</b>	<b>16</b>	<b>477,244</b>	<b>8,718</b>	<b>(21,694)</b>	<b>(146,305)</b>	<b>318,056</b>	<b>(271)</b>	<b>317,785</b>

The accompanying notes are an integral part of these consolidated financial statements.

**Xunlei Limited**  
**Consolidated Statements of Cash Flows**

(Amounts expressed in thousands of USD except for number of shares and per share data)	Years ended December 31,		
	2022	2023	2024
<b>Cash flows from operating activities</b>			
Net income for the year	21,347	14,266	663
Adjustments to reconcile net income to net cash generated from operating activities			
— Depreciation of property and equipment	2,666	4,427	4,686
— Amortization of intangible assets	1,086	1,101	1,808
— Amortization of operating lease assets	56	551	434
— Credit loss (write-back)/expenses	(844)	100	288
— Losses/(gains) on disposal of property and equipment	2	1	(82)
— Gains on modification of operating lease	—	(33)	—
— Share - based compensation expenses	8,184	9,676	2,453
— Net unrealized investment income from short-term investments	(367)	(1,390)	(1,078)
— Impairment of property and equipment	—	1,146	—
— Impairment of inventories	15	—	25
— Impairment of goodwill	—	—	20,748
— Impairment on long-term investments	590	—	1,407
— Net unrealized gains on long-term investments	(437)	—	—
— Investment income on disposal of long-term investments	—	(24)	(861)
— Interest expense accrued on long-term payables	93	93	93
— Deferred income taxes	(382)	(428)	(10,068)
— Deferred government grants	(162)	—	—
Changes in operating assets and liabilities:			
— Accounts receivable	(5,979)	(1,997)	(2,037)
— Prepayments and other assets	4,111	(408)	290
— Due from/to related parties	1,099	(1,665)	734
— Accounts payable	1,064	(598)	(1,519)
— Inventories	851	(1,804)	925
— Contract liabilities	5,739	(1,954)	3,575
— Income tax payable	3,434	904	3,080
— Accrued liabilities and other payables	8,621	3,134	5,437
— Lease liabilities	322	618	(25)
<b>Net cash generated from operating activities</b>	<b>51,109</b>	<b>25,716</b>	<b>30,976</b>
<b>Cash flows from investing activities</b>			
Purchase of short-term investments	(517,411)	(378,162)	(479,453)
Maturity of short-term investments	545,073	360,735	470,245
Purchase of property and equipment (including construction in progress)	(14,969)	(3,992)	(8,026)
Purchase of intangible assets	(8)	(499)	(322)
Payments for long-term investments	(1,000)	(1,418)	(3,103)
Cash paid for a business combination, net of cash acquired	—	—	(2,125)
Proceeds from disposal of property and equipment	6	15	114
Proceeds from disposal of long-term investments	—	22	2,300
Repayment/(payment) of loans to employees	67	(599)	(978)
Loan to third parties	—	—	(565)
<b>Net cash generated from/(used in) investing activities</b>	<b>11,758</b>	<b>(23,898)</b>	<b>(21,913)</b>
<b>Cash flows from financing activities</b>			
Repurchase of common shares	(6,747)	(4,687)	(7,693)
Proceeds from bank borrowings	16,656	4,254	33,387
Repayment of bank borrowings	(3,344)	(13,091)	(26,619)
Capital injection from a non-controlling interest shareholder	76	—	—
<b>Net cash generated from/(used in) financing activities</b>	<b>6,641</b>	<b>(13,524)</b>	<b>(925)</b>
<b>Net increase/(decrease) in cash, cash equivalents and restricted cash</b>	<b>69,508</b>	<b>(11,706)</b>	<b>8,138</b>
Effect of exchange rates on cash and cash equivalents, and restricted cash	(12,136)	(2,300)	(1,393)
Cash and cash equivalents at beginning of the year	123,358	177,154	170,802
Restricted cash at beginning of the year	4,078	7,654	—
<b>Cash, cash equivalents and restricted cash at beginning of the year</b>	<b>127,436</b>	<b>184,808</b>	<b>170,802</b>
Cash and cash equivalents at end of the year	177,154	170,802	177,329
Restricted cash at end of the year	7,654	—	218
<b>Cash, cash equivalents and restricted cash at end of the year</b>	<b>184,808</b>	<b>170,802</b>	<b>177,547</b>
<b>Supplemental disclosure of cash flow information</b>			
Income tax paid	1,178	2,532	4,200
Interest paid	—	1,376	578
Non-cash investing and financing activities			
— Purchase of property and equipment in form of other payables	593	148	32
— Addition of operating lease assets and lease liabilities, net of impact from lease modification	555	275	324

*The accompanying notes are an integral part of these consolidated financial statements.*

**Xunlei Limited**  
**Notes to the consolidated financial statements**  
**(Amounts in US dollars unless otherwise stated)**

**1. Organization and nature of operations**

Xunlei Limited, previously known as Giganology Limited, (the “Company”) was incorporated under the law of the Cayman Islands as a limited liability company on February 3, 2005. The Company completed its initial public offering on June 24, 2014 on the NASDAQ Global Market. Each American Depositary Shares (“ADSs”) of the Company represents five common shares.

These consolidated financial statements include the financial statements of the Company, its subsidiaries, the variable interest entity (“VIE”) and VIE’s subsidiaries (collectively referred to as the “Group”). As of December 31, 2024, the Company’s major subsidiaries, VIE and VIE’s subsidiaries are as follows:

Name of entities	Place of incorporation	Period of incorporation	Relationship	% of direct or indirect economic ownership	Principal activities
Shenzhen Xunlei Networking Technologies Co., Ltd. (“Shenzhen Xunlei”)	People’s Republic of China (“PRC”)	January 2003	VIE	100 %	Development of software, provision of online advertising and membership subscription
Giganology (Shenzhen) Co., Ltd. (“Giganology Shenzhen”)	PRC	June 2005	Subsidiary	100 %	Development of computer software and provision of information technology services to related companies
Xunlei Computer (Shenzhen) Co., Ltd. (“Xunlei Computer”)	PRC	November 2011	Subsidiary	100 %	Development of computer software and provision of information technology services
Shenzhen Onething Technologies Co., Ltd. (“Shenzhen Onething”)	PRC	September 2013	VIE’s subsidiary	70 % (note b)	Development of cloud computing technology and provision of related services
Jiangxi Node Technology Service Co., Ltd. (“Jiangxi Node”)	PRC	July 2020	VIE’s subsidiary	100 %	Development of cloud computing technology and provision of related services
FUNI. PTE. LTD.	Singapore	April 2021	Subsidiary	100 %	Operation of live streaming platforms
FUCONNECT. PTE. LTD.	Singapore	February 2022	Subsidiary	100 %	Operation of live streaming platforms

Notes:

- (a) The English names of the PRC companies represent management’s translation of the Chinese names of these companies as they have not adopted formal English names.
- (b) The remaining 30% of the equity interest is owned by certain plan participants or share incentive awards holding platforms under the employee share incentive plan, see note 19 for details.

The Group engages primarily in the provision of premium downloading services to its members, sales of bandwidth, platforms for live streaming services and other internet value added services.

To comply with the PRC laws and regulations that prohibit or restrict foreign ownership of companies that provide online services and hold Internet Content Provider (“ICP”) license, the Group mainly conducts its business through the VIE, Shenzhen Xunlei, and its subsidiaries in the PRC.

**Xunlei Limited**  
**Notes to the consolidated financial statements**  
**(Amounts in US dollars unless otherwise stated)**

**1. Organization and nature of operations (Continued)**

Through the various agreements enacted among the Company, Giganology Shenzhen, a wholly owned subsidiary of the Company, Shenzhen Xunlei and legal registered shareholders of Shenzhen Xunlei, the Company as the primary beneficiary received all of the economic benefits and residual interest and absorbed all of the risks and expected losses from Shenzhen Xunlei. Details of these agreements are as follows:

—**Loan Agreements** between Giganology Shenzhen and the shareholders of Shenzhen Xunlei: Giganology Shenzhen provided interest-free loans of RMB9 million to the legal shareholders of Shenzhen Xunlei for them to make contributions as registered capital into Shenzhen Xunlei. The terms of these agreements last for two years from the date it was signed, and will be automatically extended afterwards on a yearly basis until each legal shareholder of Shenzhen Xunlei has repaid the loans in its entirety in accordance with the loan agreement. The legal shareholders would not be allowed to transfer their interests in Shenzhen Xunlei without prior consent of Giganology Shenzhen. According to the loan agreements, the loans can only be repaid in the form of common shares of Shenzhen Xunlei. At any time during the term of the loan agreements, Giganology Shenzhen may, at their sole discretion, requires any of the legal shareholders of Shenzhen Xunlei to repay all or any portion of their outstanding loan under the agreement.

Under a separate loan agreement between Giganology Shenzhen and Mr. Sean Shenglong Zou as a legal registered shareholder of Shenzhen Xunlei, Giganology Shenzhen made an additional interest-free loan of RMB20 million to Mr. Sean Shenglong Zou, the entire amount of which was contributed to the registered capital of Shenzhen Xunlei, increasing the registered capital of Shenzhen Xunlei to RMB30 million. The term of this agreement lasts for two years from the date it was signed, and will be automatically extended afterwards on a yearly basis until Mr. Zou has repaid the loan in its entirety in accordance with the loan agreement. This loan will be deemed to be repaid when all equity interest held by the shareholders in Shenzhen Xunlei has been transferred to Giganology Shenzhen or its designated parties. At any time during the term of this loan agreement, the Company may, at their sole discretion, require all or any portion of the outstanding loan under the agreement to be repaid.

—**Business Operation Agreements** between Giganology Shenzhen and Shenzhen Xunlei: Under these agreements, Giganology Shenzhen has the rights to direct the operating activities of Shenzhen Xunlei, including the appointment of senior management. The legal shareholders of Shenzhen Xunlei also transferred all their shareholders' rights to Giganology Shenzhen. The term of this agreement may be extended with Giganology Shenzhen's confirmation prior to the expiration date. The agreement became expired in November 2016 and has been extended to November 2026.

—**Equity Pledge Agreement** between Giganology Shenzhen and the legal shareholders of Shenzhen Xunlei: Under this agreement, the legal shareholders of Shenzhen Xunlei pledged all of their equity interests in Shenzhen Xunlei to Giganology Shenzhen. If Shenzhen Xunlei and/or its legal shareholders breach their contractual obligations under this agreement, Giganology Shenzhen, as pledgee, will be entitled to certain rights, including the right to sell the pledged equity interests.

—**Power of Attorney**: Each legal shareholder of Shenzhen Xunlei appointed Giganology Shenzhen as its attorney-in-fact to exercise their shareholders' rights in Shenzhen Xunlei, including shareholders' voting rights. Each power of attorney will remain in force for 10 years starting from May 2011 unless the business operation agreement among Giganology Shenzhen, Shenzhen Xunlei and the legal shareholders of Shenzhen Xunlei is terminated in advance. This period may be extended at Giganology Shenzhen's discretion. The agreement became expired in May 2021 and has been extended to May 2031.

—**Service Agreements** between Giganology Shenzhen and Shenzhen Xunlei: Under various service agreements, Giganology Shenzhen will provide services including technical support, training, as well as consulting services to Shenzhen Xunlei in exchange for a service fee. These service agreements include the Exclusive Technology Support and Services Agreement, the Exclusive Technology Consulting and Training Agreement and the Software and Proprietary Technology License Contract. Giganology Shenzhen is entitled to service fees equal to 20%, 20% and 40% of the pre-tax operating profit of Shenzhen Xunlei according to the terms and provisions of these agreements, respectively (in aggregate 80% of pre-tax operating profit of Shenzhen Xunlei). In addition, these agreements also allow both parties to review and adjust the above mentioned percentage every six months according to the business operation and income of Shenzhen Xunlei so as to enable Giganology Shenzhen to extract substantially all the after tax operating profit of Shenzhen Xunlei.

**Xunlei Limited**  
**Notes to the consolidated financial statements**  
**(Amounts in US dollars unless otherwise stated)**

**1. Organization and nature of operations (Continued)**

For the Exclusive Technology Support and Services Agreement and the Exclusive Technology Consulting and Training Agreement, the term of these agreements will expire in September 2025 and may be extended with Giganology Shenzhen's written confirmation prior to the expiration date. Giganology Shenzhen is entitled to terminate the agreement at any time by providing 30 days' prior written notice to Shenzhen Xunlei.

For the Proprietary Technology License Contract, the term of this contract became expired in March 2022 and has been extended with Giganology Shenzhen to March 2032. Giganology Shenzhen grants Shenzhen Xunlei a non-exclusive and non-transferable right to use Giganology Shenzhen's proprietary technology. Shenzhen Xunlei can only use the proprietary technology to conduct business according to its authorized business scope. Giganology Shenzhen or its designated representative(s) owns the rights to any new technology developed due to implementation of this contract.

—**Intellectual Properties Purchase Option Agreement** between Giganology Shenzhen and Shenzhen Xunlei: Giganology Shenzhen has an option to acquire Shenzhen Xunlei's intellectual properties at the lowest price permissible by the then-applicable PRC laws and regulation. The term of this contract became expired in March 2022 and had been automatically extended for an additional 10 years at Giganology Shenzhen's discretion to March 2032.

—**Call Option Agreement:** Giganology Shenzhen has an option to acquire all of the outstanding shares of Shenzhen Xunlei at a purchase price equal to RMB1 or the lowest price permissible by the then-applicable PRC laws and regulation. The term of the agreement became expired in March 2022 and had been automatically extended for an additional 10 years at Giganology Shenzhen's discretion to March 2032.

As a result of these agreements, Giganology Shenzhen can exercise effective control over Shenzhen Xunlei, receives all of the economic benefits and residual interest and absorbs all of the risks and expected losses from Shenzhen Xunlei as if it were the sole shareholder, and has an exclusive option to purchase all of the equity interest in Shenzhen Xunlei at a minimal price. Therefore, Giganology Shenzhen is considered the primary beneficiary of Shenzhen Xunlei and accordingly Shenzhen Xunlei is regarded as VIE and its results of operations, assets and liabilities have been consolidated in the Company's financial statements.

**Xunlei Limited**  
**Notes to the consolidated financial statements**  
**(Amounts in US dollars unless otherwise stated)**

**1. Organization and nature of operations (Continued)**

**VIE-related risks**

A significant part of the Group's business is conducted through Shenzhen Xunlei, the VIE of the Group, of which the Company is the primary beneficiary. In the opinion of management, the contractual arrangements with the VIE and the nominee shareholders are in compliance with PRC laws and regulations and are legally binding and enforceable. The nominee shareholders indicate they will not act contrary to the contractual arrangements. However, there are substantial uncertainties regarding the interpretation and application of PRC laws and regulations including those that govern the contractual arrangements, which could limit the Group's ability to enforce these contractual arrangements and if the nominee shareholders of the VIE were to reduce their interests in the Group, their interest may diverge from that of the Group and that may potentially increase the risk that they would seek to act contrary to the contractual arrangements.

If a finding was made by PRC authorities under existing laws and regulations and becomes effective, the Group's operation of certain of its operations and businesses through VIE, regulatory authorities with jurisdiction over the licensing and operation of such operations and businesses would have broad discretion in dealing with such a violation, including levying fines, confiscating the Group's income, revoking the business or operating licenses of the affected businesses, requiring the Group to restructure its ownership structure or operations, or requiring the Group to discontinue all or any portion of its operations. Any of these actions could cause significant disruption to the Group's business operations, and have a severe adverse impact on the Group's cash flows, financial position and operating performance.

In addition, it is possible that the contracts among the Group, the VIE and shareholders of VIE would not be enforceable in China if PRC government authorities or courts were to find that such contracts contravene PRC law and regulations or are otherwise not enforceable for public policy reasons. The Group's operations also depend on the VIE and their nominee shareholders to honor their contractual arrangements with the Group. In the event that the Group was unable to enforce these contractual arrangements, the Group would not be able to exert effective control over the affected VIE. Consequently, such VIE's results of operations, assets and liabilities would not be included in the Group's consolidated financial statements. If such were the case, the Group's cash flows, financial position and operating performance would be severely adversely affected. The Group's contractual arrangements with respect to VIE are approved and in place. The Group's management believes that such contracts constitute valid and legally binding obligations of each party to such contractual arrangements under the PRC laws, and considers the possibility remote that PRC regulatory authorities with jurisdiction over the Group's operations and contractual relationships would find the contracts to be unenforceable.

**Xunlei Limited**  
**Notes to the consolidated financial statements**  
**(Amounts in US dollars unless otherwise stated)**

**1. Organization and nature of operations (Continued)**

The following financial information of the consolidated VIEs was included in the accompanying consolidated financial statements, before elimination of balances with the Company and its subsidiaries, as of and for the years ended:

(In thousands)	As of December 31,	
	2023	2024
<b>Current assets:</b>		
Cash and cash equivalents	37,286	42,514
Short-term investments	14,825	14,484
Accounts receivable, net	27,851	27,221
Amount due from group companies	5,278	5,500
Due from related parties	12,330	11,532
Inventories	2,219	1,251
Prepayments and other current assets	2,579	3,810
<b>Total current assets</b>	<b>102,368</b>	<b>106,312</b>
<b>Non-current assets:</b>		
Long-term investments	6,668	6,570
Property and equipment, net	59,882	55,307
Operating lease assets	575	450
Intangible assets, net	5,697	4,901
Deferred tax assets	—	9,873
Goodwill	20,826	—
Long-term prepayments and other assets	1,928	2,532
Restricted cash	—	218
<b>Total assets</b>	<b>197,944</b>	<b>186,163</b>
<b>Current liabilities:</b>		
Accounts payable	21,517	19,330
Due to related parties	—	17
Amount due to group companies	93,740	84,476
Contract liabilities	34,723	36,827
Income tax payable	4,739	6,430
Accrued liabilities and other payables	42,035	36,342
Short-term borrowings and current portion of long-term borrowings	6,906	2,087
Lease liabilities, current portion	276	253
<b>Total current liabilities</b>	<b>203,936</b>	<b>185,762</b>
<b>Non-current liabilities:</b>		
Contract liabilities	846	458
Deferred tax liabilities	513	870
Amount due to group companies	68,902	68,901
Long-term borrowings	15,539	27,127
Lease liabilities	229	161
Other long-term payables	—	480
<b>Total liabilities</b>	<b>289,965</b>	<b>283,759</b>

(In thousands)	Years ended December 31,		
	2022	2023	2024
Third-party revenues	301,853	330,860	256,150
Third-party costs of revenues	(171,116)	(177,060)	(113,684)
Inter-company operating expenses	(4,863)	(12,896)	(12,695)
Third-party operating expenses	(115,578)	(139,613)	(146,261)
Net income/(loss) attributable to Xunlei Limited	<u>11,136</u>	<u>6,995</u>	<u>(8,532)</u>

**Xunlei Limited**  
**Notes to the consolidated financial statements**  
**(Amounts in US dollars unless otherwise stated)**

**1. Organization and nature of operations (Continued)**

(In thousands)	Years ended December 31,		
	2022	2023	2024
Purchases of goods and services from group companies	(29,738)	—	—
Sales of goods and services to group companies	—	217	504
Other operating activities with external parties	54,684	27,634	29,803
<b>Net cash generated from operating activities</b>	<b>24,946</b>	<b>27,851</b>	<b>30,307</b>
Repayment of loans from group companies	—	—	342
Other investing activities with external parties	(8,801)	(21,985)	(10,433)
<b>Net cash used in investing activities</b>	<b>(8,801)</b>	<b>(21,985)</b>	<b>(10,091)</b>
Loans from group companies	25,580	437	7,003
Repayment of loans to group companies	(10,830)	(19,285)	(28,028)
Other financing activities with external parties	13,388	(8,837)	6,768
<b>Net cash generated from/(used in) financing activities</b>	<b>28,138</b>	<b>(27,685)</b>	<b>(14,257)</b>

**2. Summary of significant accounting policies****(a) Basis of presentation and use of estimates**

The consolidated financial statements of the Group have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Significant accounting policies followed by the Group in the preparation of the accompanying consolidated financial statements are summarized below.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the accompanying consolidated financial statements and related disclosures. Actual results could differ materially from these estimates. Significant accounting estimates reflected in the Group’s consolidated financial statements mainly include allowance for credit losses, valuation allowance of deferred tax assets, impairment assessment of goodwill and impairment assessment of long-lived assets.

Management bases the estimates on historical experience and on various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results could differ from these estimates.

**(b) Consolidation**

The consolidated financial statements include the financial statements of the Company, its subsidiaries, VIE for which the Company is the primary beneficiary and its subsidiaries. All transactions and balances among the Company, its subsidiaries, the VIE and VIE’s subsidiaries have been eliminated upon consolidation.

A subsidiary is an entity in which the Company, directly or indirectly, controls more than one-half of the voting power, or has the power to appoint or remove the majority of the members of the board of directors to cast majority of votes at meetings of the board of directors or to govern the financial and operating policies of the investee under a statute or agreement among the shareholders or equity holders.

An entity is considered to be a VIE if the entity’s equity holders do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties.

The Group consolidates entities for which the Company is the primary beneficiary if the entity’s other equity holders do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties.

**Xunlei Limited**  
**Notes to the consolidated financial statements**  
**(Amounts in US dollars unless otherwise stated)**

**2. Summary of significant accounting policies (Continued)**

**(b) Consolidation (Continued)**

In determining whether the Company or its subsidiary is the primary beneficiary of a VIE, the Company considered whether it has the power to direct activities that are significant to the VIE's economic performance, including the power to appoint senior management, right to direct company strategy, power to approve capital expenditure budgets, and power to establish and manage ordinary business operation procedures and internal regulations and systems.

Management has evaluated the contractual arrangements among Giganology Shenzhen, Shenzhen Xunlei and its shareholders and concluded that Giganology Shenzhen receives all of the economic benefits and absorbs all of the expected losses from Shenzhen Xunlei and has the power to direct the aforementioned activities that are significant to Shenzhen Xunlei's economic performance, and is the primary beneficiary of Shenzhen Xunlei. Therefore, Shenzhen Xunlei and its subsidiaries' results of operation, assets and liabilities have been included in the Group's consolidated financial statements. Management monitors the regulatory risk associated with these contractual arrangements.

Non-controlling interests represent the portion of the net assets of a subsidiary attributable to interests that are not owned by the Company. The non-controlling interests are presented in the consolidated balance sheets, separately from equity attributable to the shareholders of the Company. Non-controlling interests in the results of the Group is presented on the face of the consolidated statements of comprehensive income as an allocation of the total income or loss for the year between non-controlling shareholders and the shareholders of the Company.

**(c) Business combinations**

The Group accounts for acquisitions of entities that include inputs and processes and have the ability to generate economic benefit as business combinations. The Group allocates the purchase price of the acquisition to the tangible assets and identifiable intangible assets acquired based on their estimated fair values. The excess of the purchase price over those fair values is recorded as goodwill. Acquisition-related costs are expensed as incurred.

**(d) Foreign currency translation**

The Company's reporting and functional currency is the United States Dollar ("USD"). The functional currency of other subsidiaries, the VIE and VIE's subsidiaries located in the Mainland China is the Renminbi ("RMB"), and the functional currency of other subsidiaries located outside the Mainland China is the USD. Transactions denominated in foreign currencies are remeasured into the functional currency at the exchange rates prevailing on the transaction dates. Financial assets and liabilities denominated in foreign currencies are remeasured into the functional currency using the applicable exchange rates prevailing at the balance sheet date. The resulting exchange gains and losses from foreign currency transactions are included in "Other income, net" within the consolidated statements of comprehensive income.

The Company uses the monthly average exchange rate for the year and the exchange rates at the balance sheet date to translate the operating results and financial position, respectively, of its subsidiaries whose functional currency is other than the USD. The resulting translation differences are recorded in cumulated translation adjustments, a component of shareholders' equity.

The exchange rate used is based on the rates released by Chinese State Administration of Foreign Exchange.

**Xunlei Limited**  
**Notes to the consolidated financial statements**  
**(Amounts in US dollars unless otherwise stated)**

**2. Summary of significant accounting policies (Continued)**

**(e) Cash and cash equivalents and restricted cash**

Cash and cash equivalents include cash on hand, cash in bank and time deposits placed with banks or other financial institutions, which have original maturities of three months or less and are readily convertible to known amounts of cash.

Cash that is restricted as to withdrawal or for use or pledged as security is reported separately on the face of the consolidated balance sheets, and is included in the total cash, cash equivalents, and restricted cash in the consolidated statements of cash flows. The Group's restricted cash represented the cash balance on deposit as required by the court for ongoing litigations as of December 31, 2024.

**(f) Short-term investments**

Short-term investments include deposits placed with banks with original maturities of more than three months but within one year and investments in wealth management products.

Wealth management products are certain deposits with variable interest rates or principal not guaranteed with certain financial institutions. In accordance with *ASC 825 Financial Instruments*, for investments in financial instruments with a variable interest rate indexed to performance of underlying assets, the Group elected the fair value method at the date of initial recognition and carried these investments subsequently at fair value. Changes in the fair value are reflected in the consolidated statements of comprehensive income. Interest generated from short term investments are recorded when interest payments are received at the maturity date. It is recorded as "Other income, net" on the consolidated statements of comprehensive income and measured based on the actual amount of interest the Group received.

**(g) Allowance for expected credit losses**

The current expected credit losses methodology requires that the full amount of expected credit losses for the lifetime of the financial instrument be recorded at the time it is originated or acquired, considering relevant historical experience, current conditions and reasonable and supportable macroeconomic forecasts that affect the collectability of financial assets, and adjusted for changes in expected lifetime credit losses subsequently, which may require earlier recognition of credit losses. The Group's accounts receivable, due from related parties and other current assets (including other receivables) and other non-current assets (including other long-term receivables) are within the scope of ASC Topic 326.

Accounts receivable consist primarily of receivables from cloud computing customers, third-party payment channels and advertising customers. To estimate expected credit losses, the Group has identified the relevant risk characteristics of its customers and the related receivables and other receivables which include size, type of the services or the products the Group provides, or a combination of these characteristics. Receivables with similar risk characteristics have been grouped into pools and assessed on a pool basis. The credit loss assessment for each pool was mainly based on past collection experience, consideration of current and future economic conditions and changes in the Group's collection trends. Other key factors that influence the expected credit loss analysis include credit rating, payment terms offered in the normal course of business to customers, and industry-specific factors that could impact the Group's receivables. Additionally, external data and macroeconomic factors are also considered.

**(h) Inventories**

Inventories are stated at the lower of cost or net realizable value. Cost is determined using actual cost on a weighted average basis. Net realizable value is the amount that can be realized from the sale of the inventory in the normal course of business after allowing for the costs of realization.

**Xunlei Limited**  
**Notes to the consolidated financial statements**  
**(Amounts in US dollars unless otherwise stated)**

**2. Summary of significant accounting policies (Continued)**

**(i) Long-term investments**

The Group holds investments in privately held companies. The Group measures long-term equity investments, other than equity method investments, at fair value through earnings. For those investments over which the Group does not have significant influence and without readily determinable fair value, the Group has elected to record these investments at cost, less impairment, and plus or minus subsequent adjustments for observable price changes. Under this measurement alternative, changes in the carrying value of equity investments will be required to be made whenever there are observable price changes in orderly transactions for the identical or similar investment of the same issuer.

Management evaluates the impairment of long-term equity investments at the end of each reporting period based on performance and financial position of the investee as well as other evidence of market value. Such evaluation includes, but is not limited to, reviewing the investee's cash position, recent financing, projected and historical financial performance, cash flow forecasts and financing needs. An impairment loss is recognised in earnings when the evaluation indicates that the investment is impaired, and the fair value is less than the carrying amount. The impairment amount equals the difference between the carrying amount and its fair value, and the fair value becomes the new cost basis of investment.

**(j) Property and equipment**

Property and equipment are stated at historical cost less accumulated depreciation and impairment loss, if any. Depreciation is calculated using the straight-line method over their estimated useful lives. Residual rate is determined based on the economic value of the asset at the end of the estimated useful life as a percentage of the original cost. If the Group commits to a plan to abandon a long-lived asset before the end of its previous estimated useful life, depreciation shall be revised to reflect a shortened useful life.

	<u>Estimated useful lives</u>	<u>Residual rate</u>
Office building	20 years	5 %
Building decoration	10 years	5 %
Servers and network equipment	3-5 years	5 %
Computer equipment	5 years	5 %
Furniture, fixtures and office equipment	3-5 years	5 %
Motor vehicles	5 years	5 %
Leasehold improvements	Shorter of lease term or 3 years	—

Repair and maintenance costs are expensed as incurred. Expenditures that substantially increase an asset's useful life are capitalized. Upon sale or disposal, gain or loss on the disposal of property and equipment is the difference between the net sales proceeds and the carrying amount of the relevant assets and is recognized in the consolidated statements of comprehensive income, the cost and related accumulated depreciation are removed from the consolidated balance sheets.

**Xunlei Limited**  
**Notes to the consolidated financial statements**  
**(Amounts in US dollars unless otherwise stated)**

**2. Summary of significant accounting policies (Continued)**

**(k) Goodwill**

Goodwill represents the excess of the purchase consideration over the fair value of the identifiable tangible and intangible assets acquired and liabilities assumed from the acquired entity as a result of the Company's acquisitions of interests in its subsidiaries, the VIE and VIE's subsidiaries. Goodwill is not amortized but is tested for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that it might be impaired.

The Group performs the quantitative impairment test by comparing the fair value of each reporting unit to its carrying amount, including goodwill. If the fair value of the reporting unit exceeds its carrying amount, goodwill is not considered to be impaired. If the carrying amount of a reporting unit exceeds its fair value, the amount by which the carrying amount exceeds the reporting unit's fair value is recognized as impairment.

The Group's goodwill was attributable to the Company as a whole. The Group applies the quantitative assessment for the impairment test of goodwill as of December 31, 2023 and 2024. The impairment test for goodwill determines the fair value of the Company, and compares it to the carrying value of the related net assets, including goodwill. The fair value of the Company was estimated by management using a discounted cash flow ("DCF") model derived from the long-term cash flow projections, which included significant judgements and assumptions relating to revenue forecast, operating margins, the discount rate that reflects market assessments of the time value and the specific risks relating to the Company, and cash flows beyond the five-year period are extrapolated using a terminal growth rate. A reconciliation to market capitalization based on the public trading price of the Company's equity securities was performed to analyze the reasonableness of the DCF-based fair value estimate.

**(l) Intangible assets**

Intangible assets are carried at cost less accumulated amortization with no residual value and impairment loss, if any. The Group performs valuation of the intangible assets arising from business combination to determine the fair value to be assigned to each asset acquired. The Group determines the fair value using the appropriate approach which requires management to make significant estimates and assumptions. The acquired intangible assets are recognized and measured at fair value.

Amortization of intangible assets is computed using the straight-line method over the estimated useful lives of the assets as follows:

	<u>Estimated useful lives</u>
Technology	5 years
Land use rights	30 years
Audio-visual license	9 years
Acquired computer software	5 years

Land use rights represent lease prepayments to the local government authorities, which were identified as operating lease assets upon adoption of ASC 842 on January 1, 2019.

**Xunlei Limited**  
**Notes to the consolidated financial statements**  
**(Amounts in US dollars unless otherwise stated)**

**2. Summary of significant accounting policies (Continued)**

**(m) Impairment of long-lived assets**

Long - lived assets include property, plant and equipment, definite lived intangible assets and operating lease assets. The Group evaluates its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may no longer be recoverable. The Group assesses the recoverability of the long-lived assets by comparing the carrying value of the long-lived assets to the estimated undiscounted future cash flows expected to be received from use of the assets and their eventual disposition at the lowest level of identifiable cash flows. Such assets are considered to be impaired if the sum of the expected undiscounted cash flows is less than the carrying amount of the assets. If the Group identifies an impairment, the carrying value of the asset will be reduced to its estimated fair value based on a DCF approach or, when available and appropriate, to comparable market values.

**(n) Commitments and contingencies**

In the normal course of business, the Group is subject to contingencies, such as legal proceedings and claims arising out of its business, that cover a wide range of matters. Liabilities for such contingencies are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated. In regard to legal cost, the Group recorded such costs as incurred.

Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Group, but which will only be resolved when one or more future events occur or fail to occur. The Group's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Group or unasserted claims that may result in such proceedings, the Group, in consultation with its legal counsel, evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Group's financial statements. If the assessment indicates that a potentially material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss, if determinable and material, would be disclosed.

**(o) Operating leases**

**(i) The Group as a lessee**

Lessees are required to recognize an operating lease asset and a lease liability, initially measured at the present value of the lease payments, in its balance sheet under ASC Topic 842.

Lessees shall follow the requirements to classify most leases as either financing or operating using principles similar to previous lease accounting. In the statement of comprehensive income, a lessee shall present both of the following: a) for finance leases, the interest expense on the lease liability and amortization of the operating lease asset are not required to be presented as separate line items and shall be presented in a manner consistent with how the entity presents other interest expense and depreciation or amortization of similar assets, respectively; b) for operating leases, lease expense shall be included in the lessee's income from operations.

The Group have elected the short-term lease exemption for all leases with a lease term of 12 months. Payments associated with short-term leases are recognized on a straight-line basis as an expense in profit or loss.

The standard also requires a lessee to recognize a single lease cost related to operating lease, calculated so that the cost of the lease is allocated over the lease term, on a generally straight-line basis.

The Group assesses, at contract inception, whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In determining the appropriate discount rate to use in calculating the present value of contractual lease payments, management regularly evaluates the lessee's incremental borrowing rate, as the rate implicit in the lease cannot be readily determined.

**Xunlei Limited**  
**Notes to the consolidated financial statements**  
**(Amounts in US dollars unless otherwise stated)**

**2. Summary of significant accounting policies (Continued)**

**(o) Operating leases (Continued)**

(ii) The Group as a lessor

The Group leases office to third-parties. The arrangements are in the nature of operating lease which is neither a sales-type nor direct-financing lease. As such, the underlying assets remain on the Group's balance sheet at their carrying value and continue to depreciate based on the estimated useful life. Rental income is recognized on a straight-line basis over the rental period. The Group records an unbilled rent receivable, which is the amount by which straight-line rental income exceeds rents currently billed in accordance with the lease.

**(p) Revenue recognition**

Revenue is recognized when or as the control of the services or goods is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the services and goods may be transferred over time or at a point in time.

A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. Contract costs include incremental costs of obtaining a contract and costs to fulfil a contract.

The Group generates revenues from various streams. Net revenues presented in the consolidated statements of comprehensive income represent revenues from service and product sales net off sales discount, value-added tax and related surcharges.

(I) Subscription revenues

The Group operates a VIP membership program where VIP members can have access to high - speed online acceleration services, online streaming and other access privileges. The membership fee is time-based and is collected up-front from subscribers. The terms of time-based subscriptions range from one month to twelve months, with the subscribers having the option to renew the contract. The receipt of subscription fee is initially recorded as contract liabilities. The Group satisfies its various performance obligations by providing services throughout the subscription period and revenue is recognized rateably over the period of subscription as services are rendered. Unrecognized portion beyond 12 months from balance sheet date is classified as a long-term liability. The Group evaluated whether it acts as a principal or an agent in these transactions. The Group concluded it is the principal and accordingly presents revenue on a gross basis, as it controls the specified services before they are transferred to customers, establishes prices, bears credit risk, and is primarily responsible for fulfilling the performance obligations. Service fees levied by online system and mobile payment channels ("Payment handling charges") are recorded as the cost of revenues in the same period as the revenue for the membership fee is recognized.

(II) Live streaming revenues

The Group operates certain live streaming platforms where users can access the platform, view the live streaming content provided by performers, and purchase virtual gifts which they can grant to performers in the live streaming platform to show support for their favorite performers. Xunlei is the principal in the provision of the live streaming content and experience, which is considered as the performance obligation of the Group. The Group recognizes revenue from sales of virtual gifts to the viewers when the relevant virtual gifts are presented to the performers or over the duration of stated period of the time-based item. The Group does not have further obligations to the viewers after the virtual gifts are consumed immediately or after the stated period for time-based items, although the Group will continue to provide the live streaming content to the viewers in order to continue to generate sales of virtual gifts.

(III) Cloud computing revenues

On a monthly basis, the Group records the bandwidth it delivers and recognizes revenue from customers under contractual rates applied (price per Gigabyte ("GB") of bandwidth multiplies total GBs of bandwidth per month).

**Xunlei Limited**  
**Notes to the consolidated financial statements**  
**(Amounts in US dollars unless otherwise stated)**

**2. Summary of significant accounting policies (Continued)**

**(p) Revenue recognition (Continued)**

(IV) Other internet value-added services revenues

(i) Advertising revenues

Beijing Itui Online Network Technology Co., Ltd. (“Itui Online”), a company controlled by the Company’s principal shareholder has been handling a majority of the Group’s advertising resources since May 2020, including negotiation and entering into contract with advertisers, matching the requirements of advertisers and dispatching the advertising content to Xunlei’s platforms, accordingly advertisers or advertising agencies are considered as customers of Itui Online and Itui Online is viewed as the customer of the Group. Revenue arising from this transaction is recognized monthly based on the data publicized on the platforms and pre-agreed sharing portion.

(ii) Online games technical services

The Group enters into a series of technical cooperation agreements with third party online game operators. Users access to the Group’s platform and purchase in-game virtual items which can then be used in games provided by the third-party online game operators. The Group provides the third-party online game operators with a portal which the online game operators can host the online games. The Group charges the online game operators based on a pre-determined portion of proceeds earned from paying users pursuant to the revenue sharing arrangements for the provision of portal and payment collection service to the online game operators. The third-party online game operators are the principal in the provision of games to users and the Group provides the relevant platform to the game operators, therefore, the game operators are viewed as the customers in these transactions.

The service fees receivable from the third-party online game operators are variable, which are contingent upon future events (future cash proceeds paid by game players), and are recognized when the contingency is met provided that collectability is reasonably assured.

**(r) Sales and marketing expenses**

Sales and marketing expenses comprise primarily salaries and benefits of sales and marketing personnel and external advertising and market promotion expenses. The external advertising and market promotion expenses from operations amounted to approximately USD12,551,000, USD29,140,000 and USD29,783,000 for the years ended December 31, 2022, 2023 and 2024, respectively.

**(s) General and administrative expenses**

General and administrative expenses consist primarily of salaries and benefits (including related share-based compensation), depreciation of property and equipment, professional service fees and other administrative expenses.

**Xunlei Limited**  
**Notes to the consolidated financial statements**  
**(Amounts in US dollars unless otherwise stated)**

**2. Summary of significant accounting policies (Continued)**

**(t) Research and development costs**

The Group incurred research and development costs to develop its acceleration products, live streaming platforms and bandwidth crowdsourcing technologies to enhance the competitive advantages of the Group's key products. Costs incurred during the research phase are expensed as incurred. Costs incurred for the development of the downloading software, live streaming platforms and bandwidth crowdsourcing technologies prior to the establishment of technological feasibility, which is when a working model is available, are expensed when incurred. The development costs qualified for capitalization were immaterial for the periods presented.

In addition, the Group incurred other research and development costs in relation to software used to support its operations. Any development costs qualified for capitalization were immaterial for the periods presented.

**(u) Taxation and uncertain tax positions**

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements' carrying amounts of existing assets and liabilities and their respective tax bases and tax loss carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which the difference is expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the consolidated statement of operations in the period that includes the enactment date. A valuation allowance is provided to reduce the carrying amount of deferred tax assets if it is considered more likely than not that some portion, or all, of the deferred tax assets will not be realized. The estimation of future taxable income involves significant judgement and estimates. Based on management's estimated future taxable income, management concluded that it is more likely than not that the net operating losses carried forward cannot be utilized prior to their respective expiration dates. The Group applied the ASC 740 "Income Taxes" regarding uncertain tax positions and evaluated its open tax positions that exist in each jurisdiction for each reporting period. If an uncertain tax position is taken or expected to be taken in a tax return, the tax benefit from that uncertain position is recognized in the Group's consolidated financial statements if it is more likely than not that the position is sustainable upon examination by the relevant taxing authority. The Group did not have any significant uncertain tax position and there was no effect on its financial condition or results of operations as a result of applying the ASC 740 "Income Taxes". The Group recognizes interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense, if any.

*PRC Value-added Tax ("VAT")*

VAT payable on goods sold or taxable labor services provided by a general VAT taxpayer for a taxable period is the net balance of the output VAT for the period after crediting the input VAT for the period. In addition to the product revenues currently subject to VAT at a rate of 13%, the Group's revenue from subscription, live streaming, cloud computing services and other internet value-added services are subject to VAT at a rate of 6%.

According to the policy of the PRC State Tax Bureau, taxpayers in the productive service industry are entitled to claim 110% and 105% of the input tax incurred as tax credit in determining VAT payable for the years ended December 31, 2022 and 2023, respectively. There was no similar policy for the year ended December 31, 2024.

**Xunlei Limited**  
**Notes to the consolidated financial statements**  
**(Amounts in US dollars unless otherwise stated)**

**2. Summary of significant accounting policies (Continued)**

**(v) Employee benefits**

Full-time employees of the Company's subsidiaries, VIE and VIE's subsidiaries in the PRC participate in a government mandated defined contribution plan pursuant to which certain pension benefits, medical care, unemployment insurance, employee housing fund and other welfare benefits are provided to employees. Chinese labor regulations require that the subsidiaries, VIE and VIE's subsidiaries of the Company make contributions to the government for these benefits based on certain percentages of the employees' salaries. The Group has no legal obligation for the benefits beyond the contributions made. The total amounts from operations for such employee benefits, which are expensed as incurred, were USD14,266,000, USD16,656,000 and USD16,809,000 for the years ended December 31, 2022, 2023 and 2024, respectively.

**(w) Share-based compensation**

The Group measures share-based compensation based on the stock price at the grant date. As the Group has granted restricted shares with service-only condition, the Group elected to recognize compensation costs net of estimated forfeitures on a straight-line basis over the requisite service period, which is generally the same as the vesting period. The amount of compensation cost recognized at any date is at least equal to the portion of the grant-date value of the award that is vested at that date.

**(x) Government subsidies**

The Group receives subsidies from the local PRC government for general use or purchase of equipment. General-use subsidies which are not subject to any conditions or specific use requirements are recorded as subsidy income in the consolidated statements of comprehensive income. Subsidies for purchase of equipment are recorded as deferred government grant when received, and are recorded as other income over the expected useful life of the assets after the related equipment has been purchased.

**(y) Segment reporting**

The Group's Chief Executive Officer has been identified as the chief operating decision maker ("CODM"), who reviews consolidated operating results of the Group when making decisions about allocating resources and assessing performance of the Group as a whole. The Group has internal reporting of revenues, costs and expenses that does not distinguish between segments, and reports revenues by types and costs and expenses by nature as a whole. The Group does not distinguish between markets or segments for the purpose of internal reporting. Management has determined that the Group operates and manages its business as a single segment. The accounting policies of the segment are the same as those described in the summary of significant accounting policies.

The CODM assesses performance for the single segment and decides how to allocate resources based on net income that also is reported on the consolidated statements of comprehensive income/(loss) as consolidated net income. The measure of the single segment assets is reported on the consolidated balance sheets as total consolidated assets.

Total revenues and net income at the consolidated level as disclosed in the Group's consolidated statements of comprehensive income/(loss) is used by the CODM to monitor budget versus actual results and in competitive analysis by benchmarking to the Group's competitors. The competitive analysis along with the monitoring of budgeted versus actual results are used in assessing performance of the segment and in establishing management's compensation.

Around 88%, 91% and 79% of total revenues of the Group were derived from mainland China during the year ended December 31, 2022, 2023 and 2024, respectively. In addition, the Group's long-lived assets are substantially located in the PRC, the amount of long-lived assets attributable to any other individual country was not material as of December 31, 2022, 2023 and 2024. Therefore, no geographical segments are presented.

**Xunlei Limited**  
**Notes to the consolidated financial statements**  
**(Amounts in US dollars unless otherwise stated)**

**2. Summary of significant accounting policies (Continued)**

**(y) Segment reporting (Continued)**

The table below provides a summary of the Group's reported segment results at a disaggregated level that were also regularly provided to the CODM for the years ended December 31, 2022, 2023 and 2024:

<b>(In thousands)</b>	<b>Years ended December 31,</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
Subscription revenue	100,557	119,343	133,680
Live streaming revenue and others (note a) and	122,372	122,157	86,141
Cloud computing services and product revenue	119,635	123,411	104,584
<b>Total revenues</b>	<b>342,564</b>	<b>364,911</b>	<b>324,405</b>

<b>(In thousands)</b>	<b>Years ended December 31,</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>Less:</b>			
Bandwidth costs	(104,580)	(112,522)	(101,632)
Employee benefits expenses	(93,099)	(101,373)	(106,541)
Advertising and market promotion expenses	(12,551)	(29,140)	(29,783)
Revenue-sharing costs	(78,636)	(67,302)	(26,797)
Payment handling charges	(6,500)	(8,494)	(12,741)
Depreciation and amortization charges	(1,704)	(4,735)	(4,188)
Cost of inventories sold	(2,228)	(5,911)	(4,162)
Labor outsourcing expenses	(1,739)	(2,008)	(3,658)
Professional service fees	(2,730)	(3,958)	(3,029)
Share-based compensation expenses	(8,184)	(9,676)	(2,453)
Other segment expenses (note b)	(21,392)	(21,304)	(24,089)
Impairment of goodwill	—	—	(20,748)
Credit loss write-back/(expenses), net	844	(100)	(288)
Interest income	1,898	4,619	4,892
Interest expense	(93)	(1,514)	(728)
Other income, net	13,545	16,904	9,183
Income tax (expenses)/benefits	(4,068)	(4,131)	3,020
<b>Segment net income</b>	<b>21,347</b>	<b>14,266</b>	<b>663</b>

*Reconciliation of profit or loss*

Adjustment and reconciling items	—	—	—
<b>Consolidated net income</b>	<b>21,347</b>	<b>14,266</b>	<b>663</b>

Notes:

(a) Others mainly comprised other value-added services such as online advertising, online games and technical services, and rental service.

(b) Other segment expenses mainly comprised rental expenses, traveling expenses and other administrative expenses.

**Xunlei Limited**  
**Notes to the consolidated financial statements**  
**(Amounts in US dollars unless otherwise stated)**

**2. Summary of significant accounting policies (Continued)**

**(z) Net income per share**

Net basic income per share is computed by dividing net income attributable to holders of common shares by the weighted - average number of common shares outstanding during the year.

Net diluted income per share is calculated by dividing net income attributable to common shareholders as adjusted for the effect of dilutive common equivalent shares, if any, by the weighted - average number of common and dilutive common equivalents shares outstanding during the year. Dilutive equivalent shares are excluded from the computation of diluted income per share if their effects would be anti-dilutive. Common share equivalents are included for the unvested stock under the treasury stock method.

**(aa) Comprehensive income/ (loss)**

Comprehensive income/ (loss) is defined as the change in equity of the Group during the period from transactions and other events and circumstances excluding transactions resulting from investments from shareholders and distributions to shareholders. Accumulated other comprehensive loss, as presented on the accompanying consolidated balance sheets, consists of cumulative translation adjustments.

**(bb) Profit appropriation and statutory reserves**

The Group's subsidiaries, the VIE and VIE's subsidiaries incorporated in the PRC are required on an annual basis to make appropriations of retained earnings set at certain percentage of after-tax profit determined in accordance with PRC accounting standards and regulations. Appropriation to the statutory general reserve should be at least 10% of the after-tax net income determined in accordance with the legal requirements in the PRC until the reserve is equal to 50% of the entities' registered capital. The Group is not required to make appropriation to other reserve funds and the Group does not have any intentions to make appropriations to any other reserve funds.

The general reserve fund can only be used for specific purposes, such as setting off the accumulated losses, enterprise expansion or increasing the registered capital. Appropriations to the general reserve funds are classified in the consolidated balance sheets as statutory reserves.

There are no legal requirements in the PRC to fund these reserves by transfer of cash to restricted accounts, and the Group does not do so.

**(cc) Dividends**

Dividends are recognized when declared. No dividends were declared for the years ended December 31, 2022, 2023 and 2024. The Group does not have any present plan to pay any dividends on common shares in the foreseeable future. The Group currently intends to retain the available funds and any future earnings to operate and expand its business.

**Xunlei Limited**  
**Notes to the consolidated financial statements**  
**(Amounts in US dollars unless otherwise stated)**

**2. Summary of significant accounting policies (Continued)**

**(dd) Recent accounting pronouncements**

***Recently adopted accounting pronouncements***

In June 2022, the FASB issued ASU 2022-03 “Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions”. The ASU clarifies that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. The update also clarifies that an entity cannot, as a separate unit of account, recognize and measure a contractual sale restriction. The update also requires certain additional disclosures for equity securities subject to contractual sale restrictions. The amendments in this update are effective for fiscal years beginning after December 15, 2023 and interim periods within those fiscal years. Early adoption is permitted for both interim and annual financial statements that have not yet been issued or made available for issuance. The adoption did not have material impact on the Group’s consolidated financial statements.

In November 2023, new FASB guidance requires incremental disclosures related to a public entity’s reportable segments but does not change the definition of a segment, the method for determining segments, or the criteria for aggregating operating segments into reportable segments. The FASB issued the new guidance primarily to provide financial statement users with more disaggregated expense information about a public entity’s reportable segments. The new guidance is effective for calendar year public entities in 2024 year-end financial statements, and should be adopted retrospectively unless impracticable. Early adoption is permitted. The Company adopted this guidance as of January 1, 2024, and the adoption did not have a material impact on its consolidated financial statements.

***Recently issued accounting pronouncements not yet adopted***

In December 2023, the FASB issued *ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures* to enhance the transparency and decision usefulness of income tax disclosures through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. This guidance is effective for periods beginning after December 15, 2024, with early adoption permitted.

In November 2024, the FASB issued *ASU No. 2024-03, Income Statement (Topic 220)- Reporting Comprehensive Income- Expense Disaggregation Disclosures (Subtopic 220-40)*. ASU No. 2024-03 requires publicly-traded business entities to disclose specified information about the components of certain costs and expenses that are currently disclosed in the financial statements. The guidance is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted.

The Group is currently evaluating the impact of the above new accounting pronouncements or guidance on the consolidated financial statements.

**Xunlei Limited**  
**Notes to the consolidated financial statements**  
**(Amounts in US dollars unless otherwise stated)**

**3. Business combination**

*Acquisition of Billionaire Pte. Ltd. (“Billionaire”)*

In April 2024, the Group acquired 55% of equity interest of Billionaire for a total consideration of USD2,156,000.

Billionaire engages primarily in the development and operation of overseas live streaming platforms in the overseas market. The purpose of this acquisition is mainly to acquire Billionaire’s technology and the assembled workforce to further enhance the Group’s overseas audio live streaming business.

Upon the acquisition, Billionaire was accounted for as a business combination and represents a consolidated subsidiary of the Company. The following table summarizes the estimated fair values of assets acquired and liabilities assumed at the date of acquisition:

<b>(In thousands)</b>	
<b>Fair value of total consideration transferred:</b>	
Cash consideration	2,156
<b>Recognized amounts of identifiable assets acquired and liability assumed:</b>	
Current assets	1,424
Intangible assets (note 12)	3,869
Current liabilities	(841)
Deferred tax liabilities	(658)
Non-controlling interests	(1,638)
<b>Total identifiable net assets acquired, net of non-controlling interests</b>	<b>2,156</b>

Pro forma revenue data and pro forma earnings data was not disclosed because the impact was immaterial.

**4. Cash and cash equivalents**

Cash and cash equivalents represent cash on hand, cash held at bank, and time deposits placed with banks or other financial institutions, which have original maturities of three months or less. Cash and cash equivalents balance as of December 31, 2023 and 2024 primarily consist of the following currencies:

<b>(In thousands)</b>	<b>December 31, 2023</b>		<b>December 31, 2024</b>	
	<b>Amount</b>	<b>USD equivalent</b>	<b>Amount</b>	<b>USD equivalent</b>
RMB	648,445	91,553	585,376	81,434
USD	76,636	76,636	89,514	89,514
SGD	3,231	2,446	7,327	5,437
Hong Kong Dollar	1,275	163	7,296	940
Indonesian Rupiahs	58,128	4	71,292	4
<b>Total</b>	<b>—</b>	<b>170,802</b>	<b>—</b>	<b>177,329</b>

As of December 31, 2023 and 2024, included in the cash and cash equivalents are time deposits with original maturities of three months or less of USD72,176,000 and USD70,860,000, respectively.

**5. Short-term investments**

<b>(In thousands)</b>	<b>December 31, 2023</b>	<b>December 31, 2024</b>
Time deposits	51,176	38,159
Investments in financial instruments	49,902	72,050
<b>Total</b>	<b>101,078</b>	<b>110,209</b>

**Xunlei Limited**  
**Notes to the consolidated financial statements**  
**(Amounts in US dollars unless otherwise stated)**

**6. Accounts receivable, net**

<u>(In thousands)</u>	<u>December 31, 2023</u>	<u>December 31, 2024</u>
Accounts receivable	32,232	33,920
Less: Allowance for current expected credit losses	(1,022)	(1,258)
<b>Accounts receivable, net</b>	<b>31,210</b>	<b>32,662</b>

The following table presents movement in the allowance for current expected credit losses:

<u>(In thousands)</u>	<u>December 31, 2022</u>	<u>December 31, 2023</u>	<u>December 31, 2024</u>
Balance at beginning of the year	1,764	1,429	1,022
Additions	—	213	261
Reversals	(188)	(189)	—
Write-off	(2)	(408)	(8)
Exchange difference	(145)	(23)	(17)
<b>Balance at end of the year</b>	<b>1,429</b>	<b>1,022</b>	<b>1,258</b>

The accounts receivable due from the top 10 customers accounted for about 76% and 68% of the balance of accounts receivable as of December 31, 2023 and 2024, respectively. The following table summarizes customers with balances of accounts receivable which was greater than 10% of the Group's total accounts receivable:

	<u>December 31, 2023</u>	<u>December 31, 2024</u>
Customer A	30 %	35 %
Customer B	18 %	*

\* Less than 10%.

**7. Inventories**

<u>(In thousands)</u>	<u>December 31, 2023</u>	<u>December 31, 2024</u>
Hardware devices	2,049	1,077
Others	420	401
Less: Impairment	(250)	(223)
<b>Total</b>	<b>2,219</b>	<b>1,255</b>

Note: The inventories written down was nil and USD25,000 for the years ended December 31, 2023 and 2024, respectively.

**Xunlei Limited**  
**Notes to the consolidated financial statements**  
**(Amounts in US dollars unless otherwise stated)**

**8. Prepayments and other assets**

<b>(In thousands)</b>	<b>December 31, 2023</b>	<b>December 31, 2024</b>
<b>Current:</b>		
Advances to suppliers	3,059	2,726
Receivable related to an asset disposal in 2019	3,247	3,199
Loans to employees (note)	2,082	2,941
Rental and other deposits	1,561	2,589
Rent receivables	—	1,841
Others	5,660	2,985
Less: Allowance for current expected credit losses and impairment	(6,186)	(6,223)
<b>Total</b>	<b>9,423</b>	<b>10,058</b>
<b>Non-current:</b>		
Loans to employees, non-current portion (note)	1,687	2,216
Prepayments for acquisition of long-term investments	—	2,400
Advances to suppliers, non-current portion	266	718
<b>Total</b>	<b>1,953</b>	<b>5,334</b>

The following table presents movement in the allowance for current expected credit loss and impairment:

<b>(In thousands)</b>	<b>December 31, 2022</b>	<b>December 31, 2023</b>	<b>December 31, 2024</b>
Balance at beginning of the year	11,069	10,667	6,186
Additions	745	—	299
Reversals	(197)	(100)	(169)
Write-off	—	(4,234)	(34)
Exchange difference	(950)	(147)	(59)
<b>Balance at end of the year</b>	<b>10,667</b>	<b>6,186</b>	<b>6,223</b>

Note: The Group entered into loan contracts with certain employees, under which the Group provided interest-free loans or low-interest loans to these employees. The loan amounts vary amongst different employees from repayable on demand to repayable in equal installments on a monthly basis over a term of 5 to 10 years. The balances classified as current represented loan amounts that are repayable on demand or repayable within the next twelve months from the balance sheet date.

**Xunlei Limited**  
**Notes to the consolidated financial statements**  
**(Amounts in US dollars unless otherwise stated)**

**9. Long-term investments**

(In thousands)	December 31, 2023	December 31, 2024
<b>Equity interests without a readily determinable fair value:</b>		
Balance at beginning of the year	30,811	32,134
Additions	1,418	1,407
Disposals	—	(1,437)
Impairment on long-term investments	—	(1,407)
Exchange difference	(95)	(98)
<b>Balance at end of the year</b>	<b>32,134</b>	<b>30,599</b>

Notes:

- (i) Equity investments without readily determinable fair values include investments in equity securities of private investee companies over which the Group has neither significant influence nor control through investments in common stock or in-substance common stock.
- (ii) During the years ended December 31, 2022, 2023 and 2024, the Group recognized impairment losses of USD590,000, nil and USD1,407,000, respectively, due to the deterioration of the investees' operation performance, financial and liquidity position with no obvious upturn or potential financing solutions in the foreseeable future.

**10. Property and equipment, net**

Property and equipment consist of the following:

(In thousands)	December 31, 2023	December 31, 2024
Office building	48,323	47,154
Servers and network equipment	15,471	15,326
Furniture, fixtures and office equipment	2,110	2,001
Computer equipment	1,811	1,966
Motor vehicles	517	450
Building decoration and leasehold improvements	8,725	9,231
<b>Total original costs</b>	<b>76,957</b>	<b>76,128</b>
Less: Accumulated depreciation	(15,704)	(19,491)
Less: Accumulated impairment	(1,225)	(1,207)
<b>Total</b>	<b>60,028</b>	<b>55,430</b>

The impairment loss recognized for the years ended December 31, 2022, 2023 and 2024 was nil, USD1,146,000 and nil, respectively.

Depreciation expense recognized for the years ended December 31, 2022, 2023 and 2024 are summarized as follows:

(In thousands)	Years ended December 31,		
	2022	2023	2024
Costs of revenues	1,362	740	1,346
Research and development expenses	467	390	158
Sales and marketing expenses	9	7	—
General and administrative expenses	828	3,290	3,182
<b>Total</b>	<b>2,666</b>	<b>4,427</b>	<b>4,686</b>

**Xunlei Limited**  
**Notes to the consolidated financial statements**  
**(Amounts in US dollars unless otherwise stated)**

**11. Operating lease assets (excluding land use rights) and lease liabilities**

## (a) The Group as a lessee

The operating lease assets, represented the leased offices of the Group, are amortized over the lease terms, which are greater than 1 year but less than 3 years. Operating leases are as below:

<b>(In thousands)</b>	<b>Office leases</b>
<b>Net book amount as of January 1, 2023</b>	<b>865</b>
Additions	927
Amortization	(551)
Modification	(652)
Effect of foreign currency exchange differences	(14)
<b>Net book amount as of December 31, 2023</b>	<b>575</b>
Additions	324
Amortization	(434)
Effect of foreign currency exchange differences	(15)
<b>Net book amount as of December 31, 2024</b>	<b>450</b>

The amortization expenses for long-term operating leases were USD56,000, USD551,000 and USD434,000 for the years ended December 31, 2022, 2023 and 2024, respectively.

A charge of USD2,457,000, USD1,645,000 and USD1,504,000 were recognized in relation to short-term leases for the years ended December 31, 2022, 2023 and 2024, respectively.

As of December 31, 2024, the future minimum payment under non-cancellable short-term operating leases was USD80,000.

The weighted average discount rate related to operating leases was 5.4%, 5.1% and 3.7% as of December 31, 2022, 2023 and 2024, respectively. The weighted average remaining lease term were 3.0 year, 2.0 years and 1.5 years as of December 31, 2022, 2023 and 2024, respectively.

The total cash payments in respect of operating lease were USD2,792,000, USD2,386,000 and USD1,407,000 for the years ended December 31, 2022, 2023 and 2024, respectively.

The undiscounted cash payments for the next five years as of December 31, 2024 is:

<b>(In thousands)</b>	
2025	278
2026	143
2027	7
<b>Total undiscounted payments</b>	<b>428</b>
Less: effect of discounting	(14)
<b>Discounted lease liabilities</b>	<b>414</b>

**Xunlei Limited**  
**Notes to the consolidated financial statements**  
**(Amounts in US dollars unless otherwise stated)**

**11. Operating lease assets (excluding land use rights) and lease liabilities (Continued)**

(b) The Group as a lessor

The Group's operating leases arrangements as lessor expire at various dates through August 2040. The rental income was USD2,511,000 for the year ended December 31, 2024.

Maturities of undiscounted lease payments to be received were as follows:

<b>(In thousands)</b>	
2025	2,433
2026	2,501
2027	2,602
2028	2,614
2029	2,677
Thereafter	28,633
<b>Total undiscounted payments</b>	<b>41,460</b>

**12. Intangible assets, net**

<b>(In thousands)</b>	<b>December 31,</b>					
	<b>2023</b>			<b>2024</b>		
	<b>Cost</b>	<b>Amortization</b>	<b>Net book value</b>	<b>Cost</b>	<b>Amortization</b>	<b>Net book value</b>
Technology (note)	—	—	—	3,869	(580)	3,289
Land use rights	4,697	(1,629)	3,068	4,932	(1,775)	3,157
Audio - visual license	5,537	(3,484)	2,053	5,456	(4,072)	1,384
Acquired computer software	3,565	(2,989)	576	3,662	(3,302)	360
Others	—	—	—	170	(50)	120
<b>Total</b>	<b>13,799</b>	<b>(8,102)</b>	<b>5,697</b>	<b>18,089</b>	<b>(9,779)</b>	<b>8,310</b>

Note: During the year ended December 31, 2024, the Company acquired intangible assets amounting to USD3,869,000 in connection with a business combination, which was measured at fair value upon acquisition, details are included in Note 3.

Amortization expense recognized for the years ended December 31, 2022, 2023 and 2024 are summarized as follows:

<b>(In thousands)</b>	<b>Years ended December 31</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
Cost of revenues	54	53	781
General and administrative expenses	1,032	1,048	1,027
<b>Total</b>	<b>1,086</b>	<b>1,101</b>	<b>1,808</b>

The estimated aggregate amortization expense for each of the next five years as of December 31, 2024 is:

<b>(In thousands)</b>	<b>Intangible assets</b>
2025	1,770
2026	1,758
2027	1,156
2028	979
2029 and thereafter	2,647

**Xunlei Limited**  
**Notes to the consolidated financial statements**  
**(Amounts in US dollars unless otherwise stated)**

**12. Intangible assets, net (Continued)**

The weighted average amortization periods of intangible assets as of December 31, 2023 and 2024 are as below:

(In year)	December 31, 2023	December 31, 2024
Technology	—	5
Land use rights	30	29
Audio-visual license	9	9
Acquired computer software	5	5
Others	—	3
<b>Total weighted average amortization periods</b>	<b>10</b>	<b>10</b>

**13. Goodwill**

(In thousands)	December 31, 2023	December 31, 2024
Beginning balance	21,179	20,826
Impairment of goodwill	—	(20,748)
Foreign currency translation adjustment	(353)	(78)
<b>Ending balance</b>	<b>20,826</b>	<b>—</b>

No goodwill impairment losses were recognized for the years ended December 31, 2022 and 2023, respectively.

The goodwill impairment of USD20,748,000 was made for the year ended December 31, 2024, mainly as the financial performance of the Company's cloud computing business declined significantly in late 2024, which was assessed to be a sustained trend that has been reflected in the estimated future results from this business in the annual impairment test performed as of December 31, 2024.

**14. Contract liabilities**

(In thousands)	December 31, 2023	December 31, 2024
<b>Current:</b>		
Membership subscription	35,123	38,479
Live streaming	830	953
Others	422	504
<b>Total</b>	<b>36,375</b>	<b>39,936</b>
<b>Non-current:</b>		
Membership subscription	846	458
<b>Total</b>	<b>846</b>	<b>458</b>

Note: Contract liabilities were related to unsatisfied performance obligations at the end of the year. Due to the generally short-term duration of the contracts, the majority of the performance obligations are satisfied in the following period. The amount of revenue recognized that was included in contract liabilities balance at the beginning of the year was USD35,380,000, USD38,016,000 and USD36,091,000 for the years ended December 31, 2022 and 2023 and 2024, respectively.

**Xunlei Limited**  
**Notes to the consolidated financial statements**  
**(Amounts in US dollars unless otherwise stated)**

**15. Accrued liabilities and other payables**

<u>(In thousands)</u>	<u>December 31, 2023</u>	<u>December 31, 2024</u>
<b>Current:</b>		
Payroll and welfare (note)	24,702	24,821
Tax levies	7,879	9,622
Payables for advertisement	3,473	5,488
Payables related to share repurchase	2,774	2,867
Payables for office building	8,623	2,046
Professional service fees	1,273	1,235
Legal and litigation related expenses (note 26)	1,168	671
Others	3,816	5,343
<b>Total</b>	<b>53,708</b>	<b>52,093</b>
<b>Non-current:</b>		
Rental deposits	—	480
<b>Total</b>	<b>—</b>	<b>480</b>

**16. Bank borrowings**

<u>(In thousands)</u>	<u>December 31, 2023</u>	<u>December 31, 2024</u>
<b>Current:</b>		
Short-term bank borrowings (note a)	—	1,391
Long-term bank borrowings, current portion (note b)	6,906	696
<b>Total</b>	<b>6,906</b>	<b>2,087</b>
<b>Non-current:</b>		
Long-term bank borrowings (note b) (note)	15,539	27,127
<b>Total</b>	<b>15,539</b>	<b>27,127</b>

Notes:

- (a) In October 2024, Shenzhen Onething obtained a one-year term credit line up to RMB50,000,000 (equivalent to approximately USD6,956,000) from a bank in the PRC. As of December 31, 2024, the Group had utilized RMB10,000,000 (equivalent to approximately USD1,391,000).
- (b) As of December 31, 2023, the Group had bank borrowings of USD22,445,000, which were borrowed by Shenzhen Xunlei for the construction of Xunlei Tower and pledged by the land use rights and building of Xunlei Tower. These bank borrowings were denominated in RMB, bore interest at the Loan Prime Rate plus 15 basis points, and were fully repaid during March and May 2024.

As of December 31, 2024, the Group had long-term bank borrowings of USD27,823,000, secured by the land use rights and building of Xunlei Tower. These borrowings are denominated in RMB and bear a fixed interest rate of 3% per annum. Repayment is scheduled in installments through December 2027.

The scheduled maturities of bank long-term borrowings, including the portion due within one year which were recorded in “long-term bank borrowings, current portion”, as of December 31, 2024 are as follows:

<u>(In thousands)</u>	<u>Principal amounts</u>
Within 1 year	696
Between 1 to 2 years	2,782
Between 2 to 3 years	24,345
<b>Total</b>	<b>27,823</b>

**Xunlei Limited**  
**Notes to the consolidated financial statements**  
**(Amounts in US dollars unless otherwise stated)**

**17. Common shares**

The Company's Memorandum and Articles of Association authorizes the Company to issue 1,000,000,000 shares of USD0.00025 par value per common share as of December 31, 2024. Each common share is entitled to one vote. The holders of common shares are also entitled to receive dividends whenever funds are legally available and when declared by the Board of Directors, which is subject to the approval by the holders of the common shares representing a majority of the aggregate voting power of all outstanding shares. As of December 31, 2023 and 2024, there were 323,525,556 and 307,351,196 common shares outstanding, respectively.

**18. Repurchase of shares**

In March 2022, the Board of Directors of the Company authorized a share repurchase program (the "2022 Share Buyback Program"), whereby the Company may repurchase up to USD20 million of its shares over the next twelve months through various legally permissible means, including open market purchases at prevailing prices and algorithmic trading, privately negotiated transactions, block trades, or other methods depending on market conditions and in compliance with applicable regulations. During the year ended December 31, 2023, 569,748 ADSs (2022: 4,409,974) were purchased at an aggregate consideration of approximately USD1,102,000 (2022: USD6,747,000) under the 2022 Share Buyback Program.

In June 2023, the Board of Directors of the Company authorized a share repurchase program (the "2023 Share Buyback Program"), whereby the Company may repurchase up to USD20 million of common shares or ADSs over the next twelve months through various legally permissible means, including open market purchases at prevailing prices and algorithmic trading, privately negotiated transactions, block trades, or other methods depending on market conditions and in compliance with applicable regulations. During the year ended December 31, 2024, 1,340,774 ADSs (2023: 2,037,721) were purchased at an aggregate consideration of approximately USD2,137,000 (2023: USD3,585,000) under the 2023 Share Buyback Program.

In June 2024, the Board of Directors of the Company authorized another share repurchase program (the "2024 Share Buyback Program"), whereby the Company may repurchase up to USD20 million of common shares or ADSs over the next twelve months through various legally permissible means, including open market purchases at prevailing prices and algorithmic trading, privately negotiated transactions, block trades, or other methods depending on market conditions and in compliance with applicable regulations. During the year ended December 31, 2024, 2,831,005 ADSs were purchased at an aggregate consideration of approximately USD5,556,000 under the 2024 Share Buyback Program.

**Xunlei Limited**  
**Notes to the consolidated financial statements**  
**(Amounts in US dollars unless otherwise stated)**

**19. Share-based compensation**

*2020 share incentive plan*

In June 2020, the Group terminated its share incentive plan adopted in December 2010, November 2013, April 2014 (the “Terminated Plans”) and adopted a 2020 share incentive plan, which is referred to as the 2020 Share Incentive Plan (the “2020 Plan”). The awards that are granted and outstanding under the Terminated Plans remain effective under the 2020 Plan, subject to any amendment and modification to the original award agreements that the Company shall determine.

During the years ended December 31, 2022, 2023 and 2024, the number of vested shares relating to the Terminated Plans was 330,000, 320,000 and nil, and no share was forfeited relating to the Terminated Plans. As of December 31, 2024, the number of unvested shares relating to the Terminated Plans was nil.

Under the 2020 Plan, the maximum aggregate number of shares of the Company that may be granted is 31,000,000, which consists of (i) 21,039,742 common shares reserved for issuance, which were previously reserved under the Terminated Plans but not granted under the Terminated Plans, (ii) 9,667,230 common shares repurchased pursuant to the share repurchase programs authorized by the Company, and (iii) 293,028 common shares reserved for issuance under the 2020 Plan.

In March 2023 and April 2024, the Board of Directors of the Company amended and restated the 2020 Plan, the maximum aggregate number of shares of the Company available for grant of awards was increased to 46,561,200 and 61,525,345, respectively. The number of shares available for such grants as of December 31, 2024 is 16,581,260 (2023: 4,155,445).

As of December 31, 2024, the restricted shares units (“RSUs”) granted to employees and officers (excluding those forfeited) under the 2020 Plan are only subject to service conditions, and follow various vesting schedules including: (i) one-half of the RSUs shall be vested on each anniversary of the vesting commencement date for two years thereafter; (ii) one-third of the RSUs shall be vested on each anniversary of the vesting commencement date for three years thereafter; (iii) two-third of the RSUs shall be vested on the second anniversary and one-third of the RSUs shall be vested on the third anniversary of the vesting commencement date; (iv) one-fifth of the RSUs shall be vested on each anniversary of the vesting commencement date for five years thereafter; (v) the RSUs shall be vested immediately. Certain of the awarded shares were vested in an accelerated manner after grant.

**Xunlei Limited**  
**Notes to the consolidated financial statements**  
**(Amounts in US dollars unless otherwise stated)**

**19. Share-based compensation (Continued)***2020 share incentive plan (Continued)*

A summary of the RSU activities under the 2020 Plan for the years ended December 31, 2022, 2023 and 2024 is presented below:

	Number of restricted shares	Weighted-average grant-date fair value (USD)
Unvested as of January 1, 2022	25,884,375	
Granted	2,200,000	0.31
Vested	(9,509,660)	
Forfeited	(1,716,665)	
Unvested as of December 31, 2022	16,858,050	
Expected to vest as of December 31, 2022	12,643,538	
Unvested as of January 1, 2023	16,858,050	
Granted	12,485,750	0.36
Vested	(11,195,165)	
Forfeited	(491,670)	
Unvested as of December 31, 2023	17,656,965	
Expected to vest as of December 31, 2023	13,242,724	
Unvested as of January 1, 2024	17,656,965	
Granted	3,764,500	0.32
Vested	(4,684,535)	
Forfeited	(1,226,170)	
Unvested as of December 31, 2024	15,510,760	
Expected to vest as of December 31, 2024	11,633,070	

Based upon the Company's historical and expected forfeitures for restricted share units granted, the directors of the Company estimated that its future forfeiture rate would be 25% for employees and management.

**Xunlei Limited**  
**Notes to the consolidated financial statements**  
**(Amounts in US dollars unless otherwise stated)**

**19. Share-based compensation (Continued)***Shenzhen Onething 2024 share incentive plan*

On April 26, 2024, the Group adopted a share incentive plan for Shenzhen Onething (the “Shenzhen Onething 2024 Plan”) in order to provide incentives for employees contributing to the Group’s cloud computing business. In December 2024, 30% equity interest of Shenzhen Onething was transferred to certain plan participants or share incentive awards holding platforms established and controlled by the Group, at a nominal price, to facilitate the grant of RSUs under the Shenzhen Onething 2024 Plan.

The awards granted under the Shenzhen Onething 2024 Plan are subject to both service conditions and performance conditions. Performance conditions include the occurrence of change of control of Shenzhen Onething or the successful completion of an initial public offering of Shenzhen Onething (“Liquidity Event”). For the year ended December 31, 2024, no share-based compensation expense was recognized in connection with the Shenzhen Onething 2024 Plan, as the satisfaction of the performance conditions was not considered probable as of the reporting date.

As of December 31, 2024, although the aforementioned 30% equity interest had been transferred to plan participants or share incentive award holding platforms, the shares remained unvested and subject to forfeiture due to the unsatisfied vesting conditions. As a result, the Group continued to fully consolidate Shenzhen Onething, and no non-controlling interest was recognized in respect of the 30% equity interest.

Total compensation costs recognized for the years ended December 31, 2022, 2023 and 2024 are as follows:

<b>(In thousands)</b>	<b>Years ended December 31,</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
Sales and marketing expenses	—	48	19
General and administrative expenses	6,855	8,113	1,768
Research and development expenses	1,329	1,515	666
<b>Total</b>	<b>8,184</b>	<b>9,676</b>	<b>2,453</b>

Notes:

- (i) For the years ended December 31, 2022, 2023 and 2024, the compensation costs recognized in relation to the shares awarded under the Terminated Plans amounted to USD748,800, USD352,000 and nil, respectively.
- (ii) As of December 31, 2024, the total unrecognised share-based compensation amounted to USD11,132,100 (2023: USD5,161,700).

**20. Costs of revenues**

<b>(In thousands)</b>	<b>Years ended December 31,</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
Bandwidth costs	104,580	112,522	101,632
Revenue-sharing costs	78,636	67,302	26,797
Payment handling charges	6,500	8,494	12,741
Cost of inventories sold	2,228	5,911	4,162
Technical service costs	1,169	868	1,885
Depreciation of servers and other equipment	1,363	740	801
Other costs	5,578	4,812	7,549
<b>Total</b>	<b>200,054</b>	<b>200,649</b>	<b>155,567</b>

**Xunlei Limited**  
**Notes to the consolidated financial statements**  
**(Amounts in US dollars unless otherwise stated)**

**21. Other income, net**

<b>(In thousands)</b>	<b>Years ended December 31,</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
Investment income from short-term investments (note)	2,903	4,354	4,413
Gains from reversal of long outstanding payables	3,239	6,831	3,549
Government subsidy income	2,377	2,360	1,057
Income from the disposal of long-term investments	—	—	862
Exchange gains, net	4,494	1,693	216
Net gains arising from long-term investments	288	121	131
VAT deduction	1,220	840	—
Impairment on long-term investments	(590)	—	(1,407)
Others	(386)	705	362
<b>Total</b>	<b>13,545</b>	<b>16,904</b>	<b>9,183</b>

Note: For the years ended December 31, 2022, 2023 and 2024, investment income from short-term investments comprised interest income of USD361,000, USD1,389,000 and USD2,247,000 from time deposits with original maturities of more than three months but within one year, and investment income of USD2,543,000, USD2,965,000 and USD2,166,000 from investments in financial instruments, respectively.

**22. Taxation****(i) Cayman Islands**

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. Additionally, upon payment of dividends by the Company to its shareholders, no Cayman Islands withholding tax will be imposed.

**(ii) British Virgin Islands (“BVI”)**

Subsidiaries in the BVI are exempted from income tax on its foreign-derived income in the BVI. There are no withholding taxes in the BVI.

**(iii) Hong Kong**

Subsidiaries in Hong Kong are subject to 16.5% income tax on their taxable income generated from operations in Hong Kong for the years ended December 31, 2022, 2023 and 2024, respectively.

**(iv) Singapore**

Subsidiaries incorporated in Singapore were subject to 17% of their taxable income.

**Xunlei Limited**  
**Notes to the consolidated financial statements**  
**(Amounts in US dollars unless otherwise stated)**

**22. Taxation (Continued)**

(v) PRC Enterprise Income Tax (“EIT”)

The EIT is calculated based on the taxable income determined under the PRC laws and accounting standards.

Under the EIT Law, foreign invested enterprises and domestic enterprises are subject to a unified EIT rate of 25%. In accordance with the implementation rules of the EIT Law, a qualified “High and New Technology Enterprise” (“HNTE”) is eligible for a preferential tax rate of 15%.

Shenzhen Xunlei, Shenzhen Onething, Shenzhen Xunlei Wangwenhua Co., Ltd. and Xunlei Computer have been recognized as HNTE and entitled to preferential tax rate of 15% for the years ended December 31, 2022, 2023 and 2024. In addition, Shenzhen Onething was established in Qianhai Shenzhen - Hongkong Modern Service Industry Cooperation Zone and met the requirements set out by the local authorities, accordingly it is also entitled to a preferential tax rate of 15% for the years ended December 31, 2022, 2023 and 2024.

The majority of the remaining subsidiaries of the Group or VIE’s subsidiaries in the PRC were qualified for small scale entities and have been granted certain tax concessions by tax authorities in the PRC for the years ended December 31, 2022, 2023 and 2024.

According to a policy issued by the PRC State Tax Bureau, enterprises engaged in research and development activities are entitled to claim a super deduction of 175% of eligible research and development expenses incurred in a year as tax deductible expenses when calculating taxable income (“Super Deduction”), effective from January 1, 2018. Furthermore, beginning October 1, 2022, the super deduction rate was increase to 200%, allowing qualified enterprises to deduct 200% of eligible research and development expenses from taxable income for expenses incurred on or after that date.

In addition, according to the EIT Law and its implementation rules, foreign enterprises, which have no establishment or place in the PRC but derive dividends, interest, rents, royalties and other income (including capital gains) from sources in the PRC are subject to PRC withholding tax, or WHT, at 10% (a further reduced WHT rate may be available according to the applicable double tax treaty arrangement). The 10% WHT is generally applicable to any dividends to be distributed from Giganology Shenzhen and Xunlei Computer to the Company out of any profits of Giganology Shenzhen and Xunlei Computer derived after January 1, 2008. Up to December 31, 2024, both Giganology Shenzhen and Xunlei Computer did not declare any dividend to the parent company and have determined that they have no present plan to declare and pay any dividends. The Group currently plans to continue to reinvest its subsidiaries’ undistributed earnings, if any, in its operations in China indefinitely. Accordingly, no withholding income tax was accrued or required to be accrued for the years ended December 31, 2022, 2023 and 2024.

**Xunlei Limited**  
**Notes to the consolidated financial statements**  
**(Amounts in US dollars unless otherwise stated)**

**22. Taxation (Continued)**

(v) PRC Enterprise Income Tax (“EIT”) (Continued)

Moreover, the current EIT Law treats enterprises established outside of China with “effective management and control” located in the PRC as PRC resident enterprises for tax purposes. The term “effective management and control” is generally defined as exercising overall management and control over the business, personnel, accounting, properties etc. of an enterprise. The Company, if considered a PRC resident enterprise for tax purposes, would be subject to the PRC EIT at the rate of 25% on its worldwide income for the period after January 1, 2008. As of December 31, 2023 and 2024, the Company has not accrued for PRC tax on such basis. The Company will continue to monitor its tax status.

The current and deferred portions of income tax expenses/(benefits) included in the consolidated statements of operations are as follows:

(In thousands)	Years ended December 31,		
	2022	2023	2024
Current income tax expenses	4,450	4,559	7,048
Deferred income tax benefits	(382)	(428)	(10,068)
<b>Income tax expenses/(benefits)</b>	<b>4,068</b>	<b>4,131</b>	<b>(3,020)</b>

The aggregate amount and per share effect of the tax holidays and concession are as follows:

	Years ended December 31,		
	2022	2023	2024
Aggregate dollar effect (in thousands)	5,243	5,121	484
Per share effect—basic	0.02	0.02	0.00
Per share effect—diluted	0.02	0.02	0.00

The reconciliation of total tax expenses/(benefits) computed by applying the respective statutory income tax rates to pre-tax income is as follows:

(In thousands)	Years ended December 31,		
	2022	2023	2024
Income tax expenses/(benefits) at statutory rate of 25% (based on statutory tax rate applicable to enterprises in the PRC)	5,047	3,965	(589)
Effects of different tax rates in different jurisdictions	1,640	1,615	(209)
Non-deductible expenses	468	306	3,239
Effect of Super Deduction	(2,594)	(3,609)	(3,600)
Effect of tax holidays and tax concessions on taxable income of subsidiaries incorporated in the PRC	(5,243)	(5,121)	(484)
Tax benefit from investment loss in a liquidating subsidiary of the VIE	—	—	(9,706)
Change in valuation allowance of deferred tax assets	4,709	7,170	8,190
Others	41	(195)	139
<b>Income tax expenses/(benefits)</b>	<b>4,068</b>	<b>4,131</b>	<b>(3,020)</b>

**Xunlei Limited**  
**Notes to the consolidated financial statements**  
**(Amounts in US dollars unless otherwise stated)**

**22. Taxation (Continued)**

(v) PRC Enterprise Income Tax (“EIT”) (Continued)

The tax effects of temporary differences that give rise to the deferred tax assets and liabilities balances of December 31, 2023 and 2024 are as follows:

(In thousands)	December 31, 2023	December 31, 2024
<b>Deferred tax assets:</b>		
Net operating losses carried forward	49,921	57,516
Investment loss in a liquidating subsidiary of the VIE	—	9,598
Allowance for current expected credit losses	1,071	1,201
Impairment of long-term equity investments	493	485
Accruals and others	861	1,609
Valuation allowance	(51,868)	(59,421)
Total deferred tax assets, net of valuation allowance	<b>478</b>	<b>10,988</b>
Set-off provisions	—	(460)
Deferred tax assets, net	<b>478</b>	<b>10,528</b>
<b>Deferred tax liabilities:</b>		
Acquired intangible assets	(513)	(905)
Others	—	(709)
Total deferred tax liabilities	<b>(513)</b>	<b>(1,614)</b>
Set-off provisions	—	460
Deferred tax liabilities, net	<b>(513)</b>	<b>(1,154)</b>

Valuation allowance was provided for net operating loss carryforwards from certain subsidiaries, the VIE and VIE’s subsidiaries because it was more likely than not that such deferred tax assets will not be realized based on the Group’s estimate of future taxable income of those companies. Movement of valuation allowance is as follows:

(In thousands)	Years ended December 31,		
	2022	2023	2024
Beginning balance	45,580	47,223	51,868
Additions	5,931	7,406	8,487
Reversals	(1,222)	(236)	(297)
Exchange difference	(3,066)	(2,525)	(637)
<b>Ending balance</b>	<b>47,223</b>	<b>51,868</b>	<b>59,421</b>

As of December 31, 2024, the accumulated net operating loss of USD8,372,000 arising from the Group’s subsidiaries incorporated in Hong Kong can be carried forward indefinitely to offset future taxable income. The remaining accumulated net operating loss of USD280,623,000, mainly arose from the Company’s subsidiaries, the VIE and VIE’s subsidiaries established in the PRC, can be carried forward to offset future taxable income and will expire during the period from 2025 to 2034.

**Xunlei Limited**  
**Notes to the consolidated financial statements**  
**(Amounts in US dollars unless otherwise stated)**

**23. Basic and diluted net income per share**

Basic and diluted net income per share for the years ended December 31, 2022, 2023 and 2024 are calculated as follows:

(Amounts expressed in thousands of USD, except for number of shares and per share data)	Years ended December 31,		
	2022	2023	2024
<b>Numerator:</b>			
Net income	21,347	14,266	663
Less: Net (loss)/income attributable to the non-controlling interest	(116)	41	(552)
Net income attributable to Xunlei Limited's common shareholders for basic/dilutive net income per share calculation	21,463	14,225	1,215
<b>Denominator:</b>			
Weighted average number of common shares outstanding, basic	336,040,378	326,390,687	318,758,374
Dilutive effect of restricted share units	195,123	458,815	387,908
Weighted average number of common shares outstanding, diluted	336,235,501	326,849,502	319,146,281
<b>Basic net income per share</b>	<b>0.0639</b>	<b>0.0436</b>	<b>0.0038</b>
<b>Diluted net income per share</b>	<b>0.0638</b>	<b>0.0435</b>	<b>0.0038</b>

**24. Related party transactions**

The table below sets forth the related parties and their relationships with the Group:

Related party	Relationship with the Group
Millet Technology Co., Ltd. ("Millet Technology")	(note)
Shenzhen Xiaomi Technology Co., Ltd. ("Shenzhen Xiaomi")	(note)
Beijing Itui Technology Co., Ltd. ("Beijing Itui")	Company owned by the principal shareholder of the Company
Itui Online	Company owned by the principal shareholder of the Company
Shenzhen Tengtao Technology Co., Ltd. ("Shenzhen Tengtao")	Company owned by the principal shareholder of the Company
Shenzhen Changsheng Chang Technology Co., Ltd. ("Shenzhen Changsheng")	Company owned by the principal shareholder of the Company
Chizz (HK) Limited ("Chizz")	Company owned by the principal shareholder of the Company
Beijing Xiaobu Technology Co., Ltd. ("Beijing Xiaobu")	Company owned by the principal shareholder of the Company

Note: In April 2020, Best Ventures Limited ("Best Ventures", formerly known as Xiaomi Ventures Limited) ceased to be the shareholder of the Company as Best Ventures together with certain shareholders of the Company exchanged their common shares of the Company for the shares of Itui International Inc. ("Itui"). In addition, Best Ventures is entitled to certain veto rights in determining Itui's voting on the Company. As a result, Best Ventures and the companies controlled by Best Ventures continued to be related parties of the Company.

**Xunlei Limited**  
**Notes to the consolidated financial statements**  
**(Amounts in US dollars unless otherwise stated)**

**24. Related party transactions (Continued)**

During the years ended December 31, 2022, 2023 and 2024, significant related party transactions were as follows:

(In thousands)	Years ended December 31,		
	2022	2023	2024
Revenue from cloud computing services			
Millet Technology	4,978	7,604	5,924
Beijing Itui	592	358	193
Revenue from advertising			
Itui Online	7,804	8,941	9,037
Shenzhen Xiaomi	112	13	—
Revenue from technical services			
Shenzhen Xiaomi	2,505	354	709
Rental income			
Shenzhen Tengtao	—	—	48
Shenzhen Changsheng	—	—	52
Interest income			
Chizz	626	724	1,029
Distribution costs			
Beijing Xiaobu	87	39	—

As of December 31, 2023 and 2024, the amounts due from/to related parties were as follows:

(In thousands)	December 31, 2023	December 31, 2024
<b>Amounts due from related parties - current</b>		
Accounts receivable		
Itui Online	9,061	9,268
Shenzhen Xiaomi	705	577
Millet Technology	1,831	1,493
Beijing Xiaobu	394	—
Beijing Itui	333	177
Other receivables		
Chizz (note)	300	19,973
Other related parties (individual balance was less than USD10)	20	31
<b>Total</b>	<b>12,644</b>	<b>31,519</b>
<b>Amounts due from a related party - non-current</b>		
Other receivables		
Chizz (note)	19,619	—
<b>Total</b>	<b>19,619</b>	<b>—</b>
<b>Amounts due to related parties</b>		
Other payables		
Other related parties (individual balance was less than USD10)	—	17
<b>Total</b>	<b>—</b>	<b>17</b>

Note: In September 2021, Xunlei Network provided a loan amounted to USD20 million to Chizz at an interest rate of 3% per annum for a term of 2 years. The loan was extended for another 2 years at an interest rate of 5.10% per annum in September 2023.

**Xunlei Limited**  
**Notes to the consolidated financial statements**  
**(Amounts in US dollars unless otherwise stated)**

**25. Fair value measurements**

ASC 820-10 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1 — Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets
- Level 2 — Include other inputs that are directly or indirectly observable in the marketplace or based on quoted price in markets that are not active
- Level 3 — Unobservable inputs which are supported by little or no market activity and are significant to the overall fair value measurement

ASC 820-10 describes three main approaches to measuring 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.

The following table sets forth the financial instruments, measured at fair value, by level within the fair value hierarchy as of December 31, 2023 and 2024.

		<b>Fair value measurements as of December 31, 2023</b>			
		<b>Total</b>	<b>Quoted prices in active market for identical assets (Level 1)</b>	<b>Significant other observable inputs (Level 2)</b>	<b>Significant unobservable inputs (Level 3)</b>
<b>(In thousands)</b>					
<b>Short-term investments:</b>					
	Investments in structured deposits and wealth management products	49,902	—	49,902	—
		<b>Fair value measurements as of December 31, 2024</b>			
		<b>Total</b>	<b>Quoted prices in active market for identical assets (Level 1)</b>	<b>Significant other observable inputs (Level 2)</b>	<b>Significant unobservable inputs (Level 3)</b>
<b>(In thousands)</b>					
<b>Short-term investments:</b>					
	Investments in structured deposits and wealth management products	72,050	—	72,050	—

Investments in privately held companies for which the Company elected to record using the measurement alternative are re-measured on a non-recurring basis, using a market approach by adopting a back-solve method through comparison to a recent transaction and applied significant unobservable inputs and assumptions, these investments are categorized within Level 3 under the fair value hierarchy.

**Xunlei Limited**  
**Notes to the consolidated financial statements**  
**(Amounts in US dollars unless otherwise stated)**

**26. Commitments and contingencies**

***Bandwidth purchase commitments***

The Group purchase bandwidth in the PRC under non-cancellable contract expiring on different dates. Payments under purchase of bandwidth are expensed on a straight-line basis over the duration of the respective periods.

As of December 31, 2024, future minimum payments under non-cancellable bandwidth contracts consist of the following:

<b>(In thousands)</b>	<b>December 31, 2024</b>
2025	275

***Capital commitments***

As of December 31, 2024, the Group has unconditional purchase obligations for office building and office equipment that had not been recognized as follows:

<b>(In thousands)</b>	<b>December 31, 2024</b>
2025	1,960

***Legal proceedings***

The Group is involved in a number of cases pending in various courts and arbitrations. These cases are substantially related to alleged copyright infringement as well as routine and incidental matters to its business, among others. Adverse results in these cases may include awards of damages and may also result in, or even compel, a change in the Group's business practices, which could impact the Group's future financial results. The Group has not recorded any material liabilities in this regard as of December 31, 2023 and 2024.

**27. Concentration and risks**

***Concentration of customer risk***

The top 10 customers accounted for approximately 33%, 31% and 32% of the net revenues for the years ended December 31, 2022, 2023 and 2024, respectively.

For the years ended December 31, 2022, 2023 and 2024, revenue from Customer A was USD49.4 million, USD53.9 million and USD46.6 million, accounted for approximately 14%, 15% and 14% of the Group's total revenues, respectively. Other than this, no revenue derived from transactions with any other single customer represented 10% or more of the Group's total revenues.

***Foreign exchange risk***

The Group's financing activities are denominated mainly in USD and RMB. The RMB is not freely convertible into foreign currencies. Remittances of foreign currencies into the PRC and exchange of foreign currencies into the RMB 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. The revenues and expenses of the Company's subsidiaries incorporated in the PRC, the VIE and VIE's subsidiaries are generally denominated in RMB and their assets and liabilities are denominated in RMB.

**Xunlei Limited**  
**Notes to the consolidated financial statements**  
**(Amounts in US dollars unless otherwise stated)**

**27. Concentration and risks (Continued)**

***Credit risk***

As of December 31, 2023 and 2024, substantially all of the Group's cash and cash equivalents, restricted cash and short-term investments were held at reputable financial institutions in the jurisdictions where the Company, the Company's subsidiaries, the VIE and VIE's subsidiaries are located. The Group believes that it is not exposed to unusual risks as these financial institutions have high credit quality. The Group has not experienced any losses on its deposits of cash and cash equivalents, restricted cash and short-term investments.

Prior to entering into sales agreements, the Group performs ongoing credit assessments of its customers, taking into account their financial position, credit history and other factors such as current market conditions. Further, the Group has not experienced any significant bad debts with respect to its accounts receivable for the years ended December 31, 2022, 2023 and 2024.

The Group is exposed to credit risk in relation to other assets comprised of due from related parties and other receivables, which are typically unsecured. In evaluating the collectability of the balances, the Group considered various factors, including the related parties and third parties' repayment history and their credit-worthiness. An allowance for credit losses is made when collection of the full amount is no longer probable.

***Restricted net assets***

Relevant PRC laws and regulations permit payments of dividends by the Company's subsidiaries, the VIE and VIE's subsidiaries in China only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. In addition, the Company's subsidiaries, the VIE and VIE's subsidiaries in China are required to make certain appropriation of net after-tax profits or increase in net assets to the statutory surplus fund (see note 2(aa)) prior to payment of any dividends. As a result of these and other restrictions under PRC laws and regulations, the Company's subsidiaries, the VIE and VIE's subsidiaries in China are restricted in their ability to transfer their net assets to the Company in terms of cash dividends, loans or advances, which restricted portion amounted to USD173,802,000 as of December 31, 2024, or 55% of the Company's total consolidated net assets. Even though the Company currently does not require any such dividends, loans or advances from the PRC subsidiaries, the VIE and VIE's subsidiaries for working capital and other funding purposes, the Company may in the future require additional cash resources from the Company's subsidiaries, the VIE and VIE's subsidiaries in China due to changes in business conditions, to fund future acquisitions and development, or merely to declare and pay dividends to make distributions to shareholders.

Furthermore, cash transfers from the Company's PRC subsidiaries to their parent companies outside of China are subject to PRC government control of currency conversion. Shortages in the availability of foreign currency at the time of requesting such conversion may temporarily delay the ability of the PRC subsidiaries, the VIE and VIE's subsidiaries to remit sufficient foreign currency to pay dividends or other payments to the Company, or otherwise satisfy their foreign currency denominated obligations.

**28. Subsequent events**

***Acquisition of Hupu***

On January 27, 2025, the Group entered into a share purchase agreement to acquire 100% equity interest of Shanghai Kuanghui Internet Technology Co., Ltd. ("Kuanghui"), which operates Hupu, a sports media and data platform in the PRC, for a total consideration of RMB500 million, subject to certain working capital adjustments. The acquisition is expected to be completed in the first half of 2025 and will be accounted for as a business combination.

**Xunlei Limited**  
**Notes to the consolidated financial statements**  
**(Amounts in US dollars unless otherwise stated)**

**29. Additional information: condensed financial statements of the Company**

Regulation S-X requires condensed financial information as to financial position, statements of cash flows and results of operations of a parent company as of the same dates and for the same periods for which audited consolidated financial statements have been presented when the restricted net assets of consolidated and unconsolidated subsidiaries together exceed 25 percent of consolidated net assets as of the end of the most recently completed fiscal year.

The Company records its investment in its subsidiaries, the VIE and VIE's subsidiaries under the equity method of accounting.

Such investments are presented on the separate condensed balance sheets of the Company as "Investments in subsidiaries and consolidated VIEs".

The subsidiaries did not pay any dividends to the Company for the periods presented. Certain information and footnote disclosures generally included in financial statements prepared in accordance with U.S. GAAP have been condensed and omitted. The footnote disclosures represent supplemental information relating to the operations of the Company, as such, these statements should be read in conjunction with the notes to the consolidated financial statements of the Group.

The Company did not have significant other commitments, long-term obligations, or guarantees as of December 31, 2024.

**Condensed Balance Sheets**

(In thousands)	December 31, 2023	December 31, 2024
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	31,919	33,275
Short-term investments	28,382	14,225
Due from group companies	6,583	12,646
Prepayments and other current assets	1,720	1,008
<b>Total current assets</b>	<b>68,604</b>	<b>61,154</b>
<b>Non-current assets:</b>		
Due from group companies	199,864	200,855
Investments in subsidiaries and consolidated VIEs	68,086	67,997
<b>Total assets</b>	<b>336,554</b>	<b>330,006</b>
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Due to group companies	8,150	7,651
Income tax payable	72	35
Accrued liabilities and other payables	3,470	4,264
<b>Total current liabilities</b>	<b>11,692</b>	<b>11,950</b>
<b>Total liabilities</b>	<b>11,692</b>	<b>11,950</b>
<b>Commitments and contingencies</b>		
<b>Shareholders' equity</b>		
Common shares	81	77
Treasury shares	12	16
Other shareholders' equity	324,769	317,963
<b>Total Xunlei Limited's shareholders' equity</b>	<b>324,862</b>	<b>318,056</b>
<b>Total liabilities and shareholders' equity</b>	<b>336,554</b>	<b>330,006</b>

**Xunlei Limited**  
**Notes to the consolidated financial statements**  
**(Amounts in US dollars unless otherwise stated)**

**29. Additional information: condensed financial statements of the Company (Continued)**

**Condensed Statements of Operations**

(In thousands)	Years ended December 31,		
	2022	2023	2024
<b>Operating expenses</b>			
General and administrative expenses	(6,436)	(7,931)	(1,712)
<b>Total operating expenses</b>	<b>(6,436)</b>	<b>(7,931)</b>	<b>(1,712)</b>
<b>Operating loss</b>	<b>(6,436)</b>	<b>(7,931)</b>	<b>(1,712)</b>
Interest income	360	1,512	1,673
Interest expense	(93)	(93)	(93)
Other income, net	368	3,928	2,083
Income/ (loss) from subsidiaries and consolidated VIEs	27,300	16,948	(627)
<b>Income before income tax</b>	<b>21,499</b>	<b>14,364</b>	<b>1,324</b>
Income tax expenses	(36)	(139)	(109)
<b>Net income</b>	<b>21,463</b>	<b>14,225</b>	<b>1,215</b>
<b>Net income attributable to Xunlei Limited's common shareholders</b>	<b>21,463</b>	<b>14,225</b>	<b>1,215</b>

**Condensed Statements of Cash Flows**

(In thousands)	Years ended December 31,		
	2022	2023	2024
Other operating activities with external parties	(948)	(391)	1,143
<b>Net cash (used in)/generated from operating activities</b>	<b>(948)</b>	<b>(391)</b>	<b>1,143</b>
Loans to group companies	(3,450)	(188)	(7,081)
Repayment of loans from group companies	—	—	23
Other investing activities with external parties	11,134	2,031	15,464
<b>Net cash generated from investing activities</b>	<b>7,684</b>	<b>1,843</b>	<b>8,406</b>
Loans from group companies	—	3,150	—
Repayment of loans to group companies	—	—	(500)
Other financing activities with external parties	(6,747)	(4,687)	(7,693)
<b>Net cash used in financing activities</b>	<b>(6,747)</b>	<b>(1,537)</b>	<b>(8,193)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(11)</b>	<b>(85)</b>	<b>1,356</b>
Cash and cash equivalents at beginning of year	32,015	32,004	31,919
Effect of exchange rates on cash and cash equivalents	—	—	—
<b>Cash and cash equivalents at end of year</b>	<b>32,004</b>	<b>31,919</b>	<b>33,275</b>

**Description of Rights of Each Class of Securities Registered under Section 12 of the Securities Exchange Act of 1934 (the “Exchange Act”)**

As of December 31, 2024, Xunlei Limited (“Xunlei,” “we,” “our,” “our company,” or “us”) had the following series of securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934, as amended:

<b>Title of each class</b>	<b>Name of each exchange on which registered</b>	<b>Ticker symbol</b>
American depositary shares (“ADSs”), each representing five common shares	The Nasdaq Stock Market LLC (The Nasdaq Global Select Market)	XNET
Common shares, par value US\$0.00025 per share*	The Nasdaq Stock Market LLC (The Nasdaq Global Select Market)	

\* Not for trading, but only in connection with the listing on The Nasdaq Global Select Market of American depositary shares.

This exhibit contains a description of the rights of (i) the holders of our common shares and (ii) the holders of ADSs. Common shares underlying the ADSs are held by JPMorgan Chase Bank, N.A., as depository, and holders of ADSs will not be treated as holders of common shares.

**Shares**

***Preemptive Rights (Item 9.A.3 of Form 20-F)***

The shareholders of Xunlei do not have preemptive rights.

***Type and Class of Securities (Item 9.A.5 of Form 20-F)***

The number of common shares issued and outstanding as of the last day of our company’s respective fiscal year is provided on the cover of the annual report on Form 20-F (the “Form 20-F”) of our company. Certificates representing the common shares are issued in registered form. Xunlei will issue only non-negotiable shares, and will not issue bearer or negotiable shares.

***Limitations or Qualifications (Item 9.A.6 of Form 20-F)***

Not applicable.

***Other Rights (Item 9.A.7 of Form 20-F)***

Not applicable.

***Rights of the Shares (Item 10.B.3 of Form 20-F)***

See “Item 10. Additional Information—B. Memorandum and Articles of Association—Common Shares” of the Form 20-F.

**Requirements for Amendments (Item 10.B.4 of Form 20-F)**

See “Item 10. Additional Information—B. Memorandum and Articles of Association” of the Form 20-F.

**Limitations on the Rights to Own Shares (Item 10.B.6 of Form 20-F)**

There are no limitations imposed by the laws of the Cayman Islands or Xunlei’s currently effective memorandum and articles of association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on its shares.

**Provisions Affecting Any Change of Control (Item 10.B.7 of Form 20-F)**

See “Item 10. Additional Information—B. Memorandum and Articles of Association” of the Form 20-F.

**Ownership Threshold (Item 10.B.8 of Form 20-F)**

There are no provisions in Xunlei’s currently effective memorandum and articles of association that require our company to disclose shareholder ownership above any particular ownership threshold. However, shareholders of Xunlei will be required to disclose shareholder ownership in accordance with applicable laws and regulations.

**Differences Between the Law of Different Jurisdictions (Item 10.B.9 of Form 20-F)**

The Companies Act (As Revised) is derived, to a large extent, from the older Companies Acts of England but does not follow recent United Kingdom statutory enactments, and accordingly there are significant differences between the Companies Act (As Revised) and the current Companies Act of England.

In addition, the Companies Act (As Revised) differs from laws applicable to United States corporations and their shareholders. Set forth below is a summary of certain significant differences between the provisions of the Companies Act (As Revised) applicable to us and the laws applicable to United States corporations and companies incorporated in the State of Delaware.

**Mergers and Similar Arrangements**

The Companies Act (As Revised) permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (1) “merger” means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company and (2) a “consolidation” means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies in the consolidated company.

In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (1) a special resolution of the shareholders of each constituent company, and (2) such other authorization, if any, as may be specified in such constituent company’s articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies together with a declaration as to the solvency

of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

A merger between a Cayman parent company and its Cayman subsidiary or subsidiaries does not require authorization by a resolution of shareholders of that Cayman subsidiary if a copy of the plan of merger is given to every member of that Cayman subsidiary to be merged unless that member agrees otherwise. For this purpose a company is a “parent” of a subsidiary if it holds issued shares that together represent at least 90% of the votes at a general meeting of the subsidiary.

The consent of each holder of a fixed or floating security interest over a constituent company is required unless this requirement is waived by a court in the Cayman Islands.

Save in certain limited circumstances, a shareholder of a Cayman constituent company who dissents from the merger or consolidation is entitled to payment of the fair value of his shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) upon dissenting to the merger or consolidation, provide the dissenting shareholder complies strictly with the procedures set out in the Companies Act. The exercise of dissenter rights will preclude the exercise by the dissenting shareholder of any other rights to which he or she might otherwise be entitled by virtue of holding shares, save for the right to seek relief on the grounds that the merger or consolidation is void or unlawful.

Separate from the statutory provisions relating to mergers and consolidations, the Companies Act (As Revised) 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) 75% in value of the shareholders or class of shareholders, as the case may be, or (b) a majority in number representing 75% in value of the creditors or each class of creditors, as the case may be, with whom the arrangement is to be made, that are, in each case, 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 Grand Court can be expected to approve the arrangement if it determines that:

- the statutory provisions as to the required majority vote have been met;
- the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class;
- the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Act.

The Companies Act (As Revised) also contains a statutory power of compulsory acquisition which may facilitate the “squeeze out” of dissentient minority shareholder upon a tender offer. When a tender offer is made and accepted by holders of 90% of the shares affected within four months, the offeror

may, within a two-month period commencing on the expiration of such four-month period, require the holders of the remaining shares to transfer such shares to the offeror on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed in the case of an offer which has been so approved unless there is evidence of fraud, bad faith or collusion.

If an arrangement and reconstruction by way of scheme of arrangement is thus approved, the dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of Delaware corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

#### *Shareholders' Suits*

In principle, we will normally be the proper plaintiff to sue for a wrong done to us as a company, and as a general rule a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, the Cayman Islands court can be expected to follow and apply the common law principles (namely the rule in *Foss v. Harbottle* and the exceptions thereto) so that a non-controlling shareholder may be permitted to commence a class action against or derivative actions in the name of our company to challenge actions where:

- an act which is ultra vires or illegal and is therefore incapable of ratification by the shareholders;
- the act complained of, although not ultra vires, could only be effected duly if authorized by more than a simple majority vote that has not been obtained; and
- an act which constitute a fraud against the minority where the wrongdoer are themselves in control of the company.

#### *Indemnification of Directors and Executive Officers and Limitation of Liability*

Cayman Islands law does not limit the extent to which a company's memorandum and articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Our memorandum and articles of association provides that every director and officer of our company for the time being and from time to time shall be indemnified and secured harmless out of the assets and funds of the company against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by him, otherwise than by reason of his own dishonesty, actual fraud or willful default, in connection with the execution or discharge of his duties, powers, authorities or discretions as a director or officer of the company, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by him in defending (whether successfully or otherwise) any civil proceedings concerning the company or its affairs in any court whether in 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 memorandum and articles of association.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that in

the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

#### *Directors' Fiduciary Duties*

Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction.

The duty of loyalty requires that a director acts in a manner he or she reasonably believes to be in the best interests of the corporation. He or she must not use his corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally.

In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, the director must prove the procedural fairness of the transaction and that the transaction was of fair value to the corporation.

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company and therefore it is considered that he or she owes the following duties to the company:

- a duty to act in good faith in the best interests of the company,
- a duty not to make a personal profit based on his or her position as director (unless the company permits him or her to do so),
- a duty not to put himself or herself in a position where the interests of the company conflict with his or her personal interest or his or her duty to a third party, and
- a duty to exercise powers for the purpose for which such powers were intended.

A director of a Cayman Islands company owes to the company a duty of care, diligence and skill. It was previously considered that a director need not exhibit in the performance of his or her duties a greater degree of skill than may reasonably be expected from a person of his or her knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.

#### *Shareholder Action by Written Consent*

Under the Delaware General Corporation Law, a corporation may eliminate the right of shareholders to act by written consent by amendment to its certificate of incorporation. Cayman Islands law and our currently effective memorandum and articles of association provide that our shareholders may approve corporate matters by way of a unanimous written resolution signed by or on behalf of all shareholders who would have been entitled to vote on such matter at a general meeting without a meeting being held.

### *Shareholder Proposals*

Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided it complies with the notice provisions in the governing documents. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

The Companies Act (As Revised) does not provide shareholders with an express right to put forth any proposal before a general meeting of the shareholders. However, the Companies Act (As Revised) may provide shareholders with limited rights to requisition a general meeting but such rights must be stipulated in the articles of association of the company.

Under our amended and restated memorandum and articles of association, any one or more shareholders holding not less than one-third of the aggregate voting power of the company as at the date of deposit of the requisition carrying the right to vote at general meetings of the company shall have the right, by written requisition to the company, to require an extraordinary general meeting to be called by the board of directors for the transaction of any business specified in such requisition.

### *Cumulative Voting*

Under the Delaware General Corporation Law, cumulative voting for election of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director.

There are no prohibitions relating to cumulative voting under the laws of the Cayman Islands, but our memorandum and articles of association do not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

### *Removal of Directors*

Under the Delaware General Corporation Law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the issued and outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our memorandum and articles of association, directors may be removed with or without cause, by an ordinary resolution of our shareholders at any time before the expiration of his term of office notwithstanding anything in our memorandum and articles of association or in any agreement between our company and such director (but without prejudice to any claim for damages under any such agreement).

### *Transactions with Interested Shareholders*

The Delaware General Corporation Law contains a business combination statute applicable to Delaware public corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation, it is prohibited from engaging in certain business combinations with an "interested shareholder" for three years following the date that such person becomes an interested shareholder. An interested shareholder generally is a person or a group who or which owns or owned 15% or more of the target's outstanding voting shares within the past three years.

This statute has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with the target's board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, it does provide that such transactions must be entered into bona fide in the best interests of the company and for a proper purpose and not with the effect of constituting a fraud on the minority shareholders.

#### *Restructuring*

A company may present a petition to the Grand Court of the Cayman Islands for the appointment of a restructuring officer on the grounds that the company:

- (a) is or is likely to become unable to pay its debts; and
- (b) intends to present a compromise or arrangement to its creditors (or classes thereof) either pursuant to the Companies Act, the law of a foreign country or by way of a consensual restructuring.

The Grand Court may, among other things, make an order appointing a restructuring officer upon hearing of such petition, with such powers and to carry out such functions as the court may order. At any time (i) after the presentation of a petition for the appointment of a restructuring officer but before an order for the appointment of a restructuring officer has been made, and (ii) when an order for the appointment of a restructuring officer is made, until such order has been discharged, no suit, action or other proceedings (other than criminal proceedings) shall be proceeded with or commenced against the company, no resolution to wind up the company shall be passed, and no winding up petition may be presented against the company, except with the leave of the court. However, notwithstanding the presentation of a petition for the appointment of a restructuring officer or the appointment of a restructuring officer, a creditor who has security over the whole or part of the assets of the company is entitled to enforce the security without the leave of the court and without reference to the restructuring officer appointed.

#### *Dissolution; Winding Up*

Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation's outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board.

Under Cayman Islands law, a company may be wound up by either an order of the courts of the Cayman Islands or by a special resolution of its members or, if the company is unable to pay its debts as they fall due, by an ordinary resolution of its members. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so.

### *Variation of Rights of Shares*

Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under Cayman Islands law and our memorandum and articles of association, if our share capital is divided into more than one class of shares, we may vary the rights attached to any class with the consent in writing of the holders of a majority of the issued shares of that class or with the sanction of an ordinary resolution passed at a separate meeting of the holders of the shares of that class.

### *Amendment of Governing Documents*

Under the Delaware General Corporation Law, a corporation's governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise.

Under Cayman Islands law, our memorandum and articles of association may only be amended with a special resolution of our shareholders.

### *Rights of Non-resident or Foreign Shareholders*

There are no limitations imposed by our memorandum and articles of association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares.

In addition, there are no provisions in our memorandum and articles of association governing the ownership threshold above which shareholder ownership must be disclosed.

### *Inspection of Books and Records*

Under the Delaware General Corporation Law, any shareholder of a corporation may for any proper purpose inspect or make copies of the corporation's stock ledger, list of shareholders and other books and records.

Shareholders of Cayman Islands exempted companies like us have no general right under Cayman Islands law to inspect corporate records (other than the memorandum and articles of association, the register of mortgages and charges and any special resolutions passed by our shareholders) or obtain copies of the list of shareholders of these companies. Under Cayman Islands law, the names of our current directors can be obtained from a search conducted at the Registrar of Companies. However, we intend to provide our shareholders with annual reports containing audited financial statements.

### ***Changes in Capital (Item 10.B.10 of Form 20-F)***

Our shareholders may by ordinary resolution:

- (a) Increase the share capital by such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe;
- (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

- (c) sub-divide its existing shares or any of them into shares of a smaller amount 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 which, 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.

Subject to certain provisions, our shareholders may by special resolution:

- (a) change its name;
- (b) alter or add to the articles of association;
- (c) alter or add to the memorandum of association with respect to any objects, powers or other matters specified therein; and
- (d) reduce its share capital and any capital redemption reserve in any manner authorized by law.

All new shares created hereunder shall be subject to the same provisions with reference to the payment of calls, liens, transfer, transmission, forfeiture and otherwise as the shares in the original share capital.

***Debt Securities (Item 12.A of Form 20-F)***

Not applicable.

***Warrants and Rights (Item 12.B of Form 20-F)***

Not applicable.

***Other Securities (Item 12.C of Form 20-F)***

Not applicable.

***American Depositary Shares (Items 12.D.1 and 12.D.2 of Form 20-F)***

The JPMorgan Chase Bank, N.A., as depositary, registers and delivers ADSs. Each ADS represents five common shares (or a right to receive five common shares) deposited with the custodian, as agent of the depositary for the depositary. Each ADS also represents any other securities, cash or other property which may be held by the depositary. The deposited shares together with any other securities, cash or other property held by the depositary under the deposit agreement are referred to as the deposited securities. The depositary's office at which the ADSs will be administered and its principal executive office are located at 383 Madison Avenue, Floor 11, New York, New York 10179, United States of America.

You may hold ADSs either (A) directly (i) by having an American depositary receipt, also referred to as an ADR, which is a certificate evidencing a specific number of ADSs, registered in your name, or (ii) by having ADSs registered in your name in the direct registration system, or (B) indirectly by holding a security entitlement in ADSs through your broker or other financial institution that is a direct

or indirect participant in The Depository Trust Company, also called DTC. If you hold ADSs directly, you are a registered ADS holder, also referred to as an ADS holder. This description assumes you are an ADS holder. If you hold the ADSs indirectly, you must rely on the procedures of your broker or other financial institution to assert the rights of ADS holders described in this section. You should consult with your broker or financial institution to find out what those procedures are.

Registered holders of uncertificated ADSs will receive statements from the depository confirming their holdings.

As an ADS holder, we will not treat you as one of our shareholders and you will not have shareholder rights. Cayman Islands law governs shareholder rights. The depository will be the holder of the shares underlying your ADSs. As a registered holder of ADSs, you will have ADS holder rights. A deposit agreement among us, the depository, ADS holders and all other persons indirectly or beneficially holding ADSs sets out ADS holder rights as well as the rights and obligations of the depository. New York law governs the deposit agreement and the ADSs.

The following is a summary of the material provisions of the deposit agreement. For more complete information, you should read the entire deposit agreement and the form of ADR.

## **Dividends and other distributions**

### ***How will you receive dividends and other distributions on the shares?***

The depository has agreed to pay to ADS holders the cash dividends or other distributions it or the custodian receives on shares or other deposited securities, after deducting its fees and expenses. You will receive these distributions in proportion to the number of Shares your ADSs represent.

***Cash.*** The depository will convert any cash dividend or other cash distribution we pay on the shares into U.S. dollars, if it can do so on a reasonable basis and can transfer the U.S. dollars to the United States. If that is not possible or if any government approval is needed and cannot be obtained, the deposit agreement allows the depository to distribute the foreign currency only to those ADS holders to whom it is possible to do so. It will hold the foreign currency it cannot convert for the account of the ADS holders who have not been paid. It will not invest the foreign currency and it will not be liable for any interest.

Before making a distribution, any withholding taxes, or other governmental charges that must be paid will be deducted. It will distribute only whole U.S. dollars and cents and will round fractional cents to the nearest whole cent. *If the exchange rates fluctuate during a time when the depository cannot convert the foreign currency, you may lose some or all of the value of the distribution.*

***Shares.*** The depository may, and shall if we so request in writing, distribute additional ADSs representing any shares we distribute as a dividend or free distribution. The depository will only distribute whole ADSs. It will sell shares which would require it to deliver a fractional ADS and distribute the net proceeds in the same way as it does with cash. If the depository does not distribute additional ADSs, the outstanding ADSs will also represent the new shares. The depository may sell a portion of the distributed shares sufficient to pay its fees and expenses in connection with that distribution.

***Rights to purchase additional shares.*** If we offer holders of our securities any rights to subscribe for additional shares or any other rights, the depository may make these rights available to ADS holders. If the depository decides it is not legal and practical to make the rights available but that it is practical to sell the rights, the depository will use reasonable efforts to sell the rights and distribute the proceeds in the

same way as it does with cash. The depositary will allow rights that are not distributed or sold to lapse. *In that case, you will receive no value for them.*

If the depositary makes rights available to ADS holders, it will exercise the rights and purchase the shares on your behalf. The depositary will then deposit the shares and deliver ADSs to the persons entitled to them. It will only exercise rights if you pay it the exercise price and any other charges the rights require you to pay.

U.S. securities laws may restrict transfers and cancellation of the ADSs represented by shares purchased upon exercise of rights. For example, you may not be able to trade these ADSs freely in the United States. In this case, the depositary may deliver restricted depositary shares that have the same terms as the ADSs described in this section except for changes needed to put the necessary restrictions in place.

***Other distributions.*** The depositary will send to ADS holders anything else we distribute on deposited securities by any means it thinks is legal, fair and practical. If it cannot make the distribution in that way, the depositary has a choice. It may decide to sell what we distributed and distribute the net proceeds, in the same way as it does with cash. Or, it may decide to hold what we distributed, in which case ADSs will also represent the newly distributed property. However, the depositary is not required to distribute any securities (other than ADSs) to ADS holders unless it receives reasonably satisfactory evidence from us that it is legal to make that distribution. The depositary may sell a portion of the distributed securities or property sufficient to pay its fees and expenses in connection with that distribution.

The depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADS holders. We have no obligation to register ADSs, shares, rights or other securities under the Securities Act. We also have no obligation to take any other action to permit the distribution of ADSs, shares, rights or anything else to ADS holders. *This means that you may not receive the distributions we make on our shares or any value for them if it is illegal or impractical for us to make them available to you.*

## **Deposit, withdrawal and cancellation**

### ***How are ADSs issued?***

The depositary will deliver ADSs if you or your broker deposit shares or evidence of rights to receive shares with the custodian. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will register the appropriate number of ADSs in the names you request and will deliver the ADSs to or upon the order of the person or persons that made the deposit.

### ***How can ADS holders withdraw the deposited securities?***

You may surrender your ADSs at the depositary's corporate trust office. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will deliver the shares and any other deposited securities underlying the ADSs to the ADS holder or a person the ADS holder designates at the office of the custodian. Or, at your request, risk and expense, the depositary will deliver the deposited securities at its corporate trust office, if feasible.

### ***How do ADS holders interchange between certificated ADSs and uncertificated ADSs?***

You may surrender your ADR to the depositary for the purpose of exchanging your ADR for uncertificated ADSs. The depositary will cancel that ADR and will send to the ADS holder a statement confirming that the ADS holder is the registered holder of uncertificated ADSs. Alternatively, upon receipt by the depositary of a proper instruction from a registered holder of uncertificated ADSs requesting the exchange of uncertificated ADSs for certificated ADSs, the depositary will execute and deliver to the ADS holder an ADR evidencing those ADSs.

## **Voting rights**

### ***How do you vote?***

ADS holders may instruct the depositary how to vote the number of deposited shares their ADSs represent. The depositary will notify ADS holders of shareholders' meetings and arrange to deliver our voting materials to them if we ask it to. Those materials will describe the matters to be voted on and explain how ADS holders may instruct the depositary how to vote. For instructions to be valid, they must reach the depositary by a date set by the depositary. Pursuant to the deposit agreement, there are no circumstances where we would not instruct the depositary to notify ADS holders of shareholders' meetings or where the depositary may itself determine not to notify ADS holders of such meetings.

*Otherwise, you will not be able to exercise your right to vote unless you withdraw the shares. However, you may not know about the meeting enough in advance to withdraw the shares.*

The depositary will try, as far as practical, subject to the laws of the Cayman Islands and of our articles of association or similar documents, to vote or to have its agents vote the shares or other deposited securities as instructed by ADS holders. The depositary will only vote or attempt to vote as instructed. If we ask for your instructions but the depositary does not receive your instructions by the date the depositary sets, the depositary may give a discretionary proxy to a person designated by us to vote the amount of deposited shares your ADSs represent, unless we notify the depositary that (i) substantial opposition exists or (ii) the matter to be voted on would have a material adverse effect on the rights of holders of our common shares.

We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote your shares. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. *This means that you may not be able to exercise your right to vote and there may be nothing you can do if your shares are not voted as you requested.*

We have agreed to give the Depositary notice of any such meeting and details concerning the matters to be voted upon as far in advance of the meeting date as practicable. Under our post-offering memorandum and articles of association, the minimum notice period required to convene a general meeting is seven calendar days.

## **Fees and Charges Our ADS Holders May Have to Pay**

The JPMorgan Chase Bank, N.A., the depositary of our ADS program, collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may collect any of its fees by deduction from any cash distribution payable to ADS holders that are obligated to pay those fees. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

**Persons depositing or withdrawing shares must pay:**

US\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)

US\$0.05 (or less) per ADS

US\$0.05 (or less) per ADS

US\$0.05 (or less) per ADSs per calendar year

Registration or transfer fees

Expenses of the depositary

Taxes and other governmental charges the depositary or the custodian has to pay on any ADSs or shares underlying ADSs, such as stock transfer taxes, stamp duty or withholding taxes

Any charges incurred by the depositary or its agents for servicing the deposited securities

**For:**

- Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates
  - Any cash distribution to ADS holders
  - Direct or indirect distribution of securities or the net cash proceeds from the public or private sale of any such securities, subject to certain exemptions
  - Depositary services
  - Transfer and registration of shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw shares
  - Cable, telex and facsimile transmissions (when expressly provided in the deposit agreement)
  - converting foreign currency to U.S. dollars
  - As necessary
- As necessary

**Payment of Taxes**

The depositary may deduct the amount of any taxes owed from any payments to you. It may also sell deposited securities, by public or private sale, to pay any taxes owed. You will remain liable if the proceeds of the sale are not enough to pay the taxes. If the depositary sells deposited securities, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to you any proceeds, or send to you any property, remaining after it has paid the taxes.

**Reclassifications, recapitalizations and mergers****If we:**

- Change the nominal or par value of our shares
- Reclassify, split up or consolidate any of the deposited securities
- Distribute securities on the shares that are not distributed to you
- Recapitalize, reorganize, merge, liquidate, sell all or substantially all of our assets, or take any similar action

**Then:**

The cash, shares or other securities received by the depositary will become deposited securities. Each ADS will automatically represent its equal share of the new deposited securities.

The depositary may distribute new ADSs representing the new deposited securities or ask you to surrender your outstanding ADRs in exchange for new ADRs identifying the new deposited securities.

## **Amendment and termination**

### ***How may the deposit agreement be amended?***

We may agree with the depository to amend the deposit agreement and the ADRs without your consent for any reason. If an amendment adds or increases fees or charges, except for taxes and other governmental charges or expenses of the depository for registration fees, facsimile costs, delivery charges or similar items, or prejudices a substantial right of ADS holders, it will not become effective for outstanding ADSs until 30 days after the depository notifies ADS holders of the amendment. *At the time an amendment becomes effective, you are considered, by continuing to hold your ADSs, to agree to the amendment and to be bound by the ADRs and the deposit agreement as amended.*

### ***How may the deposit agreement be terminated?***

The depository will terminate the deposit agreement at our direction by mailing notice of termination to the ADS holders then outstanding at least 30 days prior to the date fixed in such notice for such termination. The depository may also terminate the deposit agreement by mailing notice of termination to us and the ADS holders if 60 days have passed since the depository told us it wants to resign but a successor depository has not been appointed and accepted its appointment.

After termination, the depository and its agents will do the following under the deposit agreement but nothing else: collect distributions on the deposited securities, sell rights and other property, and deliver shares, other deposited securities and distributions upon cancellation of ADSs. Four months after termination, the depository may sell any remaining deposited securities by public or private sale. After that, the depository will hold the money it received on the sale, as well as any other cash it is holding under the deposit agreement for the *pro rata* benefit of the ADS holders that have not surrendered their ADSs. It will not invest the money and has no liability for interest. The depository's only obligations will be to account for the money and other cash. After termination our only obligations will be to indemnify the depository and to pay fees and expenses of the depository that we agreed to pay.

## **Limitations on obligations and liability**

### ***Limits on our obligations and the obligations of the depository; limits on liability to holders of ADSs***

The deposit agreement expressly limits our obligations and the obligations of the depository. It also limits our liability and the liability of the depository. We and the depository:

- are only obligated to take the actions specifically set forth in the deposit agreement without negligence or bad faith;
- are not liable if we are or it is prevented or delayed by law or circumstances beyond our control from performing our or its obligations under the deposit agreement;

- are not liable if we or it exercises discretion permitted under the deposit agreement;
- are not liable for the inability of any holder of ADSs to benefit from any distribution on deposited securities that is not made available to holders of ADSs under the terms of the deposit agreement, or for any special, consequential or punitive damages for any breach of the terms of the deposit agreement;
- have no obligation to become involved in a lawsuit or other proceeding related to the ADSs or the deposit agreement on your behalf or on behalf of any other person;
- are not liable for the acts or omissions of any securities depository, clearing agency or settlement system; and
- may rely upon any documents we believe or it believes in good faith to be genuine and to have been signed or presented by the proper person.

In the deposit agreement, we and the depository agree to indemnify each other under certain circumstances.

#### **Requirements for depository actions**

Before the depository will deliver or register a transfer of an ADS, make a distribution on an ADS, or permit withdrawal of shares, the depository may require:

- payment of stock transfer or other taxes or other governmental charges and transfer or registration fees charged by third parties for the transfer of any shares or other deposited securities;
- satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and
- compliance with regulations it may establish, from time to time, consistent with the deposit agreement, including presentation of transfer documents.

The depository may refuse to deliver ADSs or register transfers of ADSs when the transfer books of the depository or our transfer books are closed or at any time if the depository or we think it advisable to do so.

#### **Your right to receive the shares underlying your ADSs**

ADS holders have the right to cancel their ADSs and withdraw the underlying shares at any time except:

- When temporary delays arise because: (i) the depository has closed its transfer books or we have closed our transfer books; (ii) the transfer of shares is blocked to permit voting at a shareholders' meeting; or (iii) we are paying a dividend on our shares.
- When you owe money to pay fees, taxes and similar charges.

- When it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to ADSs or to the withdrawal of shares or other deposited securities.

This right of withdrawal may not be limited by any other provision of the deposit agreement.

### **Pre-release of ADSs**

The deposit agreement permits the depository to deliver ADSs before deposit of the underlying shares, unless requested in writing by us to cease doing so. This is called a pre-release of the ADSs. The depository may also deliver shares upon cancellation of pre-released ADSs (even if the ADSs are canceled before the pre-release transaction has been closed out). A pre-release is closed out as soon as the underlying shares are delivered to the depository. The depository may receive ADSs instead of shares to close out a pre-release. The depository may pre-release ADSs only under the following conditions: (1) before or at the time of the pre-release, the person to whom the pre-release is being made represents to the depository in writing that it or its customer owns the shares or ADSs to be deposited; (2) the pre-release is fully collateralized with cash or other collateral that the depository considers appropriate; and (3) the depository must be able to close out the pre-release on not more than five business days' notice. In addition, the depository normally will limit the number of ADSs that may be outstanding at any time as a result of pre-release to no more than 30% of the amount of shares on deposit, although the depository may disregard the limit from time to time if it thinks it is appropriate to do so. The depository has full discretion on how and to what extent it may disregard the limit for the amount of ADSs that may be outstanding at any time as a result of pre-release.

### **Direct registration system**

In the deposit agreement, all parties to the deposit agreement acknowledge that the DRS and Profile Modification System, or Profile, will apply to uncertificated ADSs upon acceptance thereof to DRS by DTC. DRS is the system administered by DTC under which the depository may register the ownership of uncertificated ADSs, which ownership will be confirmed by periodic statements sent by the depository to the registered holders of uncertificated ADSs. Profile is a required feature of DRS that allows a DTC participant, claiming to act on behalf of a registered holder of ADSs, to direct the depository to register a transfer of those ADSs to DTC or its nominee and to deliver those ADSs to the DTC account of that DTC participant without receipt by the depository of prior authorization from the ADS holder to register that transfer.

In connection with and in accordance with the arrangements and procedures relating to DRS/Profile, the parties to the deposit agreement understand that the depository will not determine whether the DTC participant that is claiming to be acting on behalf of an ADS holder in requesting registration of transfer and delivery described in the paragraph above has the actual authority to act on behalf of the ADS holder (notwithstanding any requirements under the Uniform Commercial Code). In the deposit agreement, the parties agree that the depository's reliance on and compliance with instructions received by the depository through the DRS/Profile System and in accordance with the deposit agreement will not constitute negligence or bad faith on the part of the depository.

### **Shareholder communications; inspection of register of holders of ADSs**

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. The depository will send you copies of those communications if we ask it to. You

have a right to inspect the register of holders of ADSs, but not for the purpose of contacting those holders about a matter unrelated to our business or the ADSs.

THE SYMBOL “[\*\*\*]” DENOTES PLACES WHERE CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THE EXHIBIT BECAUSE IT IS (1) NOT MATERIAL AND (2) THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL.

**(Private Document - Confidential)**

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**Acquisition Agreement**

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**By and among**

**Senzhen Suqu Network Technology Co., Ltd.**

**Cheng Hang**

**Yang Bing**

**Jiang Wei**

**and**

**Shanghai Kuanghai Network Technology Co., Ltd.**

Dated January 26, 2025

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## Contents

<b>Article 1</b>	<b>Definitions</b>	<b>2</b>
1.1	Definitions	2
1.2	Interpretations	5
<b>Article 2</b>	<b>Transaction</b>	<b>6</b>
2.1	Transaction	6
2.2	Payment of Closing Consideration	7
2.3	Payment of Retention Money	9
<b>Article 3</b>	<b>Representations and Warranties</b>	<b>13</b>
3.1	Representations and Warranties of the Warrantors	13
3.2	Representations and Warranties of the Buyer	13
<b>Article 4</b>	<b>Special Provisions</b>	<b>13</b>
4.1	Covenants for the Transition Period	13
4.2	Obligations of the Parties	14
4.3	Access to Information	15
4.4	Taxes, Fees and Other Expenses	15
4.5	Post-Closing Covenants	15
<b>Article 5</b>	<b>Breach of Contract and Indemnification</b>	<b>16</b>
<b>Article 6</b>	<b>Effectiveness, Termination, Assignment, and Succession</b>	<b>16</b>
6.1	Effectiveness	16
6.2	Termination	17
6.3	Consequences of Termination	17
6.4	Assignment and Succession	18
<b>Article 7</b>	<b>Governing Law and Dispute Resolution</b>	<b>18</b>
7.1	Governing Law	18
7.2	Dispute Resolution	18
<b>Article 8</b>	<b>Miscellaneous</b>	<b>19</b>
8.1	Notices	19
8.2	Confidentiality	20
8.3	Severability	20
8.4	Amendments	20
8.5	Waiver	21
8.6	Entire Agreement	21
8.7	Waiver and Cumulative Remedies	21
8.8	Specific Performance	21
8.9	Language and Counterparts	21
<b>Annex I</b>	<b>Representations and Warranties</b>	
<b>Annex II</b>	<b>Disclosure Schedule</b>	
<b>Annex III</b>	<b>Closing Conditions Precedent</b>	

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<b>Annex IV</b>	<b>List of Core Business, Assets, and Documents to Be Delivered on Closing Date</b>
<b>Annex V</b>	<b>Format of Closing Confirmation Letter</b>
<b>Annex VI</b>	<b>Format of Articles of Association of Target Company</b>
<b>Annex VII</b>	<b>List of Key Personnel</b>

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## Acquisition Agreement

This Acquisition Agreement (“**Agreement**”) is made and entered into as of January 26, 2025, by and among:

- (1) Senzhen Suqu Network Technology Co., Ltd. (“**Buyer**”), Unified Social Credit Code: [\*\*\*], and registered address: 10A1014, AB Tower, New Energy Building, 2239 Nantai Avenue, Nanguang Community, Nanshan Subdistrict, Nanshan District, Shenzhen;
- (2) Cheng Hang, a natural person of Chinese nationality, ID Card No.: [\*\*\*];
- (3) Yang Bing, a natural person of Chinese nationality, ID Card No.: [\*\*\*];
- (4) Jiang Wei, a natural person of Chinese nationality, ID Card No.: [\*\*\*]; (together with Cheng Hang and Yang Bing, each individually referred to as “**Seller**” and collectively as “**Sellers**”);
- (5) Shanghai Kuanghui Network Technology Co., Ltd., Unified Social Credit Code: [\*\*\*], and registered address: 7th Floor, 137 Haining Road, Hongkou District, Shanghai (Central Registration Location) (“**Target Company**”);
- (6) HUPU (Shanghai) Information Technology Co., Ltd., Unified Social Credit Code: [\*\*\*], and registered address: Room 3001, Building A2, 121 Zhongshan North First Road, Hongkou District, Shanghai (“**HUPU Information Technology**”);
- (7) Beijing Tianlian Zhongheng Media Co., Ltd., Unified Social Credit Code: [\*\*\*], and registered address: Room 101-2330, 2nd Floor, Building 17, Courtyard 6, Hengye North Seventh Street, Tongzhou District, Beijing (“**Beijing Tianlian**”);
- (8) Shanghai Keling Information Technology Co., Ltd., Unified Social Credit Code: [\*\*\*], and registered address: 7th Floor, 137 Haining Road, Hongkou District, Shanghai (Central Registration Location) (“**Shanghai Keling**”).

Each of the above parties shall be individually referred to as “**Party**” and collectively as “**Parties**” in this Agreement.

### Preamble

#### WHEREAS:

- (1) As of the date of signing of this Agreement, the registered capital of the Target Company is RMB 1 million, and Sellers legally hold 100% of the equity interest in the Target Company. The equity structure of the Target Company is as follows:

No.	Shareholder	Registered Capital (RMB)	Paid-in Capital (RMB)	Shareholding Ratio	Contribution Method
1	Cheng Hang	[***]	[***]	[***]	Currency
2	Yang Bing	[***]	[***]	[***]	Currency

3	Jiang Wei	[***]	[***]	[***]	Currency
<b>Total</b>		<b>1,000,000</b>	<b>100,000</b>	<b>100%</b>	-

- (2) As of the date of signing of this Agreement, the Target Company holds 100% of the equity interest in HUPU Information Technology (corresponding to the registered capital of RMB 10 million), 100% of the equity interest in Beijing Tianlian (corresponding to the registered capital of RMB 10 million), and 100% of the equity interest in Shanghai Keling (corresponding to the registered capital of RMB 10 million).
- (3) The Buyer expects to acquire 100% of equity interests in the Target Company held by all Sellers (“**Target Equity**”) under the terms of this Agreement, and all Sellers agree to sell the Target Equity to the Buyer under the terms of this Agreement. Upon completion of this Transaction (as defined below), the Target Company will become a wholly owned subsidiary of the Buyer.

**NOW, THEREFORE**, in consideration of the foregoing, the Parties hereby agree as follows:

## **Article 1      Definitions**

### 1.1 Definitions

Unless otherwise agreed herein, the following terms shall have the meanings set forth below:

“**Agreement**” means this Acquisition Agreement entered into by and among the Parties, including all schedules and annexes hereto, which shall form integral parts of this Agreement, as well as all amendments made hereto from time to time under the provisions set forth herein.

“**Transaction**” means the transaction in which the Buyer acquires 100% of equity interests in the Target Company held by all Sellers, along with all businesses and assets of the Target Company (as specified in Annex IV, including but not limited to the HUPU App, websites, community forums, and other social media platforms related to the Target Company’s business operations).

“**Warrantors**” mean Group Companies and Sellers.

“**Transaction Documents**” mean this Agreement, Articles of Association of the Target Company, and any other agreements or documents related to the completion of this Transaction, including all schedules and annexes thereto.

“**Group Companies**” mean the Target Company, HUPU Information Technology, Beijing Tianlian, Shanghai Keling, Shanghai Kuanghui Network Technology Co., Ltd. Guangzhou Branch, Shanghai Kuanghui Network Technology Co., Ltd. Beijing Branch, Shanghai Keling Information Technology Co., Ltd. Kaifeng Branch, and any other subsidiaries, branch offices, or affiliates directly or indirectly controlled by the Target Company as of the Closing Date.

“**Laws and Regulations**” mean any applicable laws, regulations, statutes, treaties, regulatory rules, government directives, judgments, decisions, orders,

etc. issued by any legislative body, judicial authority, government agency, securities exchange, industry regulatory body, or other self-regulatory organization.

**“Affiliates”** mean, with respect to any entity: (i) any entity that directly or indirectly controls such entity; or (ii) any entity that is directly or indirectly controlled by such entity; (iii) any entity that is under common control, directly or indirectly, with such entity; (iv) the ultimate controlling person of such entity and the entities referred to in items (i) through (iii), as well as the directors, supervisors, officers, or persons holding equivalent positions of such entity; and (v) any other entity directly or indirectly controlled or significantly influenced by the individuals referred to in item (iv). With respect to any natural person or any natural person falling under items (i) through (v) above, such natural person’s Affiliates shall also include: (x) such person’s spouse, parents, and adult children; and (y) any entity that is directly or indirectly controlled or significantly influenced by any of the entities described in item (x) above.

**“Key Personnel”** mean the core personnel of the Group Companies as listed in Annex VII.

**“HUPU Holdings”** means Huahuayuanyuan (Shanghai) Cultural Communication Co., Ltd.

**“Control”** means, with respect to the relationship between two or more entities, the power to direct or cause the direction of the business, affairs, management, or policies of an entity, whether directly or indirectly, or as a trustee or executor, whether through the ownership of equity, voting securities, or other voting rights, or as a trustee or executor, or by virtue of any contract, arrangement, trust structure, or otherwise. This includes: (i) directly or indirectly owning fifty percent (50%) or more of the issued shares, equity, capital, or other ownership interests of such entity; or (ii) directly or indirectly possessing fifty percent (50%) or more of the voting power of such entity, whether through ownership of voting securities, proxies representing voting rights exceeding 50%, the right to appoint a majority of the board of directors or similar governing body, or the contractual or other power to determine the management or policies of such entity. The expressions **“controlled”** and **“under common control”** shall have the meaning related to the interpretations above.

**“Articles of Association of the Target Company”** mean Articles of Association of the Target Company, as amended, as of the Closing of this Transaction, the form and content of which are attached as Annex VI to this Agreement.

**“Entity”** means any natural person, partnership, corporation, limited liability company, joint-stock company, association, trust, cooperative organization, non-corporate organization, or other legal entity.

**“Government Authority”** means any central or local government,

regulatory or administrative agency, department or committee, securities exchange, court, tribunal, judicial or arbitration body, or other self-regulatory organization in or beyond China.

**“Business Day”** means any day other than the following dates: Saturdays, Sundays, or any other statutory holidays or rest days prescribed or authorized

under Chinese law or administrative orders.

“**Disclosure Schedule**” means the disclosure schedule attached hereto as Annex 2, which is executed by the Seller and delivered to the Buyer, and forms an integral part of this Agreement.

“**Latest Financial Statements**” mean the financial statements dated October 31, 2024, as provided by the Sellers to the Buyer.

“**Balance Sheet Date**” means October 31, 2024.

“**RMB**” means the lawful currency of the People’s Republic of China.

“**Taxes and Fees**” mean any types of taxes, fees and other charges imposed by any government authority (together with any and all interest, penalties, surcharges, and additional charges imposed thereon), including but not limited to: taxes or other charges levied on income, franchises, windfalls, or other profits, property, wages, social security, or unemployment compensation; taxes or other charges of a consumption tax, withholding tax, transfer tax, value-added tax or business tax nature; license, registration, and documentation fees; as well as customs duties, tariffs, and similar charges.

“**Claim**” means any assertion of rights, lawsuit, arbitration, inquiry, or investigative proceeding initiated by or against any governmental or non-governmental authority, including any claim relating to the deprivation, confiscation, or expropriation of property.

“**Yuan**” means the Chinese Yuan (RMB).

“**Government Directive**” means any order, judgment, injunction, notice, directive, regulation, decision, or ruling issued by any government authority.

“**Intellectual Property (IP)**” means all patents, patent applications, inventions, utility models, industrial designs, trademarks, service marks, trade names, internet domain names, copyrights of computer software, copyrights of artistic works, copyrights, copyright registrations and applications and all other related rights, technical secrets and other IP (whether registered or unregistered), as well as all computer software, including all source codes, object codes, firmware, development tools, archives, records and data. IP also includes all storage media related to any of the aforementioned content, formulas, designs, trade secrets, confidential and proprietary information, proprietary rights, know-how and programs, as well as any corresponding IP arising from the applications for such rights and all documentation relating to any of the above.

“**Core Intellectual Property (Core IP)**” means the IP related to the HUPU APP and the Group Companies’ Core Business. “China” refers, for the purposes of this Agreement, to the mainland of the People’s Republic of China.

“**Chinese Accounting Standards**” mean the *Enterprise Accounting Standards of China*, as revised and updated from time to time.

“**Material Adverse Change**” or “**Material Adverse Effect**” means any circumstance, change, or effect that: (i) causes, or with reasonable evidence is likely to cause, damage, loss, liability, and/or other adverse effects to the existence, operations, business, assets, intellectual property, liabilities (including but not limited to contingent liabilities), financial condition, operating results, business prospects, or financial position of any Group

Company, including but not limited to adverse effects such as the HUPU APP being reported for non-compliance, ordered to rectify, removed from platforms, suspended or banned from operation, suspended or banned from registering new users, or any administrative regulatory actions or regulatory findings deeming the Core Business of any Group Company to be non-compliant or illegal (“**Adverse Effects**”), where such Adverse Effect individually exceeds RMB 1,000,000 or, when aggregated with other Adverse Effects or events, exceeds RMB 5,000,000; (ii) causes, or with reasonable evidence is likely to cause, a material adverse effect on any Group Company’s qualifications, licenses, or ability to operate its current business; (iii) materially hinders the performance by any Party of its obligations under this Agreement, affects the validity or legality of this Agreement, or impairs the possibility of its performance; or (iv) may constitute a material impediment to the Buyer’s completion of this Transaction, the proposed transactions contemplated under this Agreement, and/or the exercise of the Buyer’s rights under this Agreement.

“**Material Contract**” means any contract, agreement, memorandum of understanding, letter of intent, or other legal document, whether entered into in the ordinary course of business or otherwise, that is material to the existence, development, financial condition, or operations of any Group Company, or that imposes significant restrictions on any Group Company or its business or assets, or that, if absent, would have a material adverse impact on the existence, development, financial condition, or operations of any Group Company. Such contracts include, but are not limited to: (i) any contract with a transaction amount exceeding RMB 10 million; (ii) any contract involving the transfer, sale, license, purchase, or disposal of Core IP of any Group Company, or non-IP assets with a book value exceeding RMB 10 million, or any IP (other than Core IP) with a book value exceeding RMB 2 million; (iii) any exclusive contract or contract that restricts the competitive ability of any Group Company; (iv) any commercial contract entered into with any of the top five partners, suppliers, or customers of any Group Company, as determined based on sales revenue or procurement amount in the latest financial statements; (v) any contract involving equity transfer, equity acquisition, investment, financing, joint ventures, mergers and acquisitions, restructuring, voting arrangements, profit sharing, or transfer of control; (vi) any contract that creates an encumbrance over equity or assets of any Group Company with a book value exceeding RMB 1,000,000; or (vii) any contract or agreement entered into with a governmental authority.

“**Group Companies’ Core Business**” or “**Core Business**” means the vertical cultural community platform focusing on sports events, e-sports, and daily life, including both websites and mobile applications (APP), primarily offering services such as event information, interactive features related to competitions, and user community, etc.

## 1.2 Interpretations

1.2.1 The phrase “**directly or indirectly**” means directly or indirectly through one or more intermediaries or through contractual or other legal arrangements; “**direct or indirect**” shall be construed accordingly.

1.2.2 The word “**including**” and similar expressions shall not be interpreted as terms of limitation, and shall be deemed to be immediately followed by the words

“without limitation” or “but not limited to”.

- 1.2.3 Unless otherwise specified in the context, “not less than” and “not more than” shall be inclusive, while “**exceeding**”, “**less than**”, or “**lower than**” shall be exclusive.
- 1.2.4 References in this Agreement to “**of this Agreement**”, “**in this Agreement**”, “**under this Agreement**”, and similar expressions refer to the entire Agreement, and not to any particular provision of this Agreement.
- 1.2.5 The table of contents and headings in this Agreement are for convenience only and shall not affect the meaning or interpretation of this Agreement in any way.
- 1.2.6 Unless otherwise specified, references to articles, clauses, paragraphs, annexes, and schedules shall refer to the articles, clauses, paragraphs, annexes, and schedules of this Agreement.
- 1.2.7 References to any laws and regulations shall include any amendments or re-enactments thereof from time to time.
- 1.2.8 References to any document shall, unless otherwise specified, include such document as amended or supplemented from time to time.

## **Article 2      Transaction**

The Parties agree that this Transaction shall be carried out in stages in the following sequence:

### 2.1 Transaction

- 2.1.1 The Parties agree that the Buyer shall purchase 100% of equity interests in the Target Company held collectively by all Sellers for a total consideration of RMB 500 million (inclusive of tax) (“**Purchase Consideration**”), subject to the adjustments to the Retention Money (if any) as described below. Of the Purchase Consideration: (1) RMB 400 million (“**Closing Consideration**”) shall be paid at Closing in accordance with Section 2.2 of this Agreement; and (2) RMB 100 million (“**Retention Money**”, subject to the adjustment mechanism set forth below) shall be paid within the agreed post-Closing period in accordance with Section 2.3 of this Agreement.

To be specific:

- (1) The Buyer shall acquire 48% of equity interest in the Target Company (corresponding to RMB 480,000 in the registered capital of the Target Company) from Cheng Hang for a consideration of RMB 240 million (including RMB 192 million as part of the Closing Consideration, and RMB 48 million (subject to the adjustment mechanism hereunder) as part of the Retention Money);
- (2) The Buyer shall acquire 31% of equity interest in the Target Company (corresponding to RMB 310,000 in the registered capital of the Target Company) from Yang Bing for a consideration of RMB 155 million (including RMB 124 million as part of the Closing Consideration, and RMB 31 million (subject to the adjustment mechanism hereunder) as part of the Retention Money);
- (3) The Buyer shall acquire 21% of equity interest in the Target Company

(corresponding to RMB 210,000 in the registered capital of the Target Company) from Jiang Wei for a consideration of RMB 105 million (including RMB 84 million as part of the Closing Consideration, and RMB 21 million (subject to the adjustment mechanism hereunder) as part of the Retention Money).

#### 2.1.2 Third-Party Audit

The Parties agree that the Sellers and the Target Company are obligated to cooperate with the Buyer in engaging a third-party audit firm to conduct an audit of the consolidated financial statements of the Target Company as of the balance sheet date (“**Third-Party Audit**”) prior to the Closing Date. The audit firm shall be independently selected by the Buyer and formally engaged by the Sellers. The Sellers shall bear the audit fees in an amount not exceeding RMB 1 million, in accordance with the amount, time, and compliant invoice set forth in the engagement contract with the audit firm.

2.1.3 The Parties agree that the Sellers shall have the right to cause the Target Company to pass a shareholders’ resolution and, prior to the Closing Date, distribute the profits of RMB 100 million (inclusive of tax) in full amount to all Sellers (“**Pre-Closing Profit Distribution**”), according to the financial status of the Target Company at that time. Any undistributed profits exceeding the Pre-Closing Profit Distribution amount shall be retained in the Target Company and owned by the Target Company and its shareholders after the Closing Date. When making the Pre-Closing Profit Distribution, the Target Company shall fulfill its statutory obligation to withhold and pay individual income tax on behalf of the Sellers. The Target Company shall provide the Buyer with relevant tax payment certificates (“**Pre-Closing Profit Distribution Tax Payment Certificates**”) within ten (10) business days after completing the tax withholding and payment.

#### 2.2 Payment of Closing Consideration

2.2.1 The payment of the First Installment of the Closing Consideration shall be subject to the terms and conditions set forth in this Agreement. Within ten (10) calendar days after the Sellers facilitate and assist the Group Companies in reporting this Transaction to the local cyberspace administration authority for review regarding the Group Companies and their affiliated APP and obtain a non-negative opinion from the local cyberspace administration authority (“**Cybersecurity Review Approval**”), or within such other period as may be mutually agreed by the Parties, the Buyer shall pay to the Sellers the First Installment of the Closing Consideration in an aggregate amount of RMB 100 million (inclusive of tax), which includes:

- (1) RMB 48 million that the Buyer shall pay to Cheng Hang as part of the First Installment of the Closing Consideration;
- (2) RMB 31 million that the Buyer shall pay to Yang Bing as part of the First Installment of the Closing Consideration;
- (3) RMB 21 million that the Buyer shall pay to Jiang Wei as part of the First Installment of the Closing Consideration.

The Buyer shall provide necessary assistance in obtaining the Cybersecurity Review Approval. If the Buyer fails to make full payment of the First

Installment of the Closing Consideration to any Seller within the aforesaid period, the Buyer shall pay such Seller a penalty at the rate of 0.1% per day on the unpaid portion of the First Installment of the Closing Consideration for each day of delay. The Sellers shall provide the Buyer with a written payment notice at least five (5) business days in advance (including the information about the bank account opened under Seller's name).

## 2.2.2 Payment of the Second Installment of Closing Consideration

Subject to the terms and conditions set forth in this Agreement, the Buyer shall pay to the Sellers the Second Installment of the Closing Consideration in an aggregate amount of RMB 300 million (inclusive of tax) in two separate payments:

2.2.2.1 Within ten (10) calendar days after all Closing Conditions Precedent specified in Annex III of this Agreement have been satisfied or waived in writing by the Buyer ("**Closing Conditions Satisfaction Date**"), or within such other period as may be mutually agreed by the Parties, the Buyer shall pay to the Sellers the First Payment of the Second Installment of the Closing Consideration in an aggregate amount of RMB 200 million, which includes:

- (1) RMB 96 million that the Buyer shall pay to Cheng Hang as part of the First Payment of the Second Installment of the Closing Consideration;
- (2) RMB 62 million that the Buyer shall pay to Yang Bing as part of the First Payment of the Second Installment of the Closing Consideration;
- (3) RMB 42 million that the Buyer shall pay to Jiang Wei as part of the First Payment of the Second Installment of the Closing Consideration.

The completion by the Buyer of the payment to all Sellers of the First Installment of the Closing Consideration pursuant to Section 2.2.1 above and the First Payment of the Second Installment of the Closing Consideration pursuant to this Section 2.2.2.1 shall constitute the "**Closing**", and the date on which the Closing occurs shall be referred to as the "**Closing Date**".

2.2.2.2 Within ten (10) calendar days from the date on which (i) the Closing under Section 2.2.2.1 above has been completed, and (ii) the Sellers have, in accordance with communications with and the requirements of the competent tax authorities, completed the individual income tax filing and payment obligations in respect of the portion of the Closing Consideration hereunder and have provided the Buyer with valid tax payment certificates, or within such other period as may be mutually agreed by the Parties, the Buyer shall pay to the Sellers the Second Payment of the Second Installment of the Closing Consideration in an aggregate amount of RMB 100 million, which includes:

- (1) RMB 48 million that the Buyer shall pay to Cheng Hang as part of the Second Payment of the Second Installment of the Closing Consideration;
- (2) RMB 31 million that the Buyer shall pay to Yang Bing as part of the Second Payment of the Second Installment of the Closing Consideration;
- (3) RMB 21 million that the Buyer shall pay to Jiang Wei as part of the Second Payment of the Second Installment of the Closing

## Consideration.

If the Buyer fails to make full payment of the Second Installment of the Closing Consideration to any Seller within the aforesaid period, the Buyer shall pay such Seller a penalty at the rate of 0.1% per day on the unpaid portion of the Second Installment of the Closing Consideration for each day of delay.

- 2.2.3 On the Closing Date, the Sellers and the Group Companies shall jointly deliver to the Buyer all business, assets, documents, materials, and items listed in Annex IV.
- 2.2.4 The Parties hereby acknowledge and agree that as of the Closing Date, the Buyer shall become the sole shareholder of the Target Company, and the Target Company shall become a wholly owned subsidiary of the Buyer. From the Closing Date, the Buyer shall be entitled to all shareholder rights in the Target Company in accordance with applicable laws and regulations and the Articles of Association of the Target Company.
- 2.2.5 The Buyer shall be entitled to undistributed profits of the Target Company before the Closing Date (including any period prior to the signing of this Agreement) remaining after deducting the Pre-Closing Profit Distribution amount (if any).

## 2.3 Payment of Retention Money

### 2.3.1 Regarding the Retention Money of RMB 40 Million

- 2.3.1.1 Within ten (10) calendar days after the expiration of twelve (12) months from the Closing Date or within such other period as may be mutually agreed by the Parties, the Buyer shall pay the First Installment of the Retention Money to the Sellers in an aggregate amount of RMB 20 million (including tax and subject to the adjustment mechanism set forth below). To be specific:
  - (1) The Buyer shall pay Cheng Hang the First Installment of the Retention Money in the amount of RMB 9.6 million (subject to the adjustment mechanism set forth below);
  - (2) The Buyer shall pay Yang Bing the First Installment of the Retention Money in the amount of RMB 6.2 million (subject to the adjustment mechanism set forth below);
  - (3) The Buyer shall pay Jiang Wei the First Installment of the Retention Money in the amount of RMB 4.2 million (subject to the adjustment mechanism set forth below).

For the avoidance of doubt, if, within twelve (12) months after the Closing Date, the Group Companies are subject to any investigation, audit, fines, penalty, supplementary payment, late fee or other actions imposed by relevant competent authorities due to any tax-related issues (including but not limited to corporate income tax and individual income tax), taxation matters, social insurance, or housing provident fund obligations that existed prior to the Closing Date, or that arose after the Closing Date but were caused by reasons occurring prior to the Closing Date, and such circumstances or losses are not attributable to the Buyer's actions after the Closing Date, the Buyer shall have the right to deduct the corresponding amount from the First Installment of the Retention Money as compensation for the losses suffered by the Group

Companies and/or the Buyer. In such cases, the amount of Retention Money payable by the Buyer to the Sellers for this installment shall be RMB 20 million less the amount of such losses.

The Parties agree that if the deduction referred to above exceeds the amount of this installment of Retention Money, the Buyer shall have the right to withhold payment of such installment of Retention Money to the Sellers, and for any excess amount, the Buyer shall be entitled to unilaterally deduct such excess from the amount of Retention Money specified in Section 2.3.1.2.

Within thirty (30) days after the Buyer pays the First Installment of Retention Money, all Sellers shall fully fulfill their individual income tax payment obligations related to such installment and provide the Buyer with the relevant tax payment certificates.

2.3.1.2 Within ten (10) calendar days after the expiration of twenty-four (24) months from the Closing Date or within such other period as may be mutually agreed by the Parties, the Buyer shall pay the remaining Retention Money to the Sellers in an aggregate amount of RMB 20 million (subject to the adjustment mechanism set forth below). To be specific:

- (1) The Buyer shall pay Cheng Hang the remaining Retention Money in the amount of RMB 9.6 million (subject to the adjustment mechanism set forth below);
- (2) The Buyer shall pay Yang Bing the remaining Retention Money in the amount of RMB 6.2 million (subject to the adjustment mechanism set forth below);
- (3) The Buyer shall pay Jiang Wei the remaining Retention Money in the amount of RMB 4.2 million (subject to the adjustment mechanism set forth below).

For the avoidance of doubt, if, within twelve (12) months to twenty-four (24) months after the Closing Date, the Group Companies are subject to any investigation, audit, fine, penalty, supplementary payment, late fee or other actions imposed by relevant competent authorities due to any tax-related issues (including but not limited to corporate income tax and individual income tax), taxation matters, social security, or housing provident fund obligations that existed prior to the Closing Date, or that arose after the Closing Date but were caused by reasons occurring prior to the Closing Date, and such circumstances or losses are not attributable to the Buyer's actions after the Closing Date, the Buyer shall have the right to deduct the corresponding amount from the remaining Retention Money as compensation for the losses suffered by the Group Companies and/or the Buyer. In such cases, the amount of the remaining Retention Money payable by the Buyer to the Sellers shall be RMB 20 million less the amount of such losses.

The Parties agree that the amount deductible by the Buyer under Sections 2.3.1.1 and 2.3.1.2 above shall not exceed RMB 40 million, that is, if the total deductions exceed RMB 40 million, the Buyer shall have the right to refuse the payment of the Retention Money of RMB 40 million to the Sellers under Section 2.3.1, and at the same time, the Sellers shall have no obligation to compensate for any additional losses suffered by the Group Companies and/or the Buyer that exceed RMB 40 million due to the adjustment mechanism set

forth in Section 2.3.1.

Within thirty (30) days after the Buyer pays the remaining Retention Money, all Sellers shall fully fulfill their individual income tax payment obligations related to the remaining Retention Money and provide the Buyer with the relevant tax payment certificates.

2.3.1.3 The Buyer shall pay the Retention Money to the Sellers on time. If the Buyer fails to fully pay to any Seller the Retention Money due under Section 2.3.1 within the aforesaid period, the Buyer shall pay such Seller a penalty at the rate of 0.1% per day on the unpaid portion of the Retention Money for each day of delay.

2.3.2 Regarding the Retention Money of RMB 60 Million

Within ten (10) calendar days after the expiration of twelve (12) months from the date of signing of this Agreement or within such other period as may be mutually agreed by the Parties, the Buyer shall pay the Retention Money to the Sellers in an aggregate amount of RMB 60 million (subject to the adjustment mechanism set forth below). To be specific:

- (1) The Buyer shall pay Cheng Hang the Retention Money in the amount of RMB 28.8 million (subject to the adjustment mechanism set forth below);
- (2) The Buyer shall pay Yang Bing the Retention Money in the amount of RMB 18.6 million (subject to the adjustment mechanism set forth below);
- (3) The Buyer shall pay Jiang Wei the Retention Money in the amount of RMB 12.6 million (subject to the adjustment mechanism set forth below).

For the avoidance of doubt: (i) if, during the period from the Balance Sheet Date until the date falling twelve (12) months after the signing of this Agreement, the Group Companies fail to recover 100% of all accounts receivable incurred as of the Balance Sheet Date (for clarity, “**accounts receivable**” refer to amounts or assets recognized as revenue from the Target Company’s business operations that are receivable but not yet collected), the Buyer shall have the right to deduct the shortfall between the amount actually recovered and the total accounts receivable incurred as of the Balance Sheet Date (the “**Shortfall**”) from the RMB 60 million Retention Money, as compensation for the losses suffered by the Group Companies and/or the Buyer. Under the foregoing circumstances, the Retention Money payable by the Buyer to the Sellers shall be RMB 60 million less the Shortfall; and (ii) if, after the Buyer has paid the Retention Money net of the Shortfall, any portion of accounts receivable of the Group Companies incurred as of the Balance Sheet Date is subsequently recovered, the Buyer shall, on the date falling eighteen (18) months after the signing of this Agreement and again on the date falling twenty-four (24) months after the signing of this Agreement, pay to the Sellers the full amount of such newly recovered accounts receivable. However, the Sellers shall have no right to claim any further payments from the Buyer for newly recovered accounts receivable after the twenty-four (24)-month anniversary of the signing of this Agreement, and the total amount of such additional payments shall in no event exceed the amount previously deducted.

Apart from the above adjustment mechanism related to accounts receivable, if, during the period from the signing of this Agreement to the date falling twelve (12) months thereafter, any legally effective court judgment, arbitral award, or settlement agreement related to intellectual property disputes or conflicts that existed prior to the Closing Date, or that arose after the Closing Date but were caused by reasons occurring prior to the Closing Date, or any type of administrative penalty imposed by a government authority (excluding tax, social security, and housing provident fund issues), is rendered against the Group Companies, and the Target Company has not passively defended, or negligently failed to protect or unreasonably waived its rights, resulting in the Group Companies suffering any direct economic losses (including but not limited to settlements, rulings, arbitral awards, judgments, fines, penalties, late fees, supplementary payments, liabilities, debts, expenses, payments, or any other financial losses), and such losses are not attributable to the Buyer's actions after the Closing Date, the Buyer shall have the right to deduct the corresponding amount from the RMB 60 million Retention Money, as compensation for the losses suffered by the Group Companies and/or the Buyer. Under the foregoing circumstances, the amount of the Retention Money payable by the Buyer to the Sellers shall be RMB 60 million less the amount of such losses. For the avoidance of doubt, if, as of the date falling twelve (12) months after the signing of this Agreement, any of the foregoing cases remain under litigation, investigation, or review and no final court judgment, arbitral award, settlement agreement, or administrative penalty decision has been issued, no deduction shall be made under this Clause.

If, during the period from the date of signing of this Agreement to the date falling twelve (12) months thereafter: (i) any third party initiates a lawsuit, arbitration, or other legal proceedings related to intellectual property disputes or conflicts against the Group Companies, and such case is accepted by a court or arbitral institution, or any government authority initiates any type of investigation against the Group Companies, and such proceedings result in a legally effective court judgment, arbitral award, settlement agreement, or administrative penalty decision before the expiration of sixty (60) months from the date of signing of this Agreement, and the Target Company has not passively defended, or negligently failed to protect or unreasonably waived its rights; or (ii) any third party has made a claim, demand, or notice regarding intellectual property disputes or conflicts against the Group Companies but has not yet formally filed a case with a court, arbitral institution, or government authority, and such claim subsequently results in a legally effective court judgment, arbitral award, settlement agreement, or administrative penalty decision before the expiration of sixty (60) months from the date of signing of this Agreement, and the Target Company has not passively defended, or negligently failed to protect or unreasonably waived its rights, then, the Sellers agree to compensate the Group Companies for any direct economic losses incurred as a result (including but not limited to settlements, rulings, arbitral awards, judgments, fines, penalties, late fees, supplementary payments, liabilities, debts, expenses, payments, or any other financial losses), provided that such losses are not attributable to the Buyer's actions after the Closing Date.

The Parties agree that the amount deductible by the Buyer under this Section 2.3.2 shall not exceed RMB 60 million, that is, if the total deductions exceed RMB 60 million, the Buyer shall have the right to refuse the payment of the

Retention Money of RMB 60 million to the Sellers under Section 2.3.2, and at the same time, the Sellers shall have no obligation to compensate for any additional losses suffered by the Group Companies and/or the Buyer that exceed RMB 60 million due to the adjustment mechanism set forth in Section 2.3.2.

Within thirty (30) days after the Buyer pays the Retention Money, all Sellers shall fully fulfill their individual income tax payment obligations related to the Retention Money and provide the Buyer with the relevant tax payment certificates.

The Buyer shall pay this installment of Retention Money to the Sellers on time. Except as otherwise agreed in this Agreement, if the Buyer fails to fully pay to any Seller the Retention Money due under Section 2.3.2 within the aforesaid period, the Buyer shall pay such Seller a penalty at the rate of 0.1% per day on the unpaid portion of Retention Money for each day of delay.

### **Article 3 Representations and Warranties**

#### **3.1 Representations and Warranties of the Warrantors**

The Warrantors jointly and severally make the representations and warranties set forth in Part (I) of Annex I hereto to the Buyer, and shall ensure that such representations and warranties are true, accurate, complete, and not misleading as of the date of signing of this Agreement, the date on which the Closing Conditions Precedent are satisfied, and the Closing Date. The Warrantors acknowledge that the Buyer relies on the truthfulness, accuracy, and completeness of these representations and warranties in the Buyer's confirmation of the Purchase Consideration, signing of Transaction Documents, and performance of this Transaction.

#### **3.2 Representations and Warranties of the Buyer**

The Buyer makes the representations and warranties set forth in Part (II) of Annex I hereto to the Sellers. The Buyer shall ensure that such representations and warranties are true, accurate, complete, and not misleading as of the date of signing of this Agreement, the date on which the Closing Conditions Precedent are satisfied, and the Closing Date, and acknowledges that the Sellers rely on the truthfulness, accuracy, and completeness of these representations and warranties in signing the Transaction Documents and performing this Transaction.

### **Article 4 Special Provisions**

#### **4.1 Covenants for the Transition Period**

4.1.1 During the period from the date of signing of this Agreement until the Closing Date ("**Transition Period**"), the Warrantors undertake to actively cooperate with equity transfers, asset handovers, business transitions, and all other procedures and formalities in relation to this Transaction.

4.1.2 During the Transition Period, unless the Buyer's prior written consent is obtained, the Warrantors shall use their best endeavors to ensure that the

Closing Conditions Precedent listed in Annex III to this Agreement are fulfilled as promptly as possible. Furthermore, the Warrantors shall ensure that the Group Companies:

- (1) except as otherwise agreed in this Agreement, operate their business prudently in accordance with past business practices and normal business procedures, keep their good reputation, preserve good relationships with their customers, suppliers, and other key business partners, and maintain the validity of all permits and licenses necessary for their business operations;
- (2) except as otherwise agreed in this Agreement, keep all operating assets (including updates to any self-owned or licensed IP) and equipment in normal operation and good maintenance conditions;
- (3) do not provide or undertake any external guarantees, engage in borrowing or lending of funds beyond the scope of day-to-day business operations, make external investments, conduct related party transactions, dispose of assets, or engage in any non-operational financial transactions;
- (4) except as otherwise agreed in this Agreement, neither change their capital structure (including increasing or decreasing registered capital or making any changes to shareholders), nor amend their Articles of Association and/or other constitutional documents (if any);
- (5) except the compliance deficiencies explicitly disclosed in the Disclosure Schedule, continue to operate in a manner consistent with or similar to their operations prior to the Transition Period;
- (6) do not pass any resolutions of shareholders' meetings, board decisions or other internal resolutions outside the scope of day-to-day business operations (except the resolutions of shareholders' meetings or board decisions for the purpose of fulfilling this Transaction);
- (7) do not waive any rights except those required within the necessary scope of day-to-day business operations;
- (8) except as otherwise agreed in this Agreement and except those required within the necessary scope of day-to-day business operations, do not make any repayments or payments to their shareholders, employees, or other persons, nor declare or distribute any profits;
- (9) maintain books and records in accordance with past business practices and applicable laws and regulations;
- (10) do not undergo any material changes listed in Item 10 of Annex III to this Agreement;
- (11) do not fall into any other circumstances that could have material adverse effects on the interests of the Buyer or the Group Companies.

#### 4.2 Obligations of the Parties

From the date of signing this Agreement until the Closing Date, each Party shall promptly notify the other Parties in writing of the following: (1) Any events occurring after the signing of this Agreement that could reasonably be expected

to result in a breach of its representations, warranties, or covenants under this Agreement; (2) Any events and their developments that may adversely affect the performance of any Party, this Agreement, or the other Transaction Documents; and (3) any facts, changes, conditions, circumstances, or the occurrence or non-occurrence of any events that it becomes aware of and that would, or could reasonably be expected to, prevent the satisfaction of any condition set forth in this Agreement or subsequently agreed upon by the Parties.

#### 4.3 Access to Information

During the Transition Period, the Warrantors shall cause the Group Companies, upon receipt of a written notice from the Buyer, to: (i) allow the Buyer and its representatives (not exceeding eight persons in total) to reasonably access the Group Companies' offices, properties, books and records, contracts, internal corporate resolutions, and other documents; and (ii) provide the Buyer and its representatives with additional financial, business, and operational data and other information (or copies thereof) concerning the Group Companies as reasonably requested by the Buyer from time to time.

#### 4.4 Taxes, Fees and Other Expenses

4.4.1 All taxes and fees imposed on a Party arising from or in connection with the transactions contemplated under this Agreement and other Transaction Documents, pursuant to applicable laws, shall be borne by that Party under the relevant applicable laws. The Parties agree that the consideration for this Transaction includes all individual income tax obligations of each Seller in connection with this Transaction. Each Seller shall complete the filing and payment of their individual income taxes related to this Transaction under the provisions of this Agreement and shall promptly provide the Buyer with the relevant tax payment certificates.

4.4.2 The Buyer and all Sellers shall each bear their respective costs and expenses incurred for participation in the negotiations, signing, and performance of this Agreement, including but not limited to fees and/or any other expenses for engaging any financial advisor, legal counsel or accountant. The Group Companies shall not bear any such costs and expenses.

#### 4.5 Post-Closing Covenants

4.5.1 Non-Competition and Non-Solicitation. The Sellers covenant that, during the period in which the Buyer and its Affiliates collectively hold actual control over the Target Company, the Sellers shall not, and shall cause their Affiliates (for the avoidance of doubt, including HUPU Holdings and its Affiliates) not to, without the prior written consent of the Buyer, directly or indirectly engage in any business that is the same as, similar to, or competitive with the Group Companies' Core Business, in any manner whatsoever, including but not limited to:

- (1) engaging or planning to engage in any business that is the same as, similar to, or competitive with the Group Companies' Core Business;
- (2) being employed by, providing any services to, holding any position (including but not limited to director, supervisor, officer, or consultant), conducting business with, or offering any form of consultation or advice to any company, enterprise, entity, or individual that engages or plans to

engage in a business that is the same as, similar to, or competitive with the Group Companies' Core Business ("**Competing Entity**");

- (3) establishing or investing in any Competing Entity in any form (including but not limited to becoming an owner, shareholder, actual controller, or otherwise holding an equity interest in such Competing Entity);
- (4) soliciting business from the Group Companies and/or their existing customers, agents, suppliers and/or independent contractors for their own benefit or the benefit of their Affiliates, a Competing Entity, or any other person; inducing the Group Companies and/or their existing customers, agents, suppliers and/or independent contractors to terminate their business relationships with the Group Companies; or soliciting employees from the Target Company and/or the Group Companies, or inducing employees to resign, for their own benefit or the benefit of their Affiliates, a Competing Entity, or any other person;
- (5) entering into any agreement, making any commitment, or engaging in any other arrangement related to any of the matters specified in (i) through (iii) above;
- (6) otherwise engaging in any competitive activity with the Group Companies.

4.5.2 The Sellers covenant that, from and after the Closing Date, neither the Sellers nor their Affiliates shall use the names, trade names, trademarks, and/or logos of the Group Companies and their Affiliates (including but not limited to "HUPU", "虎扑", or any name, trade name, trademark, or logo that is similar to or contains such designation), nor shall they represent themselves as a partner of the Group Companies or their Affiliates, make similar statements, or seek to derive any economic benefit from the use of the names, trade names, trademarks, and/or logos of the Group Companies and their Affiliates.

#### **Article 5 Breach of Contract and Indemnification**

Unless otherwise stipulated in this Agreement, if any Party ("**Breaching Party**") breaches any provision of this Agreement, including but not limited to any representations, warranties, or covenants, the Breaching Party shall be liable to indemnify the other Party ("**Non-Breaching Party**") for any losses incurred as a result of the breach. Such losses shall include, but are not limited to, reasonable investigation costs and reasonable attorneys' fees and expenses incurred in connection with any claim, regardless of whether such claim involves third-party rights or is solely a dispute among the Parties. In addition to the provision above, the Breaching Party shall implement appropriate measures to prevent any further damage to the Non-Breaching Party. For the avoidance of doubt, nothing in this Agreement shall be construed as excluding or limiting any rights, powers, remedies, or relief to which any Party is entitled under applicable laws and regulations.

#### **Article 6 Effectiveness, Termination, Assignment, and Succession**

6.1 Effectiveness

This Agreement shall become effective upon formal signing by all Parties.

## 6.2 Termination

6.2.1 With respect to the Buyer (as one Party) and the Warrantors (as the other Party), this Agreement shall be terminated accordingly if any of the following events occurs prior to the Closing Date:

- (1) The Parties unanimously agree in writing to terminate this Agreement;
- (2) Any representation or warranty made by either Party under this Agreement is untrue, inaccurate, incomplete, or materially misleading, or such Party breaches any covenant or obligation hereunder, and such circumstance has a Material Adverse Effect on such Party (for the avoidance of doubt, in the case of the Warrantors, such Material Adverse Effect shall also include any Material Adverse Effect on the Group Companies resulting from the foregoing), and the other Party issues a written notice to such Party requesting termination of this Agreement;
- (3) Either Party breaches any provision, covenant, or obligation hereunder, and fails to correct the breach within thirty (30) days of receiving a written notice of breach from the other Party, or such breach is incapable of being corrected, and the other Party issues a written notice requesting termination of this Agreement to that Party;
- (4) The Group Companies and their affiliated APP fail to obtain Cybersecurity Review Approval within six (6) months from the date of signing of this Agreement; or
- (5) The Closing of this Transaction is not completed on or before December 31, 2025, and one Party issues a written notice requesting termination of this Agreement to the other Party; however, if the failure to complete the Closing is due to the fault of a particular Party, that Party shall not have the right to request termination of this Agreement.

## 6.3 Consequences of Termination

6.3.1 Unless otherwise provided in this Agreement, if being terminated under Section 6.2.1, this Agreement shall become null and void, except that the provisions of Article 5 (Breach of Contract and Indemnification), Article 6 (Effectiveness, Termination, Assignment, and Succession), Article 7 (Governing Law and Dispute Resolution), and Article 8 (Miscellaneous) shall remain in full force and effect after the termination of this Agreement. Further, any Party shall remain liable for any breaches of this Agreement that occurred prior to the termination and for any resulting liabilities incurred to other Parties under this Agreement.

6.3.2 Upon termination of this Agreement under Section 6.2.1, (1) if the Buyer has already made any payments to any Seller, the Seller shall immediately refund to the Buyer the full amount he has received within ten (10) calendar days from the date of termination of this Agreement. If this Agreement is unilaterally terminated by the Buyer due to reasons attributable to the Sellers, they shall also pay the Buyer the interest on the total amount received, calculated at the loan prime rate published by the National Interbank Funding Center for the corresponding period (from the date the Buyer made the payment to the Sellers until the date the Sellers fully refund the principal and interest). If the Sellers fail

to make full repayment of the principal and interest (if applicable) within the aforementioned period, the Sellers shall be liable for default interest, calculated daily at a rate of 0.1% of the outstanding principal and interest for each day of delay; and (2) if any equity interest in the Target Company has already been registered in the name of the Buyer with the competent governmental authority, the Parties shall promptly cooperate to facilitate the Target Company's filing of an application to the government authority for transfer of such equity back to the Sellers or their designated third parties and/or reduction of the corresponding registered capital. The Buyer shall also cooperate in withdrawing any appointments or nominations it has made regarding the directors, supervisors, managers, or legal representatives of the Target Company (if applicable). Any costs, taxes, and expenses incurred in connection with the foregoing matters shall be borne by the responsible Party. However, if this Agreement is terminated due to a Party's breach, the Breaching Party shall bear such costs, taxes, and expenses, as well as any losses suffered by the other Party.

#### 6.4 Assignment and Succession

Without the explicit prior written consent of the other Parties, no Party shall assign its rights or obligations under this Agreement. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns.

### **Article 7            Governing Law and Dispute Resolution**

#### 7.1 Governing Law

The formation, validity, interpretation, performance, amendment, and termination of this Agreement, as well as the resolution of disputes, shall be governed by the laws of China.

#### 7.2 Dispute Resolution

7.2.1 Any dispute, controversy, or claim arising out of or in connection with this Agreement, including but not limited to any contractual, pre-contractual, or non-contractual rights, obligations, or liabilities, as well as any issues regarding the formation, validity, interpretation, breach, termination, or invalidity of this Agreement ("**Dispute**"), shall first be resolved through friendly negotiations between the Parties. Such negotiations shall commence immediately upon one Party providing a written notice to the other Party of the existence of the Dispute.

7.2.2 If the Dispute fails to be resolved through friendly negotiations within thirty (30) business days from the date one Party issues a written notice to the other Party, any Party may submit the Dispute to the competent people's court at the defendant's place of domicile for resolving by litigation.

7.2.3 During the dispute resolution process, all Parties shall continue to perform this Agreement in all aspects, except the obligations directly related to the disputed matter.

8.1 Notices

- 8.1.1 All notices, demands, or other communications given, delivered, or made under this Agreement shall be in writing and delivered or sent to the respective Parties at the following addresses or emails (or to such other addresses or emails as the recipient may specify in a written notice to the other Parties at least ten (10) days in advance):

The Buyer:

Recipient: Wang Xiaoqing

Address: Xunlei Plaza, 3709 Baishi Road, Nanshan District, Shenzhen

Email: [\*\*\*]

Cheng Hang:

Recipient: Wang Peili

Address: [\*\*\*]

Email: [\*\*\*]

Yang Bing:

Recipient: Wang Peili

Address: [\*\*\*]

Email: [\*\*\*]

Jiang Wei:

Recipient: Wang Peili

Address: [\*\*\*]

Email: [\*\*\*]

Group Companies:

Recipient: Tan Lei

Address: [\*\*\*]

Email: [\*\*\*]

- 8.1.2 Any notice, demand, or other communication given, delivered, or made under Section 8.1.1 shall be deemed to have been duly given, delivered, or made under the following circumstances:

- (1) If sent by registered mail, on the third (3rd) working day after the notice, demand, or communication has been posted at the post office with a receipt issued by the post office;
- (2) If delivered by a courier service or in person, upon the notice, demand, or communication reaching the relevant aforesaid address; and
- (3) If sent by email, upon the relevant notice, demand, or communication entering the aforesaid email system (when the sender's computer system confirms successful delivery to the recipient's server).

If a notice, demand, or other communication is sent using more than one of the above methods, the earliest deemed delivery date as mentioned above shall be regarded as the date of given, delivery, or making.

8.2 Confidentiality

8.2.1 The existence and content of this Agreement, any negotiations and documents related to this Agreement, this Transaction, or other transactions contemplated under this Agreement, as well as any information disclosed by any Party directly or through other persons to another Party or its representatives under this Agreement, shall be deemed Confidential Information. The Parties agree that they shall, and shall ensure that their respective Affiliates, and the directors, employees, agents, representatives, accountants, and legal advisors of themselves and their Affiliates, maintain the confidentiality of any Confidential Information received or obtained, and shall not disclose or use such information for any purpose without the prior written consent of the other Parties, except as required by judicial or administrative proceedings or other applicable laws and regulations.

8.2.2 The confidentiality obligations set forth in this Section 8.2 shall not apply to the following information: (i) any information permitted to be disclosed under this Agreement; (ii) any information that is already publicly available at the time of disclosure, provided that such availability is not the result of a breach of this Agreement by any Party, its Affiliates, or their respective directors, employees, agents, representatives, accountants, financial advisors, or legal counsel; (iii) any information obtained by a Party from a bona fide third party who is not under a confidentiality obligation; or (iv) any information disclosed within the scope jointly agreed upon by the Parties. Furthermore, one Party may disclose the aforesaid information within the necessary scope to its Affiliates, as well as their respective and their Affiliates' investors (including potential investors), directors, employees, partners, shareholders, fund managers, agents, representatives, accountants, financial advisors, and legal counsels for the purpose of performing this Agreement and for internal reporting, provided that such persons shall be bound by the same confidentiality obligations.

8.2.3 One Party and its respective Affiliates (including their respective and their Affiliates' directors, employees, partners, shareholders, fund managers, agents, representatives, accountants, financial advisors, and legal counsels) may disclose Confidential Information in accordance with applicable laws and regulations or as required by government authorities, judicial authorities, or securities regulatory authorities. However, the disclosing Party shall limit the disclosure to the required scope and shall provide prior written notice to the other Parties before making such disclosure.

8.3 Severability

If any term or provision of this Agreement is determined to be wholly or partially invalid or unenforceable under any applicable law, such term or provision shall be deemed to be excluded from this Agreement to the extent of its invalidity or unenforceability. All other provisions and clauses of this Agreement shall remain in full force and effect. In such circumstances, the Parties shall make their best efforts to uphold the text provisions and spirit of this Agreement and shall replace the invalid or unenforceable term or provision with a valid and enforceable term or provision that most closely conforms to the spirit and purpose of the original term or provision.

8.4 Amendments

No amendment or modification of this Agreement shall be valid unless executed in writing and signed by all Parties.

8.5 Waiver

Any Party may: (1) grant an extension for the performance of any obligation or other acts by another Party; (2) waive any inaccuracy in the representations and warranties made by another Party in this Agreement or any other document delivered pursuant to this Agreement; or (3) waive the compliance by another Party with any provision of this Agreement or any condition precedent to its own obligations under this Agreement. Any such extension or waiver shall be valid only if set forth in a written instrument signed by the Party granting the waiver or extension. A waiver of any term or condition shall not be construed as a waiver of any subsequent breach or of the same term or condition in the future, nor shall it constitute a waiver of any other term or condition of this Agreement.

For the purposes of this Section 8.5, the Warrantors shall be deemed one Party, and the Buyer shall be deemed another Party.

8.6 Entire Agreement

This Agreement constitutes the entire agreement among the Parties with respect to the subject matter hereof and supersedes all prior oral or written agreements and understandings among the Parties relating to the subject matter. Any annexes and schedules to this Agreement shall form an integral part of this Agreement. The Parties agree that the terms and conditions of other transaction documents shall be agreed upon based on the relevant terms and conditions already set forth in this Agreement and shall have no conflict with them.

8.7 Waiver and Cumulative Remedies

The failure or delay of any Party hereof to exercise any right or remedy under this Agreement shall not constitute a waiver of such right or remedy. The partial or single exercise of any right or remedy shall not exclude any other or further exercise of that right or remedy or the exercise of any other right or remedy. The remedies provided in this Agreement are cumulative and do not exclude any other rights or remedies provided by law.

8.8 Specific Performance

If any provision of this Agreement is not performed under its terms, irreparable damage will be incurred. In such cases, the Parties shall be entitled to seek specific performance of this Agreement in addition to any other remedies available under law or equity principle.

8.9 Language and Counterparts

This Agreement is written in Chinese. Multiple originals of this Agreement may be executed as necessary, and each of the originals shall have the same legal effect.

(Signature Pages Follow)

(This page contains no text and serves as the signature page of the *Acquisition Agreement*)

**IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.**

**Shenzhen Suqu Network Technology Co., Ltd. (Seal)**

Signature: /s/ Jia Hongfei

Name: Jia Hongfei

Position: Legal Representative

Annex I to the Acquisition Agreement

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(This page contains no text and serves as the signature page of the *Acquisition Agreement*)

**IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.**

**Shanghai Kuanghui Network Technology Co., Ltd. (Seal)**

Signature: /s/ Yin Xuebin

Name: Yin Xuebin

Position: Legal Representative

Annex I to the Acquisition Agreement

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(This page contains no text and serves as the signature page of the *Acquisition Agreement*)

**IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.**

**HUPU (Shanghai) Information Technology Co., Ltd.(Seal)**

Signature: /s/ Yin Xuebin

Name: Yin Xuebin

Position: Legal Representative

Annex I to the Acquisition Agreement

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(This page contains no text and serves as the signature page of the *Acquisition Agreement*)

**IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.**

**Beijing Tianlian Zhongheng Media Co., Ltd. (Seal)**

Signature: /s/ Tang Hengjie

Name: Tang Hengjie

Position: Legal Representative

Annex I to the Acquisition Agreement

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(This page contains no text and serves as the signature page of the *Acquisition Agreement*)

**IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.**

**Shanghai Keling Information Technology Co., Ltd. (Seal)**

Signature: /s/ Zheng Zhongye

Name: Zheng Zhongye

Position: Legal Representative

Annex I to the Acquisition Agreement

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(This page contains no text and serves as the signature page of the *Acquisition Agreement*)

**IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.**

**Jiang Wei**

Signature:     /s/ Jiang Wei    

Annex I to the Acquisition Agreement

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## Annex I: Representations and Warranties

### (I) Representations and Warranties of the Warrantors

#### 1. Capacity and Authorization

Each Seller is a natural person of Chinese nationality. Each Group Company is an entity duly incorporated and validly existing under the laws of China. Each Warrantor possesses full civil capacity and civil rights to: (1) enter into this Agreement and other Transaction Documents; (2) perform its obligations under this Agreement and other Transaction Documents; and (3) consummate the transactions contemplated by this Agreement and other Transaction Documents. This Agreement, when duly authorized, executed and delivered by the Parties, constitutes a legal, valid and binding obligation of the Warrantor, enforceable against the Seller in accordance with the terms of this Agreement. No Warrantor is subject to or has experienced any event that may lead to bankruptcy, reorganization, insolvency, or other similar proceedings.

#### 2. Non-Conflict

The execution, delivery, and performance of this Agreement and other Transaction Documents by the Warrantors, and the consummation of the transactions contemplated herein and therein: (1) do not violate any applicable laws governing the Warrantors or their assets; (2) do not contravene the articles of association or other organizational documents of each Group Company (if applicable); and (3) do not breach any contracts, agreements, or documents to which any Warrantor is a party or by which they are bound.

#### 3. Governmental Approvals

Except as otherwise provided herein, the execution, delivery, and performance of this Agreement and other Transaction Documents by the Warrantors, and the consummation of the transactions contemplated herein and therein, do not require any consent, approval, authorization, or order from any government authority, nor any filing or notification to any government authority, or such approvals have already been obtained from the relevant competent authorities.

#### 4. Third-Party Notices and Consents

The Warrantors have obtained all necessary third-party consents for the execution, delivery, and performance of this Agreement and other Transaction Documents, and for the consummation of the transactions contemplated herein and therein.

Furthermore, the Warrantors have no liabilities, external guarantees, or other obligations, lawsuits, arbitrations, or other circumstances that may have a material adverse effect on this Transaction and the other transactions contemplated under this Agreement. There are no pending, threatened, or anticipated disputes, claims, litigations, arbitrations, enforcement actions, administrative proceedings, or other legal proceedings concerning the equity interests in the Target Company held by the Sellers. The Sellers have not entered into any agreements or similar arrangements with any third party regarding the exercise of voting rights of the Target Company's equity interests.

5. Ownership

Each Seller holds the equity interests in the Target Company for their own benefit and not as an agent or trustee for any other beneficiary. The Sellers have full and clear legal ownership of the equity interests in the Target Company under Chinese law, free from any pledges, nominee arrangements, custodianships, judicial freezes, or other encumbrances. Except for the Sellers, no third party has any preemptive rights or other rights or privileges that may affect this Transaction and the other transactions contemplated under this Agreement concerning the equity interests in the Target Company.

6. Compliance with Continuity and Ownership

- (1) Each Group Company: (a) is a limited liability company duly incorporated and validly existing under Chinese law, not subject to any bankruptcy, reorganization, insolvency, liquidation, or other similar claims, and is not insolvent or unable to pay its due debts; (b) except as explicitly disclosed in the Disclosure Schedule, has legally paid its registered capital; (c) except as explicitly disclosed in the Disclosure Schedule, possesses all necessary governmental approvals, licenses, or qualifications for its owned or leased properties or its business operations, and to the best knowledge of the Warrantors, such governmental approvals, licenses, or qualifications will not be revoked, canceled, or withdrawn, nor are there any circumstances that may lead to such revocation, cancellation, or withdrawal; (d) its articles of association, business licenses, and other approvals, licenses, and qualifications are fully valid; (e) the establishment and each change of each Group Company comply with relevant provisions of Chinese law.
- (2) The equity interests of each Group Company are free from any ownership disputes, and there are no agreements, arrangements, or

understandings related to the purchase, subscription, employee equity/option incentives, or rewards concerning the equity interests of the Group Companies. There are no pending or potential claims against such equity interests or shares, nor any reasonable basis for such claims, or any known facts that may give rise to such claims.

7. Affiliates and Related-Party Transactions

- (1) Except as explicitly disclosed in the Disclosure Schedule, no Group Company directly or indirectly holds any equity interest or other investment interest in, or has any right to acquire such equity interest or other investment interest in, any other company, partnership, or other entity, whether such interests are registered or beneficially held. The Target Company does not directly or indirectly hold any equity interest or other investment interest in, or have any right to acquire such interest in, any other company, partnership, or other entity, whether such interests are registered or beneficially held.
- (2) Except as explicitly disclosed in the Disclosure Schedule, there are no currently effective transactions or arrangements between the Sellers and their Affiliates (excluding any Group Company) and the Group Companies, including but not limited to fund occupation, financing, procurement, licensing, or creditor-debtor relationships. Furthermore, the Group Companies have not engaged in any transactions with the Sellers, Key Personnel, or their Affiliates (excluding any Group Company) and do not bear any liabilities or obligations of any nature towards them.
- (3) All related-party transactions conducted by the Target Company have been priced based on principles of fairness and reasonableness, adhering to market fair value, and have been conducted in a fair and reasonable manner without any transfer of profits through related-party transactions.
- (4) Except as explicitly disclosed in the Disclosure Schedule, all agreements related to the transfer of business and assets between the Group Companies and HUPU Holdings have been fully executed. The Group Companies and the operating entity of "HUPU APP" have been completely separated from HUPU Holdings, and both the Group Companies and their subordinate APPs operate independently of HUPU Holdings.

8. Financial and Accounting Matters

- (1) The Latest Financial Statements of the Group Companies, as well as those from previous fiscal years, have been prepared based on actual

transactions or events, in compliance with Chinese legal requirements and Chinese Accounting Standards. These financial statements accurately, completely, and fairly reflect the financial condition (including but not limited to assets and liabilities), operating results, and cash flows of the Target Company as of the respective dates or periods covered. Since the Balance Sheet Date: (i) No events have occurred, other than those arising from the ordinary course of business, that would trigger the early maturity of the Group Companies' debts. (ii) No assets of the Group Companies have been disposed of or removed from the control of the Target Company, nor have the Group Companies entered into any agreements resulting in non-ordinary financial expenditures for the Target Company or incurred any such liabilities.

- (2) All management accounts of the Group Companies (including transfer accounts, records of equity changes, financial statements, and all other records) have been maintained in accordance with Chinese legal requirements and commercial practices, are fully controlled by the Target Company, and all major transactions related to the Group Companies' business have been accurately and properly recorded. The Group Companies have no off-the-books cash transactions, undisclosed liabilities, shareholder occupation of funds, or significant internal control deficiencies.
- (3) The Group Companies have established independent financial accounting systems with dedicated financial personnel capable of making financial decisions necessary for daily business operations and possess standardized financial accounting and management systems. The Group Companies do not share bank accounts with any Seller, their Affiliates, or other enterprises under their control.

9. Absence of Undisclosed Liabilities

The debt amounts disclosed in the Latest Financial Statements of the Group Companies accurately and completely represent all debts as of the date of those statements. The Group Companies have no undisclosed liabilities and are not aware of any existing conditions or circumstances that could reasonably be expected to lead to such liabilities. Additionally, the Group Companies have not provided any guarantees (including counter-guarantees for debts) or established any security interests over their assets for the benefit of any other party.

10. No Material Adverse Changes

Since their establishment, the Group Companies have conducted their

business in a manner consistent with past practices. Since the Balance Sheet Date, the Group Companies have not experienced any of the following:

- (1) Any act of profit distribution other than as otherwise stipulated in this Agreement, or any material adverse changes outside the ordinary course of business affecting the assets, liabilities, financial condition or operating status of the Group Companies stated in the Latest Financial Statements, or any other material adverse changes to the Group Company;
- (2) Incurrence of any contingent liabilities through guarantees, indemnities, commitments, or similar means, other than those arising from the ordinary course of business.
- (3) Execution, material amendment, modification, or termination of any Material Contract, or waiver or transfer of any substantial rights thereunder, except as occurred in the normal course of business.
- (4) Transfer, sale, or repossession by third parties of owned or leased assets.
- (5) Formulation or adoption of any employee incentive plans.
- (6) Engagement in mergers, divisions, acquisitions, liquidations, consolidations, reorganizations, or similar actions, including the sale or transfer of all or substantially all assets, intangible assets, or intellectual property of the Group Companies.
- (7) Forgiveness or waiver of any claims or obligations, except where such actions are necessary for ordinary business operations and do not constitute or result in a material adverse effect.
- (8) Execution, modification, or termination of any Material Contract, other than those arising from the ordinary course of business.
- (9) Sale or transfer of all or substantially all assets, intangible assets, or intellectual property.
- (10) Termination or amendment of employment contracts/agreements with any Key Personnel (including any resignations or terminations), confidentiality and non-compete agreements, intellectual property ownership agreements, or similar documents.
- (11) Creation of any mortgages or securities over assets, or the release of any existing securities established for their benefit.
- (12) Incurrence or creation of any debts, obligations, or similar warrants, other than those arising from the ordinary course of business.

- (13) Direct or indirect repurchase, redemption, acquisition, or transfer of any equity interests, except as necessary to complete this Transaction.
- (14) Cessation of any business operations, change in business scope or core business activities, expansion into non-core businesses, or engagement in any activities outside the normal course of business.
- (15) Any transactions with shareholders, partners, directors, supervisors, senior management, or their immediate family members, or entities controlled by the aforementioned individuals.
- (16) Any amendment to its constitutional documents, except for the purpose of implementing this Agreement and other related Transaction Documents;
- (17) Any change to its capital structure, including any increase or decrease in registered capital or any change in shareholders, except as required for the completion of this Transaction;
- (18) Any other matter or circumstance that would have a material adverse effect on the Group Companies;
- (19) Any consent or commitment by the Group Companies or the Sellers to undertake any of the foregoing matters.

11. Compliance with Business Operations

Except as explicitly disclosed in the Disclosure Schedule, the Group Companies conduct their business within the approved business scope and in compliance with all applicable laws and regulations governing them, their properties, assets, or operations. They possess all licenses, permits, consents, and authorizations necessary for operating their assets and conducting their business. These licenses, permits, consents, and authorizations are legal, valid, and fully effective; none will be terminated or adversely affected by the transactions contemplated in this Agreement. Neither the Group Companies nor the Warrantors have violated any applicable laws or regulations and have complied with all statutory requirements thereunder (including but not limited to anti-money laundering laws, anti-corruption laws, and sanctions laws). The Warrantors have not received any written or oral notice from any government authority regarding the revocation, withdrawal, or suspension of any licenses, permits, consents, or authorizations, nor any orders or notices requiring compliance or remedial actions related to their direct or indirect activities. The Warrantors have not been subject to any governmental investigations, received any governmental orders, or faced any lawsuits due to violations of applicable laws. The Target Company has not violated any governmental licenses in any respect.

12. Governmental Claims

There are no pending or threatened governmental claims affecting the properties, assets, or business of the Group Companies, nor any Government Directive that: (a) Could have or have had a material adverse effect on the Group Companies or their properties, assets, or business; (b) Could affect the legality, validity, or enforceability of this Agreement; or (c) Could affect the consummation of the transactions contemplated by this Agreement.

13. Material Contract

- (1) Each Material Contract executed by the Group Companies is: (a) Legally established, binding on both parties, and fully effective; and (b) Will not be terminated, result in breach, incur penalties, or lead to other adverse consequences due to the transactions contemplated by this Agreement. The Group Companies are not in breach of any Material Contract.
- (2) The Warrantors are not in breach of any Material Contract. To the best of the Warrantors' knowledge, no other party to any Material Contract is in breach thereof. Neither the Group Companies nor the Sellers have received or are aware of any notices regarding termination, rescission, or breach of any Material Contract.
- (3) Except as provided in this Agreement or other Transaction Documents, there are no contracts, agreements, or other arrangements whereby the Group Companies or the Seller grant any entity the right to purchase material assets or properties or any equity interests of the Group Companies (excluding purchases made in the ordinary course of business consistent with past practices). Additionally, there are no agreements granting shareholders' preemptive rights or special rights not specified in the Group Companies' Articles of Association, including but not limited to: (a) Any entity's right to require the Group Companies to issue or repurchase its equity interests; (b) Any shareholder or third party's right to demand cash or equity compensation from the Group Companies; (c) Any gambling clauses involving the Group Companies or Sellers; (d) Any entity's right to demand a forced sale or liquidation of the Group Companies; and/or (e) Any provisions that could lead to a change in the actual control of the Group Companies. There are no supplemental or ancillary agreements, either written or oral, outside the Group Companies' Articles of Association, between the Group Companies and/or the Sellers and any third party concerning the rights of the Target Company's shareholders.

- (4) The Warrantors have not entered into any agreements or commitments with any third parties in any region or market regarding non-competition or other restrictions that could have a material adverse effect on the Group Companies' business activities.

14. Intellectual Property

- (1) The Group Companies are the lawful owners or valid licensees of all Intellectual Property they use. They possess legally valid and enforceable rights or usage rights to such Intellectual Property, free from any encumbrances, and are entitled to use all owned Intellectual Property in their ongoing business operations.
- (2) The Intellectual Property owned by the Group Companies is valid; none have been declared invalid or unenforceable. Each piece of Intellectual Property registered or applied for registration with government authorities is owned by the Group Companies and complies with applicable laws and regulations. All necessary filings, payments, and other actions required to maintain the validity of such Intellectual Property have been duly made.
- (3) There are no ownership disputes over the Group Companies' Intellectual Property. The Group Companies have not infringed, misappropriated, or otherwise violated any third party's Intellectual Property rights, and there are no pending claims or demands alleging such infringements.
- (4) Neither the Sellers nor any of the Group Companies' management, employees, or consultants are subject to any agreements, contracts (including licenses, commitments, or covenants of any kind), or obligations under deeds, or any court, governmental agency, or department judgments, decrees, or orders that could affect their ability to act in the best interests of the Group Companies, lead to conflicts with the Group Companies' current or proposed business operations, or hinder the transfer of any Intellectual Property conceived, developed, or completed in connection with their services to the Group Companies. The Group Companies do not use, nor do their business operations require the use of, any Intellectual Property owned by the Sellers or their Affiliates.
- (5) Except as explicitly disclosed in the Disclosure Schedule, the Group Companies have not granted any third party any licenses or other rights related to their Intellectual Property. They have taken reasonable measures, in accordance with industry practices, to protect the confidentiality of their trade secrets and other confidential

Intellectual Property used in their business. There are no instances of any entity infringing upon the Group Companies' significant trade secrets or other important Intellectual Property.

15. Assets

- (1) The Group Companies legally own or have the right to use all properties and assets (“**Assets**”) that are used, intended to be used, or otherwise possessed or utilized in the conduct of their business operations. The Group Companies hold legal and valid ownership of and the right to use all such Assets.
- (2) The Group Companies have at all times maintained the Assets (including but not limited to machinery, equipment, and vehicles) in accordance with good industry practices. Except for normal wear and tear in the course of ordinary use, all Assets are in good operating condition and well-maintained, and are suitable for their current and intended uses.
- (3) The ownership of the Assets, or the rights to use and lease any leased Assets by the Group Companies, will not give rise to any penalties or other adverse consequences as a result of the consummation of the transactions contemplated under this Agreement.

16. Data Privacy

- (1) With respect to the collection, storage, transfer (including but not limited to any cross-border transfers), and/or the collection, storage, transfer and/or use of any personally identifiable information (collectively, “**Personal Information**”) obtained from any individuals (including but not limited to any users, customers, potential customers, employees, and/or other third parties), the Group Companies have, in all respects, complied with all applicable laws of the relevant jurisdictions, their respective privacy policies, and the requirements of any contracts or codes of conduct to which they are a party.
- (2) The Group Companies have implemented and will continue to implement commercially reasonable physical, technical, organizational, and administrative security measures and policies to protect all Personal Information collected by them or on their behalf from unauthorized collection, access, use, and/or disclosure. The Group Companies have, in all respects, complied with all applicable laws relating to data loss, theft, and security breach notification obligations.

17. Real Properties

- (1) The Group Companies' operation, use, and possession of all currently leased properties comply with the requirements of laws and regulations and are not subject to any restrictions.
- (2) There are no pending or potential claims, disputes, or demands that would affect the Group Companies' operation, use, or possession of any real property that they own or use.
- (3) With respect to the Group Companies' lease agreements, the leased properties are in good condition and suitable for the Group Companies' use in the conduct of their business activities.

18. Employee Benefits

- (1) Except as disclosed in the Disclosure Schedule, the Group Companies have, in all respects, complied with all applicable laws regarding labor and employment, labor dispatch or labor outsourcing, social insurance, and housing provident funds. The Group Companies have made full contributions to social insurance and housing provident funds for all their employees in accordance with applicable PRC laws.
- (2) Other than regular social insurance funds, housing provident funds, benefit plans (as defined below), regular salaries and bonuses, and those explicitly disclosed in the Disclosure Schedule, the Group Companies have no other irregular compensation, incentive bonuses or other bonuses, employee pensions, severance payments, insurance, housing benefits, or other employee benefit plans, agreements, or commitments (individually or collectively, "**Benefit Plans**"). There are no pending or potential claims or disputes against the Group Companies in connection with social insurance funds, housing provident funds, or any Benefit Plans, nor any known facts that may give rise to such claims or disputes. All amounts payable by the Group Companies and their employees under social insurance funds, housing provident funds, and each Benefit Plan have been duly paid, and there is no existing or potential risk of administrative penalties, nor any known facts that may give rise to such risks.
- (3) No employee of the Group Companies is entitled, by virtue of their employment contracts, to any increase or enhancement in their salaries, benefits, or terms and conditions of employment, or to any compensation, severance pay, or settlement payment from the Group Companies, on account of this Transaction or other transactions contemplated under this Agreement.

19. Employment Matters

- (1) There are no pending or potential disputes or controversies, nor any unresolved or potential collective labor disputes, work slowdowns, or strikes between the Group Companies and any of their employees. There are also no unresolved or potential labor complaints filed against the Group Companies.
- (2) No employee of the Group Companies, especially key personnel, is in violation of any contract or binding commitment they have previously signed (including but not limited to confidentiality obligations, intellectual property transfer obligations, and non-compete obligations) due to their employment with the Group Companies, nor has such employment infringed upon the legitimate rights of any former employers or other intellectual property holders. There are neither infringements upon others' intellectual property rights, trade secrets, proprietary information, or other similar rights, nor pending or foreseeable claims, disputes, or lawsuits requiring Key Personnel to compensate for infringements upon any third party's intellectual property rights, trade secrets, proprietary information, or other similar rights. There are no pending labor disputes or controversies between the Group Companies' current employees with their respective former employers, nor any known or reasonably foreseeable potential labor disputes or controversies. All Key Personnel are full-time employees of the Group Companies and have signed legally valid and currently effective employment contracts, non-compete agreements, confidentiality agreements, and other relevant agreements.
- (3) Subject to the general principle that the Group Companies may have the right to unilaterally terminate employment contracts under statutory circumstances, the Group Companies may terminate the employment relationship with each of their employees in accordance with applicable laws.

20. Taxes and Fees

- (1) The Group Companies shall comply with all applicable tax laws and regulations. They shall have fully and promptly filed all taxable income declarations according to applicable regulations of national and local tax authorities and have paid in full all taxes and fees due and payable correspondingly, and shall have paid up all other tax and fees that come due. The Group Companies shall have fulfilled their tax withholding and remittance obligations in accordance with tax laws or contracts, agreements, arrangements, covenants, and commitments binding upon the Group Companies. There shall be no circumstances requiring any additional or supplementary payment of taxes and fees, nor any events that the Group Companies are subject to penalties for violations of tax

laws and regulations. The Group Companies shall have made tax-related provisions in the financial statements as of the reporting date in accordance with generally accepted accounting principles applicable in their place of registration. As of the reporting date of the financial statements, the provisions for taxes shown in the balance sheet are sufficient to settle all accrued and unpaid taxes of the Group Companies. The Group Companies shall have not received any notices from tax authorities or other competent bodies demanding payment or supplemental payment of taxes, nor any notices requesting the review or audit of any tax filings. There shall be neither pending audits, measures, proceedings, investigations, disputes, or claims, nor any circumstances under which tax authorities or other competent bodies have asserted or may assert tax claims against the Group Companies.

- (2) The Group Companies shall not bear, nor are they likely to bear obligations to return or repay any tax reductions, refunds, tax incentives, or other subsidies that were granted, provided, or paid by any government authority in connection with the Group Companies, their assets or business.

21. Improper Payments

The Warrantors, their Affiliates, and the Group Companies have not, directly or indirectly through any other agent, made any payments or provided any items of significant value to any government authorities, political officials, enterprises, or individuals with the intent to influence the recipient in their official capacity to obtain or retain business, direct business to the Group Companies, the Warrantors, or their Affiliates, or otherwise secure an improper advantage.

22. Litigation and Claims

Except as explicitly disclosed in the Disclosure Schedule, there are no pending or threatened lawsuit, arbitration, mediation, administrative or criminal proceedings involving the Group Companies or the Sellers, whether as plaintiffs, defendants, or in any other capacity. The Warrantors are not aware of any circumstances that might give rise to lawsuit, arbitration, mediation, administrative or criminal proceedings against the Sellers, the Group Companies, or their directors, supervisors, or senior management. There are no circumstances that may result in any third party's challenge or objection to this Agreement, other Transaction Documents, this Transaction, or other transactions contemplated under this Agreement, or that may have material adverse effects on the Group Companies, a change of control (except as contemplated hereunder), or otherwise affecting this Transaction or other transactions contemplated under this Agreement. There are no claims or

allegations against the Sellers or the Group Companies asserting violations of anti-corruption or anti-commercial bribery laws.

23. Absence of Proceedings

There are no proceedings initiated by or against any government authority or non-government authority seeking to restrain or materially and adversely alter the transactions contemplated under this Agreement.

24. Full Disclosure

All facts related to the Group Companies or their properties, assets, and businesses that may have material adverse effects have been fully disclosed to the Buyer. There is no misrepresentation of any fact, nor any omission of facts necessary to prevent such statements from being misleading.

Annex I to the Acquisition Agreement

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(II) Representations and Warranties of the Buyer

1. Incorporation and Authority

The Buyer is a duly incorporated and validly existing entity under the laws of the People's Republic of China. The Buyer possesses all necessary capacity and authority to: (1) execute this Agreement; (2) perform its obligations under this Agreement; and (3) consummate the transactions contemplated under this Agreement. Upon due authorization, execution, and delivery by the Parties, this Agreement shall constitute a legal, valid, and binding obligation of the Buyer, enforceable against the Buyer in accordance with the terms of this Agreement.

2. Governmental Approvals

Except as explicitly provided in this Agreement, to the Buyer's knowledge, no consent, approval, order, or authorization of any authority is required in connection with the execution, delivery, and performance of this Agreement or the consummation of the transactions contemplated hereunder, nor is any registration or filing with such authority required.

3. Non-Conflict

The execution, delivery, and performance of this Agreement by the Buyer: (1) do not violate any of its constitutional documents; (2) do not breach any laws applicable to the Buyer or its assets and business; and (3) do not contravene any contract, agreement, or document by which it is bound.

Annex I to the Acquisition Agreement

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### Annex III: Closing Conditions Precedent

The closing of this Transaction by the Buyer shall be subject to the satisfaction, prior to or on the Closing Date, of the following conditions (unless waived in whole or in part in writing by the Buyer at its sole discretion):

- (1) Each of the representations and warranties made by the Warrantors under this Agreement shall be true, accurate, and complete in all respects and remains true, accurate, and complete as of the date of this Agreement, the Closing Conditions Satisfaction Date, and the Closing Date, with the same force and effect as if made on such dates (excluding the representations and warranties expressly made as of a specific date). In addition, all undertakings and covenants required to be performed by the Warrantors prior to the Closing under this Agreement shall have been fully complied with and duly performed in all respects.
- (2) The Warrantors shall have executed and delivered, in a manner satisfactory to the Buyer, all Transaction Documents relating to this Transaction to which they are a party. Such Transaction Documents shall have become effective and remain in full force and effect, and the Warrantors shall not be in breach of such Transaction Documents.
- (3) All third-party and/or governmental approvals, consents, or waivers (if any) required for the Warrantors to execute, deliver, and perform the Transaction Documents and to consummate this Transaction shall have been obtained and remain in full force and effect. There shall be no actions or proceedings by any government authority and/or third party to restrict, prohibit, delay, or otherwise prevent or seek to prevent the completion of this Transaction.
- (4) There shall be no: (a) applicable laws or regulations that prohibit this Transaction, nor potential claim, lawsuit, arbitration, judgment, ruling, decision, injunction, or order initiated by or pending before any government authority against any party to this Agreement attempting to restrict, cancel this Transaction, or adversely affect the conditions of this Transaction; and (b) event or events having material adverse effect, nor evidence indicating that such events may occur and result in material adverse effects.
- (5) As of the Closing Date, there shall have been no material adverse changes in the (financial or other) condition, operating results, assets, regulatory status, business, or qualifications of the Group Companies, nor shall there have occurred or be reasonably expected by the Buyer to occur any event or events that, individually or in the aggregate, would have material adverse effects on the Group Companies, the equity of the Target Company, or this Transaction.
- (6) The Warrantors shall have obtained all necessary internal approvals or authorizations (if applicable) required for the execution, delivery, and performance of the Transaction Documents, including but not limited to resolutions of the shareholders' meeting or shareholders' decisions, as well as

*Signature Page of the Acquisition Agreement*

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resolutions of the board of directors' meeting or board resolutions of the Group Companies.

- (7) The Warrantors shall have cooperated with the Buyer in completing all business, financial, and legal due diligence with respect to the Group Companies, and the results of such due diligence shall be reasonably satisfactory to the Buyer.
- (8) The registrations and filings with the relevant market regulation authorities in connection with this Transaction shall have been completed, including but not limited to the Buyer having been registered as the shareholder holding 100% equity interest in the Target Company, and the replacement of the legal representative, directors, supervisors, and management personnel with persons designated by the Buyer. The Target Company shall have delivered to the Buyer a copy of the updated Business License bearing the official seal of the Target Company, the original of the updated business registration/filing information page, and the original of the Articles of Association of the Target Company as filed with the market regulation authority.
- (9) All tax obligations arising from the profit distribution prior to the Closing shall have been fully fulfilled in accordance with laws and regulations, and the Buyer shall have received satisfactory tax clearance certificates.
- (10) The registered capital of the Target Company shall have been fully paid in, and the Warrantors shall have provided the Buyer with satisfactory documentary evidence of such payment.
- (11) The Key Personnel of the Group Companies shall have terminated their employment and any appointments (including directorships) with HUPU Holdings, and the Warrantors shall have provided the Buyer with satisfactory documentary evidence.
- (12) The Key Personnel shall have entered into labor contracts, confidentiality agreements, non-compete agreements, and intellectual property ownership agreements with the Target Company, all of which shall comply with applicable laws and be in the form and substance satisfactory to the Buyer, and shall contain the following provisions: (a) a non-compete period of not less than twenty-four (24) months from the termination of the employment or engagement relationship; and (b) if a third party asserts that a Key Personnel has breached any non-compete, non-investment, or non-employment commitments, the relevant losses shall be solely borne by such Key Personnel.
- (13) HUPU Information Technology shall have repaid the RMB 3.28 million loan made under the Loan Agreement signed with HUPU Holdings in 2021, and HUPU Information Technology and HUPU Holdings shall have executed a repayment agreement satisfactory to the Buyer in respect of such loan repayment. The Warrantors shall have provided the Buyer with satisfactory documentary evidence for such repayment.

*Signature Page of the Acquisition Agreement*

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- (14) With respect to the business and asset transfers between the Group Companies and HUPU Holdings: (a) except as otherwise disclosed in the Disclosure Schedule, all asset and debt transfer agreements related to such business and asset transfers shall have been fully performed. The Target Company shall have acquired ownership of all assets under the asset transfer agreements from HUPU Holdings (including but not limited to software copyrights related to “HUPU”), and the Warrantors shall have provided the Buyer with satisfactory documentary evidence; and (b) the Warrantors shall have provided the Buyer with the internal written resolutions of HUPU Holdings in relation to such business and asset transfers (including but not limited to resolutions of the board of directors and the shareholders’ meeting of HUPU Holdings).
- (15) The Group Companies shall have paid social insurance and housing provident fund contributions for their employees based on the employees’ actual salaries.
- (16) The Group Companies and their affiliated apps shall have obtained cybersecurity review approval.
- (17) The authorized signatories and/or seals for the Group Companies’ bank accounts shall have been changed to the representatives designated by the Buyer, and the Warrantors shall have provided the Buyer with all relevant documents and materials evidencing such changes.
- (18) The Target Company shall have completed an independent audit by a third-party audit firm. For the avoidance of doubt, if such audit is not completed within three (3) months from the signing date of this Agreement, the Buyer agrees to waive this as a condition precedent to Closing, provided that the failure to complete the audit on time is not attributable to the Sellers or the Target Company.
- (19) Each Seller shall have issued to the Buyer a written payment notice, including the relevant information regarding the bank account opened in the name of such Seller.
- (20) The Warrantors shall have provided to the Buyer a duly executed Format of Closing Confirmation Letter in the content and format set forth in Annex V to this Agreement.

Annex IV: List of Core Business, Assets, and Documents to Be Delivered on

*Signature Page of the Acquisition Agreement*

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Closing Date  
Annex V: Format of Closing Confirmation Letter  
Annex VI: Format of Articles of Association of the Target Company  
Annex VII: List of Key Person

*Signature Page of the Acquisition Agreement*

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THE SYMBOL “[\*\*\*]” DENOTES PLACES WHERE CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THE EXHIBIT BECAUSE IT IS (1) NOT MATERIAL AND (2) THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL.

No.: BC2024052900000458



## Credit Line Agreement

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## Credit Line Agreement

**The Company:** Shenzhen Xunlei Networking Technologies Co., Ltd. (hereinafter referred to as “Party A”)

**Main business site:** 21/F, Xunlei Plaza, Baishi Road, Nanshan District, Shenzhen, China

**Contact:** [\*\*\*]                      **Tel.:** [\*\*\*]

**Fax:** /                                **Email:** /

**Bank:** Shanghai Pudong Development Bank Co., Ltd., Shenzhen Branch (hereinafter referred to as “Party B”)

**Main business site:** Pudong Development Bank Building, No. 88 Pucheng Road, Tianxin Community, Sungang Street, Luohu District, Shenzhen

**Contact:** [\*\*\*]                      **Tel.:** [\*\*\*]

Pursuant to relevant laws and regulations, the following agreement (hereinafter referred to as “this Agreement”) is made and entered into by and between Party A and Party B on the basis of equality, mutual benefits and voluntariness after reaching consensus via negotiation:

### Part 1 General Terms and Conditions

**1. Agreement:** Refers to any or all documents signed by and between Party A and Party B within the term of availability, including agreement on change of credit line (in the form of Appendix 1) and accompanying financing documents, they shall serve as an indispensable part of this Agreement and shall be read together with this Agreement.

Where there is any inconsistency between this Agreement (including supplemental agreements) and the accompanying financing documents, the latter shall prevail.

**2. Credit Line:** For the purpose of this Agreement, the term of availability refers to the valid term during which Party B grants the credit line to Party A pursuant to the provisions of the *Commercial Terms (Financing Credit Line Form)* (Part 2 to this Agreement) or any agreement on change of credit line, and a period for which Party A applies for use of the credit line, rather than a debt performance period; the debt performance periods for various businesses hereunder shall be mutually agreed in the respective accompanying financing documents or commitment documents issued externally. It shall be the term of availability specified in the *Financing Credit Line Form* (Part 2 to this Agreement) or the term of availability explicitly specified in any valid agreement on change of credit line concluded by and between Party A and Party B, whichever is signed later. Party A shall apply to Party B for use of the credit line within the term of availability. Where Party A submits an application beyond the term stated above, Party B may refuse such application no

matter whether the credit line has been fully drawn down.

**3. Credit Line Change:** In case of any discrepancy between the terms stated herein and the *Financing Credit Line Form*, the latter (including the amendment to the *Financing Credit Line Form* made by Party A and Party B by an agreement on credit line change from time to time) shall prevail. If any accompanying financing document concluded by and between Party A and Party B within the term of availability conflicts with the terms of this Agreement, the former shall be applicable to the business involved in such accompanying financing document.

Notwithstanding the regulations above, if Party B believes that it is necessary, it can, for the purpose of ensuring the safety of creditor's rights, inform Party A that the facility under any accompanying financing document becomes mature in advance. In such case, Party A shall repay the financing amount immediately. For the L/C, L/G/SLC, bank acceptance and other business recognized by Party B, Party A shall make up the margin to 100% immediately.

**4. Financing:** As per the provisions of this Agreement and any accompanying financing document, Party A can, within the credit line and term of availability, apply to Party B for credit financing (collectively known as "financing" herein). The specific applicable financing variety shall be subject to the financing credit line form. Party B's commitment to the financing amount hereunder is a commitment that is unconditionally revocable at any time, that is, Party B has the right to unilaterally revoke the loan commitment at any time without prior notice, because of changes in laws, regulations or policies, restrictions from the government's monetary policy or financial regulatory policy, or other reasons such as market conditions, fund position and financial cost, Party B's own business needs, or deterioration of Party A's credit standing. Party B may cancel, freeze or adjust the credit line at any time.

**5. Accompanying Financing Documents.** For the purpose of this Agreement, accompanying financing documents refer to the documents signed by Party A, including but not limited to:

(1) For loans, such documents refer to any other loan documents that may be signed with Party A, including contract on working capital loan and contract on fixed assets loan;

(2) For bill discounting, such documents refer to agreement on notes discounted and any other documents that may be signed with Party A.

(3) For guaranteed discounting of commercial acceptance bills, such documents refer to the agreement on commercial acceptance bill discounting and any other documents that may be signed with Party A.

(4) For factorage financing, such documents refer to the agreement on factorage financing and any other documents that may be signed with Party A.

(5) For L/C (including domestic L/C) export bill purchase and outward bills purchased under collection, such documents refer to the agreement on export bill purchase and outward bills purchased under collection and any other documents that may be signed with Party A.

(6) For L/C advance against inward documentary bills, such documents refer to the agreement

on advance against inward documentary bills and any other documents that may be signed with Party A.

(7) For packing loan, such documents refer to the agreement on packing loan and any other documents that may be signed with Party A.

(8) For the opening of L/C, such documents refer to the agreement on the opening of L/C and any other documents that may be signed with Party A.

(9) For the opening of L/G and SLC, such documents refer to the agreement on the opening of L/G and SLC.

(10) For the opening of bank acceptance, such documents refer to the agreement on the opening of bank acceptance and any other documents that may be signed with Party A.

(11) Other financing documents signed by and between Party A and Party B.

For Party A's application related to the use of credit line, Party B shall release the fund to Party A according to the conditions stipulated in this Agreement and accompanying financing documents and/or issue a letter of commitment at the request of Party A as long as the application satisfies the provisions of this Agreement and Party B. However, Party B shall not cancel or change the credit application/agreement that it has signed or submitted; otherwise, Party A shall pay Party B's costs, fees and losses caused by its cancellation or change of application/agreement.

**6. Document Submission.** Party A shall provide Party B with the following documents or satisfy the corresponding conditions prior to the signature of this Agreement or at the request of Party B:

- (1) Copies of Party A's latest articles of association and business license;
- (2) Board resolution on authorizing Party A to sign this Agreement and relevant accompanying financing documents;
- (3) Party A's power of attorney for the authorized representative and signature specimen of the authorized agent;
- (4) All accompanying financing documents signed by Party A legally based on Party B's requirements; and
- (5) Other documents and/or conditions required by Party B.

**7. Preconditions for Credit Line Use.**

Party A must satisfy the following conditions prior to use of the credit line:

- (1) Party A conducts normal production and operation activities, favorable financial conditions and has no deteriorated business conditions in the recent three years;
- (2) Party A has committed no event of breach explicitly specified in the credit line agreement;
- (3) If the business under this Agreement is guaranteed, the corresponding guarantee documents have been signed and become valid, necessary mortgage/pledge registration formalities have been finished and guarantee right has been established before Party B develops the specific business;
- (4) Party A's explicit plan of credit line. The factors and conditions of the specific business

application conform to Party B's relevant rules and systems and requirements for credit line approval as well as the requirements for handling the specific financing business;

(5) Party A has provided its information and statements regarding its production, business and financial activities and commits to provide and accept Party B's supervision and inspection within the term of this Agreement in time;

(6) The amount of credit line to be used does not exceed the remaining credit balance;

(7) Party A's specific business application shall be proposed within the term of availability; the day when fund is released or when Party B is required to open L/C, L/G/SLC and bank acceptance or other businesses are developed must be Party B's working days;

(8) Other preconditions required by Party B (if any; see "Other Matters as Mutually Agreed" in Part 2).

**8. Amount of Credit Line Occupied.** It refers to the sum of financing funds that Party B has released to Party A at all times as per this Agreement and accompanying financing documents and that Party A has not repaid the principal, financing commitment provided to Party A (including the committed amount under specific signed financing agreement) with principal to be drawn by Party A, as well as the amount of the guarantee commitments (including but not limited to L/C, L/G/SLC) issued at the request of Party A, but excluding the financing funds corresponding to the margin, certificate of deposit, treasury bond, bank acceptance or other guarantees provided by Party A or Party A's guarantor that conform to Party B's management rules, unless otherwise specified herein.

**9. Revolving.** For the revolving credit line, the amount of credit line occupied by the amount involving the obligations that have been performed will be recovered after Party A finishes performing the obligations under this Agreement and accompanying financing documents (including repaying the financing fund or advances made by Party B, Party B's discharge from liabilities under relevant guarantee commitments due to its fulfillment of obligations under the underlying contract, making up 100% margin or Party B's discharge from the external payment liabilities). Party A can, within the term of availability specified in this Agreement, apply to Party B for use of the credit line continuously. The non-revolving credit line, once occupied, cannot be recovered after Party A finishes performing repayment and other obligations, unless otherwise agreed by Party B. Within the term of availability, Party B is entitled to review Party A's conditions and the collateral per year, unless otherwise specified. If Party A passes review, it can use the credit line next year continuously; otherwise, Party B is entitled to cancel Party A's credit line at the beginning of next year. In such case, except for the accompanying financing documents that have become valid, the credit line that has not been used yet and will be returned in future will not be usable any longer.

**10. Guarantee.** If the credit line under this Agreement is guaranteed, Party A shall apply for financing as per this Agreement on the basis that the guarantee document has been signed and come into effect, and that if the guarantee contract is a mortgage/pledge contract, the security interests under the contract have been created and continuously valid. If the financing credit line form

requires the proportion of margin for opening L/C, L/G/SLC and bank acceptance, Party A can open the above on the basis that the margin in the aforesaid proportion has been paid off. If Party A plans to apply for a change, which leads to an increase of the credit line, Party A shall provide more guarantee or urge the guarantor to confirm the change and provide more guarantee as required by Party B. For the credit line that can be used continuously next year after Party B's review, Party A shall ensure the guarantee will remain valid continuously at the request of Party B.

**11. Taxation.** Party A shall repay the financing fund under this Agreement in full amount without any deduction, unless it is required to deduct relevant taxes when making repayment as per laws. If Party A must deduct relevant taxes as per laws, it shall provide Party B with duty-paid proof within 15 (fifteen) days after making deduction. At the same time, Party A shall pay extra fees to Party B until the funds received by Party B are equal to the amount that Party B shall receive without any deduction.

**12. Statement and Guarantee.** Party A hereby makes the following statement and guarantee which are seen to be made by Party A repetitively per time when Party B provides Party A with financing as per this Agreement and accompanying financing documents and shall always remain valid.

(1) Party A is the enterprise (public institution) legal person or other economic organization duly established as per applicable laws and enjoying independent legal person qualification and complete financial system and repayment capacity, has the rights to conclude and perform this Agreement as per laws, sign this Agreement and any document related to this Agreement and has taken all necessary company behaviors to make this Agreement and any document related to this Agreement legal, valid and executable forcefully;

(2) Party A signs this Agreement and performs its obligations under this Agreement without violating any other contract or document it has signed, the company's articles of association, any applicable law, regulation or administrative order, relevant documents, judgment or ruling of competent authority or conflicting any other obligation or arrangement it shall follow.

(3) Party A and any of its shareholders or associated company does not involve any liquidation, bankruptcy or reorganization program or is not merged, combined, spin-off, reconstructed, dissolved, shut down or does not enter similar legal programs or any case that may lead to such legal procedures.

(4) Party A does not involve any economic, civil, criminal, administrative proceeding or similar arbitration procedure that may exert adverse influence on it or any case that may lead to its involvement in such legal procedure or similar arbitration procedure.

(5) No any major assets of Party A's legal representative, director, director or other senior managers and its client are executed forcefully, sealed up, detained, frozen, retained or supervised or involve any case that may lead to the consequence above.

(6) Party A ensures all the financial statements it issues (if any) conform to the applicable laws and reflect its financial conditions truthfully, completely and fairly; all the documents, data and

information it provides for Party B about itself and the guarantor when signing and performing this Agreement are authentic, valid, accurate and complete and do not conceal or omit anything required.

(7) Party A deals with all matters as per applicable laws and regulations, develops business based on the scope of business specified in its business license or approved as per laws and goes through registration and annual check formalities in time;

(8) Party A has disclosed the facts and conditions that it knows or shall know and based on which Party B decides whether granting the credit under this Agreement to Party B (including but not limited to business, finance and external guarantee).

(9) Party A's internal management documents related to environment and social risks conform to laws and regulations and have been implemented faithfully.

(10) Party A ensures it has no any other case or event that causes or may cause major adverse influence on its performance capacity.

**13. Commitments.** Party A makes the following commitments which are seen to be a new commitment made by Party A repetitively each time when Party B provides financing for Party A as per the provisions of this Agreement and financing attachments and shall always remain valid.

(1) Party A shall abide by and perform all its obligations under this Agreement and financing attachments strictly;

(2) Party A shall repay the financing fund or payment made in advance in time as per the provisions of this Agreement and accompanying financing documents or make up 100% margin at the request of Party B, unless otherwise specified in this Agreement or financing attachments. Party A shall apply for, obtain and abide by all the approvals, authorizations, registrations and licenses required as per the applicable laws and regulations and always make them valid so that it could sign and perform the obligations specified in this Agreement and any document related to this Agreement lawfully. As long as Party B requires, Party A shall issue relevant certificates with no delay;

(3) Within 5 (five) Party B's working days upon knowing its involvement in any economic, civil, criminal, administrative proceeding or similar arbitration procedure which may exert adverse influence on itself or within 5 (five) Party B's working days upon knowing any of its assets may be executed forcefully, sealed up, detained, frozen, retained or supervised, Party A shall inform Party B in writing and state in detail the influence and remedial measures it has taken or will take;

(4) Without Party B's written consent, Party A shall not provide guarantee which exerts material adverse influence on its financial conditions or capacity of performing the obligations under this Agreement for a third party;

(5) Without Party B's written consent, Party A shall not repay other long-term debts in advance by exerting major adverse influence on its capacity of performing the obligations under this Agreement;

(6) From the date when this Agreement is concluded to the full repayment of debts under this Agreement and accompanying financing documents, without Party B's written consent, Party A:

1) will not make significant investment, transfer its shares, have changes in de facto controller or majority shareholder, increase debt financing substantially, enter liquidation, reconstruction or bankruptcy procedure, be merged, combined, separated, assigned,

decapitalized, reorganized, dissolved, shut down or go out of business or involve other similar legal procedures and other matters that possibly affect its solvency;

2) will not sell, rent out, bestow, get foreclosed, exchange, transfer, assign, mortgage, pledge or dispose of in other ways whole or a substantial part of its important assets, except for the daily business demand;

3) will not provide guarantee to any third party that will result in a material adverse effect on its financial position or ability to perform obligations hereunder; or incur new substantive debts or early repayment of other long-term debts and such repayment may have a material adverse effect on its ability to perform obligations hereunder;

4) will not sign any contract/agreement exerting major adverse influence on its capacity of performing the obligations under this Agreement or bear related obligations that may exert the influence above.

(7) If the guarantee under this Agreement involves a special case or is changed certainly, Party A shall provide other guarantee recognized by Party B based on Party B's requirements. The said special case or change includes but is not limited to the guarantor's production suspension, business shutdown, dissolution, business suspension for rectification, revoking or cancellation of business license, application or passive application of reorganization, bankruptcy, substantial change of business or financial conditions, involvement in major lawsuit or arbitration, lawsuit, arbitration or other compulsory measures against legal representative/person in charge, depreciation or possible depreciation of collateral, seal-up and other property preservation measures, violation of the guarantee contract and request for terminating guarantee contract.

(8) Party A shall also go through notarization with compulsory execution effect from the notary organ recognized by Party B at the request of Party B and agrees to accept the compulsory execution voluntarily;

(9) Party A shall inform Party B, at all times, of the event that may influence its capacity to perform the obligations under this Agreement and any document related to this Agreement.

(10) Special provisions on group client (applicable to group clients).

If Party A to this Agreement is a group client, Party A hereby commits that:

1) Party A shall report the associated transactions which are above 10% of the actual addressee's net assets in time, including a. association of all transaction parties; b. transaction project and transaction nature; c. amount or the corresponding proportion of transaction; d. pricing policy (including the transaction with no amount or with symbolic amount).

2) If the actual addressee has any of the following cases, Party A is seen as a breach of this Agreement. In such case, Party B is entitled to decide if to cancel the credit that Party A has not used yet unilaterally and collect the credit used partially or wholly or ask Party A to make up the margin to 100%. a. The addressee provides false materials or conceals major business and financial information; b. The addressee changes the original credit purpose, embezzles credit or uses bank credit to engage in illegal transactions arbitrarily without Party B's consent; c. The addressee extracts bank capital or credit at Party B's site by discount or pledging in virtue

of false contract among associated parties and with creditor's rights with no trading background such as notes receivable and accounts receivable; d. The addressee refuses to accept Party B's supervision and inspection of its use of credit capital and relevant business and financial activities; e. The addressee is merged, purchased or reorganized substantially, which Party B deems probably influential to the credit safety; f. The addressee avoids bank creditor's rights purposefully by connected transaction.

(11) Special provisions, commitment and conventions on green credit (applicable to the clients whose construction, production and operation activities of nuclear power station, large hydropower station, water conservancy project and resources mining project may change the original environment status and generate serious environmental and social consequences that could hardly be eliminated as well as the clients whose construction, production and operation activities of petroleum refining, coking, nuclear fuel processing, chemical raw materials and manufacturing of chemical products which lead to serious environmental and social consequences that could be eliminated through mitigation measures):

1) Party A commits to provide its environmental, social and governance risk reports to Party B, and declares and undertakes that it will enhance the management of environmental, social and governance risks, including a. environmental, social and governance risks related internal management documents conform to the laws and regulations and will be performed in good faith; b. there is no any major lawsuit case related to environmental, social and governance risks.

2) Party A commits that it will accept Party B's supervision and strengthen environmental, social and governance risk management, including a. Party A commits that all the behaviors and performances related to environmental, social and governance risks conform to the requirements; b. Party A commits that it will establish and improve the internal management system regarding environmental, social and governance risks, and has specified the measures on the responsibilities, obligations and punishment of its relevant responsible persons; c. Party A commits that it will establish and improve the emergency mechanism and measures on environmental, social and governance risk emergencies; d. Party A commits that it will designate a special department and/or person to take charge of environmental, social and governance risks; e. Party A commits that it will coordinate with Party B or a third party recognized by Party B to assess and check its environmental, social and governance risks; f. Party A undertakes that it will give response actively for the big doubts on its control environmental, social and governance risks from the masses or other interest related parties; g. Party A commits that it will urge its critical associated parties to strengthen management to prevent their environmental, social and governance risks from affecting clients; h. Party A commits that it will perform other matters that Party B believes are associated with control environmental, social and governance risks.

3) Party A commits that it will report any of the following cases to Party B in time and sufficiently upon their occurrence: a. licenses, approvals and checks related to environmental, social and governance risks in the process of commencement, construction, operation and

shutdown; b. assessment and check of Party A's environmental, social and governance risks by environmental, social and governance risk supervision agency or the organ that the agency recognizes; c. construction and operation of supporting environmental facilities; d. pollutant emission and objective; e. employees' safety and health; f. major complaint and protest against the environment and social risks by adjacent communities; g. major environment and social claims; h. other major cases that Party B believes are associated with environmental, social and governance risks.

4) Party A is seen as a breach of this Agreement if Party A and its actual credit grantor involve any of the following cases: a. Party A's statements, warranties and representations related to environmental, social and governance risks are not performed earnestly; b. Party A is subjected to the punishment of relevant government organs due to its improper environmental, social and governance risk management; c. Party A is queried by the mass and/or media due to its improper environmental, social and governance risks management; d. other events of default related to environmental, social and governance risks management as specified by Party B and Party A, including cross default.

If Party A involves any of the events of default above, Party B can unilaterally decide if a. canceling the commitment of credit granting it has been made; b. suspending the allocation of loan until Party A takes the remedial measures that satisfy Party B; c. collecting the loan issued in advance; d. exercising relevant mortgage and pledge rights and other punitive measures in advance when Party A cannot repay the loan; e. other punishment measures specified by Party A and Party B.

(12) Party A undertakes that it will not increase local government's implicit debt in violation of regulations, otherwise, Party B may suspend/terminate Party A's financing or drawdown, cancel the credit line, and declare the disbursed financing fund mature earlier in part or in whole. Party B may also report such situation to relevant regulatory authorities.

(13) With regard to anti-money laundering, Party A acknowledges and agrees that Party B may assess money laundering risk for any transactions hereunder according to the applicable anti-money laundering laws and regulations and its internal management requirements. If Party A breaches Party B's anti-money laundering regulations, or Party A and/or any transactions hereunder are reasonably suspected by Party B of participation in illegal activities such as money laundering, sanction, financing of terrorism or financing for the spread of weapons of mass destruction, export control, or tax evasion, Party B may take necessary control measures according to the anti-money laundering regulations of the People's Bank of China and its internal management rules. In addition, Party B may directly restrict or suspend all or partial businesses hereunder without notice to Party A, declare early maturity of the loans, terminate this Agreement without any liability, and require Party A to compensate all losses caused to Party B thereby.

**(14) Party A/the guarantor hereby agrees and irrevocably authorizes Party B to submit the information of all contracts/agreements/commitments concluded by Party A/the guarantor and Party B, including the information about the performance of the said contracts/agreements/commitments, as well as the basic enterprise information and other**

information provided by Party A/the guarantor, for the basic financial credit information database set up by the State, according to the requirements of the *Regulations on the Management of Credit Investigation* and other credit standing related laws and regulations, as well as the collection requirements for the basic financial credit information database set up by the State, so that the institutions eligible for query could query and use it. At the same time, Party B is also entitled to query and use the credit information about Party B/the guarantor included in the financial credit information database set up by the State. The authorization covers all links of Party B's necessary business management under this Agreement prior to and after the signature of this Agreement and remains valid until this Agreement is terminated.

(15) Party A hereby acknowledges that it has fully understood and known Party B's provisions on the banning of its employees' pursuit of personal interests in any form in virtue of its post and commits that it will avoid the case above in an honest and fair manner and will not provide Party B's employees with kickback, cash gift, securities, valuable articles, awards, compensation of private fees, private tourism, high consumption recreation and other unjust interests in any form privately.

**14. Fees and Expenses:** Party A shall pay relevant fees and taxes as per laws, regulations and this Agreement.

**15. Default Interests.** Both parties shall specify the default interests against financing under this Agreement and default interests against embezzlement of loan and its charging rules via negotiation in the financing credit line form or accompanying financing documents.

**16. Conversion of Exchange Rate.** In case of calculating the amount used, if the financing currency is not in consistency with the currency of credit line, Party B has the right to convert them based on its relevant exchange rate. If the change of exchange rate makes the amount of credit line occupied under this Agreement exceed the maximum credit line above, Party B has the right to ask Party A to repay the excessive amount. If the currency of repayment made by Party A (including authorized repayment) is not in consistency with the financing currency, Party B has the right to make repayment by purchasing foreign exchange based on its exchange rate and the exchange rate risks arising therefrom shall be borne by Party A.

**17. Authorized Repayment and Offset.** Party A hereby authorizes Party B to, on behalf of Party A, deduct fund from any account it opens at Shanghai Pudong Development Bank Co., Ltd. (whichever the currency) against any mature debt not paid by Party A no matter whether the debt is under this Agreement or accompanying financing documents, so that Party B can use the fund for repaying the debts. The authorization is irrevocable. In case of conversion of exchange rate, Party B shall make conversion based on its exchange rate determined and the risks of exchange rate shall be borne by Party A.

**18. Debt Certificate.** Party B will maintain a set of account book and voucher related to the

business activities specified in this Agreement and financing attachments inside its account according to the business operation criteria that it always follows, as proof for Party B's financing funds, interests and fees. Except for the obvious errors, Party A acknowledges that the valid certificates of creditor's rights in the financing hereunder shall be the accounting vouchers or other valid evidentiary materials issued and recorded by Party B according to its business regulations.

**19. Transfer.** Party A shall not transfer any of its right or obligation under this Agreement. Party B can transfer any of its right or obligation under this Agreement to a third party at all times and disclose any information related to this Agreement to the third party, including any information provided by Party A and its guarantor for Party B for the purpose of this Agreement.

**20. Information Disclosure.** Party A agrees, besides the disclosures allowed in Article 19 hereof, Party B can also disclose any information related to this Agreement to its head office, branches, associated agencies or the personnel employed by them. At the same time, Party B can also make disclosure as per the requirements of any law and regulation and the requirements of supervision department, government organ or judicial organ.

### **21. Breach of this Agreement.**

(1) Events of Breach. Any of the following events of Party A shall constitute an event of breach of this Agreement and accompanying financing documents to Party B:

1) Party A violates any statement or guarantee of this Agreement or the statement or guarantee proves to be incorrect, false, misleading or has omissions or has been breached,

2) Party A fails to repay on time financing principal, interest and payables under the specific business application, violates or refuses to perform any matter committed under this Agreement, and/or Party A violates this Agreement or specific financing documents;

3) Party A commits material cross defaults, including but not limited to breach of any other financing contracts signed by it; or Party A fails to repay any due debts under other financing contracts or agreements signed by it;

4) The guarantor that provides guarantee for Party A has already been or will not be capable of providing guarantee for the financing or violates any guarantee document; or changes with adverse effects on Party A have occurred, including depreciation or possible depreciation of collateral, seal-up and other property preservation measures;

5) Party A is suspected of participating in illegal activities such as money laundering, sanction, financing of terrorism or financing for spread of weapons of mass destruction, export control, or tax evasion.

6) Party A increases local government's implicit debt in violation of regulations.

7) Party A is involved in any circumstance that may affect Party B's asset security.

(2) Consequences of Breach. If Party A commits any event of breach above, Party B, besides

asking Party A to compensate all the losses thus caused, such as attorney fees, is also entitled (but is not obliged to) take the following measures separately or at the same time:

- 1) Adjust or cancel the credit line under this Agreement;
- 2) Collect the agreed liquidated damages from Party A, declare the debt specified in any accompanying financing document under this Agreement becomes mature in advance, either in part or in whole, and/or terminate this Agreement and all or part of accompanying financing documents; ask Party A to repay the financing capital and pay interests with no delay, either partially or wholly; as for the acceptance draft that has been realized or L/C, L/G/SLC opened by Party B within the service term of amount, Party B can ask Party A to pay more margin or transfer Party A's deposit or its deposit in settlement account to its margin account for the purpose of external payment or margin paid for Party A probably in future. If Party B has paid relevant funds in advance, it can request Party A to make repayment immediately;
- 3) Calculate interests based on the default interest rate specified in this Agreement or in accompanying financing documents and charge compound interests against the interests that shall have been paid;
- 4) Deduct Party A's fund at any of its accounts opened at Shanghai Pudong Development Bank as per the provisions of Article 17 hereof;
- 5) Require Party A to provide other guarantee acceptable to Party B;
- 6) Take other remedial measures according to law.

**22. Applicable Laws and Judicial Jurisdiction.** This Agreement shall be governed and interpreted by the laws of the People's Republic of China (excluding Hong Kong Special Administrative Region, Macao Special Administrative Region, and Taiwan Province, for the purpose of this Agreement). Any dispute in relation to the performance of this Agreement shall be resolved by both parties via negotiation. If, however, negotiation fails, both parties agree to file a lawsuit to the people's court at the site of Party B. While the dispute is being resolved, all parties shall perform the non-disputable terms continuously.

**23. Agreed Address of Service.** Party B acknowledges that its valid address of service is the address first written above, at which Party A may directly give or mail any notice to be served to Party B under this Agreement, until such address is changed by Party B through announcement. Party A agrees that all notices given to Party B shall be deemed served upon actual receipt by Party B.

Party A acknowledges that its valid mail or electronic addresses are the address, fax and email first written above. All notices under this Agreement and legal instruments sent to Party A in course of litigation in connection herewith, such as correspondence, summons and notices, shall be deemed served as long as they are sent to the mail or electronic addresses first written above by mailing, fax or electronic transmission. The specific date of service shall be subject to the relevant provision in the *Civil Procedure Law of the People's Republic of China*. In case of changing the address above, Party A shall give a prior notice to Party B; otherwise, the address changed without notice shall not apply to Party B, and the service of address

confirmed herein shall remain valid.

**24. Business Day.** A business day hereunder refers to any day Party B is open for corporate business, excluding any statutory holidays.

**25. Term Severability.** Any term judged invalid, illegal or non-executable forcefully in this Agreement or any financing attachment does not influence the validity, legality and forceful execution of other terms stated therein.

**26. Term of Grace.** Where Party B grants a term of grace or postpones an action against Party A's breach of this Agreement or other behaviors during the whole term of this Agreement, it does not impair, influence or restrict Party B from enjoying all the rights or interests as the creditor as per laws or this Agreement or mean recognizing Party A's breach of this Agreement or Party B's waiving of the rights to take actions against Party A's existing or future violation behaviors.

**27. Relationship between Previous Credit Granting and this Agreement.** Unless otherwise specified by both parties, if Party A and Party B have concluded a credit granting agreement under which the business has not been settled since the validity of this Agreement, the business will be included in this Agreement and occupy the credit line under this Agreement directly. Party A commits that it will ask for confirmation of the guarantor under the former credit facility agreement for the debts under this Agreement continuously at the request of Party B.

**28. Validity and Amendment.** This Agreement comes into effect once signed (or sealed) by Party A's legal representative or authorized agent and stamped with official seal and signed (or sealed) by Party B's legal representative or authorized agent and stamped with official seal. Unless Party B cancels the credit line entirely and Party A no longer has any financing or debt balance under this Agreement and all accompanying financing documents, this Agreement will remain valid permanently.

(End of Part 1)

**Part 2 Commercial Terms (Financing Credit Line Form)**

<b>Party A:</b> Shenzhen Xunlei Networking Technologies Co., Ltd.					
Descriptions of Credit Line					
Amount (currency) of credit line	RMB Three Hundred Million Only	Term of availability	<b>From      to</b>		
Mode of revolving	<input type="checkbox"/> Revolving; <input type="checkbox"/> Non-revolving; <input type="checkbox"/> Others_				
Nature of credit line	Commitments that are unconditionally cancellable at any time				
The guarantor that provides guarantee for the debt under this Agreement and guarantee contract includes but is not limited to:					
Guarantor	Shenzhen Xunlei Networking Technologies Co., Ltd.	Mode of guarantee	<input type="checkbox"/> Mortgage; <input type="checkbox"/> Pledge; <input checked="" type="checkbox"/> Guarantee		
Guarantor		Mode of guarantee	<input type="checkbox"/> Mortgage; <input type="checkbox"/> Pledge; <input checked="" type="checkbox"/> Guarantee		
Guarantor	/	Mode of guarantee	<input type="checkbox"/> Mortgage; <input type="checkbox"/> Pledge; <input type="checkbox"/> Guarantee		
Margin proportion for different businesses	<input type="checkbox"/> Discount _____%; <input type="checkbox"/> L/C opening _____%; <input type="checkbox"/> Banknote opening _____%; <input type="checkbox"/> Opening of L/G/SLC _____%; <input type="checkbox"/> Others _____				
<b>Applicable financing varieties and condition of credit line</b> (tick the variety chosen with “√” and delete inapplicable ones with “×”)					
	Applicable financing variety	Credit line (amount and currency)		Longest term per business	Remarks
<input type="checkbox"/>	<input type="checkbox"/> Loan				

	<input type="checkbox"/> Working capital loan				
	<input type="checkbox"/> Fixed assets loan				
	<input type="checkbox"/> M&A loan				
<input type="checkbox"/>	<input type="checkbox"/> Trade financing				
	<input type="checkbox"/> Opening of bank acceptance				
	<input type="checkbox"/> Trade acceptance discount (including negotiated interest payment)				
	<input type="checkbox"/> Banknotes discount				
	<input type="checkbox"/> Trade acceptance discount (client is acceptor)				
	<input type="checkbox"/> Factorage financing				
	<input type="checkbox"/> Opening of L/C (including buyer's usance)				
	<input type="checkbox"/> Advance against inward documentary bills (under L/C/ inward collection)				
	<input type="checkbox"/> Negotiation of export L/C				
	<input type="checkbox"/> Outward bills purchased under collection				
	<input type="checkbox"/> Packing loan				
	<input type="checkbox"/> Opening of L/G/SLC				
	<input type="checkbox"/> Import Refinance				
	<input type="checkbox"/> Financing of outward remittance				

	<input type="checkbox"/> Import security				
	<input type="checkbox"/> Domestic L/C buyer's financing				
<input type="checkbox"/>	<input type="checkbox"/> Others				
<p>Other matters as mutually agreed:</p> <p><u>The specific applicable financing variety or separate amount and its adjustment under the maximum credit line are subject to Party B's approval. Party A hereby makes the following commitments, and such commitments shall be deemed to be repeatedly made by Party A and remain in full force and effect each time Party B provides financing to Party A pursuant to the provisions of this Agreement and the ancillary financing documents:</u></p> <p><u>1. If there is an event of default under any credit agreement signed between Shenzhen OneThing Technology Co., Ltd. and Party B, it shall be deemed that Party A has committed an event of default under this Agreement.</u></p> <p><u>2. Party A shall not mortgage its collateral located at Xunlei Plaza, 3709 Baishi Road, Nanshan District, Shenzhen, China to any third party other than Party B, otherwise it shall be deemed an event of default under this Agreement.</u></p>					
<p>Special notes:</p> <p>(1) The amount of credit line occupied by all applicable financing varieties shall not exceed the maximum credit line. Where Party A requires the credit line of one applicable financing variety apply independently instead of together with other applicable financing varieties, the amount of such applicable financing variety shall be marked separately.</p> <p>(2) Party A is also the mortgagor or pledger, fill in "party concerned" or "Party A's name" in guarantor column.</p> <p>(3) If RMB interest rate is an annual interest rate, the floating cycle should be marked for floating interest rate. Fill in "amount of single transaction" or "rate" in the rate column. Except otherwise agreed upon, the loan interest rate shall be calculated by simple interest. The method of interest calculation can be found on the website of the People's Bank of China.</p>					
<p>This Agreement is made in <u>five</u> original copies, <u>one</u> copy for Party A, <u>three</u> copies for Party B, <u>one</u> copy for the mortgage registration authority, and all copies having the same legal force.</p>					

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**This Agreement is concluded by and between the following two parties on May 29, 2024. Party A hereby acknowledges that prior to the signature of this Agreement, both parties have explained and discussed in detail all the terms contained herein and have no doubt regarding these terms. Both parties have also understood their respective rights and obligations and the legal meaning of terms regarding restrictions of responsibilities and exception accurately.**

**Party A (official seal)**

**Party B (official seal or special seal for contract)**

**Legal representative or authorized agent (signature or seal)**

**Legal representative or authorized agent (signature or seal)**

**Appendix 1:**
**Agreement on Change of Credit Line (Form)**

No.: \_\_\_\_\_

Party A		Party B	Shanghai Pudong Development Bank Co., Ltd., _____ Branch
According to the <i>Credit Line Agreement</i> (No. _____) concluded by and between Party A and Party B, both parties hereto agree to change relevant matters related to the credit line that Party B grants to Party A. Both parties hereby agree the change agreement serves as an indispensable part of the <i>Credit Line Agreement</i> which will remain valid except for the terms specified in the change agreement.			
Main matter changed	<input type="checkbox"/> Amount of credit line <input type="checkbox"/> Term of availability <input type="checkbox"/> Financing variety <input type="checkbox"/> Mode of guarantee <input type="checkbox"/> Others		
The changed financing credit line form as mutually confirmed by Party A and Party B is as below:			
Amount of credit line (currency)		<b>Expiry date of term of availability of credit line</b>	
Mode of revolving	<input type="checkbox"/> Revolving; <input type="checkbox"/> Non-revolving; <input type="checkbox"/> Others _____		
Nature of credit line	Commitment unconditionally revocable at any time		
The guarantor that provides guarantee for the debt under this Agreement and guarantee contract include but is not limited to:			
Guarantor		Mode of guarantee	<input type="checkbox"/> Mortgage; <input type="checkbox"/> Pledge; <input type="checkbox"/> Guarantee
Guarantor		Mode of guarantee	<input type="checkbox"/> Mortgage; <input type="checkbox"/> Pledge; <input type="checkbox"/> Guarantee

Guarantor		Mode of guarantee	<input type="checkbox"/> Mortgage; <input type="checkbox"/> Pledge; <input type="checkbox"/> Guarantee		
Margin proportion for different businesses	<input type="checkbox"/> Discount_____%; <input type="checkbox"/> <input type="checkbox"/> L/C opening_____%; <input type="checkbox"/> <input type="checkbox"/> Banknote opening_____%; <input type="checkbox"/> <input type="checkbox"/> Opening of L/G/SLC_%; <input type="checkbox"/> Others_____				
<b>Applicable financing varieties and condition of credit line</b> (tick the variety chosen with “√” and delete inapplicable ones with “×”)					
	Applicable financing variety	Credit line(amount and currency)	Interest rate/rate	Longest term per business	Remarks
	<input type="checkbox"/> Loan				
	<input type="checkbox"/> Working capital loan				
	<input type="checkbox"/> Fixed assets loan				
	<input type="checkbox"/> Trade financing				

THE SYMBOL “[\*\*\*]” DENOTES PLACES WHERE CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THE EXHIBIT BECAUSE IT IS (1) NOT MATERIAL AND (2) THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL.



**Important Notice:**

**Dear customer, to protect your rights and interests, please read this Contract carefully before signing, especially the terms in boldface. In case of any doubt, please promptly ask for our clarification. If you still have questions or doubts, please consult your attorney and relevant professionals.**

## Credit Agreement

(Applicable to working capital loan not requiring a separate loan contract)

No.: 755XY2024016972

**Credit Provider:** China Merchants Bank Shenzhen Branch (hereinafter “Party A”)

**Credit Applicant:** Shenzhen Xunlei Network Technology Co., Ltd. (hereinafter “Party B”)

Upon Party B’s application, Party A hereby agrees to provide a credit line for Party B. Now therefore, in accordance with applicable laws and regulations, Party A and Party B (hereinafter “the Parties”), through adequate negotiation, hereby make and enter into this Credit Agreement (hereinafter “this Agreement”), subject to the following terms and conditions.

### 1. Credit Line

1.1 Under this Agreement, Party A will extend a credit line of One Hundred Million RMB (including revolving credit line and/or one-time credit line) (hereinafter “the Credit Line”). Party B may apply for specific business in other currencies within the credit line (the exchange rate shall be converted based on the foreign exchange quotation published by Party A at the time when business occurs).

If there is an outstanding balance of any credit services under the previous Credit Agreement (No.: / ) (insert the name of the agreement here) between Party A (or its affiliate) and Party B, it shall be automatically included under this Agreement and directly occupy the Credit Line under this Agreement.

1.2 The Credit Extending Period is 12 months from May 27, 2024 to May 26, 2025. **If Party B needs to use the Credit Line to handle the specific credit services, Party B shall submit an application for the utilization of the Credit Line to Party A within this period, and Party A shall not accept Party B’s application for the utilization of the credit limit beyond the expiry date of the Credit Extending Period, except as otherwise stipulated in this Agreement.**

1.3 Credit products and services offered under the Credit Line include without limitation one or more credit products or services of: loan/order loan, trade financing, bills discount, commercial bills acceptance, commercial acceptance bills confirmation/ reimbursement, international/domestic guarantee, customs payment guarantee, legal-person account overdraft, derivative transaction, gold lease, etc. (hereinafter "Credit Services").

"Trade financing" includes without limitation such service types as international/domestic letter of credit, import bill advance, delivery guarantee, advance against import documentary collection, packing finance, export bill advance, export negotiation, advance against export documentary collection, import/export remittance financing, credit insurance financing, factoring, commercial paper guarantee, etc.

1.4 Revolving credit line is the maximum balance sum of principals of one or more foregoing Credit Services offered by Party A to Party B during the Credit Extending Period, which can be used by Party B on a continuous and revolving basis.

One-time credit line is the one-time credit line approved by Party A which the cumulative amount of all foregoing Credit Products offered by Party A to Party B cannot exceed. Party B shall not the one-time credit line on a revolving basis, and the corresponding amounts of several credit services utilized by Party B shall occupy the one-time credit line until the cumulative amount is used up.

## 2. Credit Line Occupation Arrangements

2.1 The specific credit services applied by Party B and approved by Party A during the Credit Extending Period shall be automatically included under this Agreement and occupy the Credit Line under this Agreement.

**2.2 If Party A provides import factoring with Party B as the payer, the accounts receivable debt against Party B that Party A has acquired from a third party under the service or the debt it holds based on the debt instrument/payment commitment issued by Party B will occupy the foregoing Credit Line;** if Party B applies for the provision of domestic seller factoring or export factoring service from Party A with Party B as payee (accounts receivable creditor / creditor under the debt instrument or payment commitment), the payment made by Party A with its own funds or other funds of lawful sources to Party B for the accounts receivable debt or acquisition/purchase payment of creditor under the debt instrument or payment commitment held by Party B will occupy the foregoing Credit Line.

2.3 If Party A entrusts other branches of China Merchants Bank to issue back-to-back letter of credit to the beneficiary according to its internal procedures after issuing the letter of credit, such letters of credit and documentary credits and delivery guarantees arising thereunder will occupy amounts of the Credit Line.

Under the import letter of credit service, if any subsequent import bill advance is made under the same letter of credit, the letter of credit and import bill advance will occupy the same amount of the Credit Line at different stage. That is to say, when an import bill advance is made, amount recovered after payment by the letter of credit will be reused to make import bill advance, and will be deemed to occupy the same amount as the original import letter of credit.

2.4 Party B applies to Party A for the issuance of a guarantee in which a third party is the guaranteed party. This will occupy the foregoing Credit Line. Meanwhile, Party B acknowledges that it assumes primary repayment responsibility for the principal balance of advances made by Party A in fulfilling compensation obligations under the guarantee, as well as for interest, penalty interest, compound interest, liquidated damages, and late performance fees.

### 3. Approval and Utilization of Credit Line

**3.1 The type of Credit Line hereunder (revolving credit line or one-time credit line) and applicable types of Credit Services, credit amounts extended for different types of Credit Services, whether different types of Credit Services can be swapped, and specific conditions for utilizing the Credit Line are subject to approval of Party A. If Party A makes any adjustment to its original approval according to Party B's application during the Credit Extending Period, any subsequent approvals issued by Party A will constitute supplements and modifications to the original approval, and so on.**

**3.2 Party B shall apply for utilization of the Credit Line one by one by submitting the required documentation to Party A, and the credit service shall be carried out on a case-by-case basis only upon approval. Party A shall have the right to decide whether to approve each application based on its internal management requirements, Party B's operation status and other relevant conditions, and may reject Party B's application at its sole discretion without assuming any legal liability to Party B. Where there is any inconsistency between this provision with any other provisions hereof, this provision shall prevail.**

3.3 When a specific credit service is carried out upon approval of Party A, the specific texts signed by Party A and Party B on the specific credit service (including but not limited to single-transaction agreement/application, framework agreement, or specific business contract) shall constitute an integral part of the *Credit Agreement*. **The amount, interest rate, term, purpose, fee and other transaction elements of each loan or other credit services will be subject to separate service agreements, transaction vouchers (including but not limited to drawdown application, certificate of indebtedness (if any)) confirmed by Party A and the transaction records in Party A's system.** The interest rate hereunder shall be calculated by simple interest, unless otherwise specified by separate service agreements, transaction vouchers (including without limitation certificate of indebtedness) confirmed by Party A and the transaction records in Party A's system.

If Party B applies for a working capital loan within the credit line, Party A and Party B shall not sign the *Loan Contract* separately. Party B shall submit an application for each drawdown, and Party A shall review and approve the same one by one.

**3.4 Party A shall have the right to regularly or irregularly adjust the benchmark interest rate or interest rate pricing method for loan/other credit services under this Agreement in line with changes in relevant national policies, domestic and overseas market conditions, or its credit policy. Such adjustment shall take effect after Party A notifies Party B (by announcement published at Party A's banking outlet or on the official website of China Merchants Bank, or notice served to Party B at any contact address/method reserved in this Agreement;) if Party B does not accept the adjustment, it shall make early repayment, otherwise it shall be deemed to**

be acceptance of such adjustment.

**Where there is any inconsistency between this provision with any other provisions hereof, this provision shall prevail.**

3.5 Duration of each loan or other credits within the scope of the Credit Line shall be determined according to Party B's business need and Party A's business management rules; the expiration date of each specific service may be later than that of the Credit Extending Period (unless otherwise required by Party A).

**3.6 During the Credit Extending Period, Party A shall have the right to assess Party B's operating and financial status on an annual basis, and adjust the usable credit line of Party B based on the assessment result.**

#### 4. Interest Rate on Working Capital Loan

4.1 The interest rate of any loan hereunder shall be specified by Party B in the corresponding drawdown application and determined upon approval by Party A. If the drawdown application is inconsistent with the certificate of indebtedness (if any) for the loan or the relevant records in Party A's system, the certificate of indebtedness (if any) or the relevant records in Party A's system shall prevail.

4.2 If Party B fails to utilize any loan as agreed herein, Party B will be charged a penalty interest with regard to the portion not used for the agreed purpose, from the date of such failure, at the original interest rate plus 100%. The original interest rate shall refer to the interest rate applicable prior to the use of the loan for the purpose not agreed upon.

If Party B fails to repay the loan on time, it will be charged overdue interest (penalty interest) at the original interest rate plus 50% (overdue loan interest rate) with regard to the overdue portion from the date of becoming overdue. The original interest rate shall refer to the interest rate applicable before the maturity date of the loan (including early maturity date), or prior to the last floating period before the maturity date (including early maturity date) in case of a floating interest rate.

If the overdue loan is used for the purpose not agreed upon, the higher interest rate as set forth above shall be used to calculate the interest.

4.3 During the loan period, any adjustment to the loan interest rate made by the People's Bank of China shall be observed.

4.4 If the loan maturity date is a public holiday, it shall be extended automatically to the first business day after the holiday. And the interest shall be calculated based on the number of days that the loan proceeds have been actually used.

**4.5 Party B shall pay the interest on each interest date, and Party A may debit the interest payable directly from any account of Party B with China Merchants Bank. If the last repayment date of loan principal is not an interest date, the last repayment date shall become an interest payment date, and the Borrower shall pay up the interest payable on the loan principal on that date. If Party B fails to pay any interest on time, compound interest at overdue interest rate set forth in this provision shall be imposed in respect of the unpaid interest (including penalty**

interest).

5. Guarantee Clause

5.1 For any debts owed by Party B to Party A under this Agreement, Party B or a third party recognized by Party A shall provide collateral (pledge) guarantee or joint guarantee, and Party B or the third party as guarantor shall issue or sign a separate guarantee agreement as required by Party A.

5.2 Party A shall have the right to refuse to provide credit facility to Party B if the guarantor fails to sign the guarantee agreement and complete the guarantee provision procedures in accordance with the provisions of this Article (including the case that the accounts receivable debtor raises an objection to the accounts receivable before pledge).

5.3 When the mortgagor provides real estate mortgage as security for Party B's debts to Party A hereunder, if Party B is aware that the mortgaged assets are already or likely to be included in the government's demolition and expropriation plan, it shall inform Party A promptly and urge the mortgagor to renew security for Party B's debts with the compensation offered by the demolition party and go through corresponding security procedures as per provisions of the mortgage contract, or provide other security measures acceptable to Party as per Party A's requirements.

6. Rights and Obligations of Party B

6.1 Party B shall have the rights to:

6.1.1 Require Party A to provide loans or other credits within the scope of the Credit Line in accordance with the terms and conditions hereof;

6.1.2 Make use of the Credit Line in accordance with the terms and conditions hereof;

6.1.3 Require Party A to maintain confidentiality for information provided by Party B regarding Party B's production, operation, properties, accounts and other aspects, unless otherwise required by this Agreement;

6.1.4 Transfer its debts to a third party with Party A's written consent.

6.2 Party B shall be obligated to:

6.2.1 Provide authentic documents required by Party A (including but not limited to, on the frequency required by Party A, provide authentic financial books/statements and annual financial reports, important decisions and changes in production, operation and management, money drawdown/utilization information, information on collateral, etc.), information on Party B's financing from other financial institutions and non-financial institutions (including the financing that Party B has obtained and is applying for at the time of execution of this Agreement), and information regarding all banks of deposit, account numbers and deposit & loan balances; ensure the authenticity, accuracy and integrity of all the document provided, and cooperate with Party A's investigation, review and inspection;

6.2.2 Accept Party A's inspection on its utilization of credit facility proceeds and related production, operation and financial activities;

6.2.3 Make use of the loans and/or other credits in accordance with provisions of this Agreement

and separate agreements and/or the committed purposes;

6.2.4 Repay on time principals, interests and fees of loans, advances and other credits in accordance with provisions of this Agreement and separate agreements;

6.2.5 Obtain Party A's written consent before transferring debts hereunder to any third party in whole or in part;

6.2.6 Inform Party A promptly and actively coordinate with Party A in arranging for measures to secure repayment of principals, interests and fees of all loans, advances and other credits hereunder under any condition as follows:

6.2.6.1 Material financial loss, loss of assets or other financial crisis has occurred;

**6.2.6.2 Party B provides a loan or guarantee for the benefit or protection of a third party against loss, or provides mortgage (pledge) with its own property (right);**

**6.2.6.3 Suspension of business, revocation or deregistration of business license, filing or being filed for bankruptcy or dissolution, etc.; or change in key enterprise information, such as enterprise name, registered address, business address, and beneficial owner; Any change occurs to the Borrower's controlling shareholder/de facto controller; or Party B's legal representative/principal person-in-charge, director or key senior manager is changed, or is punished/restricted by the competent State authority for violating the law, discipline, etc., or goes missing for more than seven days, which may affect its normal operations;**

6.2.6.4 Its controlling shareholder or other related company and de facto controller suffers a significant operating or financial crisis, which affects its normal operations; or **its controlling shareholder/de facto controller abuses the independent legal person status or the limited liability of shareholder, evades debt, suspends operation, goes out of business, gets business license revoked, files or is filed for bankruptcy or dissolution, is punished by competent authority, commits a crime, or is involved in a significant legal dispute; or its legal representative or legal representative/principal person-in-charge, director or key senior manager of its controlling shareholder or other related company and de facto controller, is changed, or is punished/restricted by the competent State authority of for violating the law, discipline, etc., or goes missing for more than seven days, which may affect its normal operations.**

**6.2.6.5 The amount of the related party transaction with its controlling shareholder and/or other related companies or de facto controller reaches more than 10% of the net assets of Party B (Party B's notice shall at least cover the relationship between the Parties to the transaction, the transaction item and nature, the transaction amount or the corresponding proportion, pricing policy (including transaction with no amount or only symbolic amount), etc.);**

6.2.6.6 Any litigation, arbitration or criminal/administrative penalty has been brought by or against it, causing material negative effect on its operation or financial status;

6.2.6.7 Party B or its de facto controller is burdened with a large amount of lending with usurious interest rate; or has bad records such as re-extension, delinquency and interest payment default in other financial institutions; or Party B's related enterprise suffers a debt crisis due to disruption of

capital chain; or **Party B, its key stakeholders, or its subsidiaries are subject to the risk of money laundering, terrorist financing, or sanctions violations, or there is a possibility that Party A may be exposed to compliance risks related to money laundering, terrorist financing, or sanctions violations;** or Party B's project is halted or suspended or involves a significant investment mistake;

6.2.6.8 Any other significant matter occurs that may affect the solvency of Party B and/or its controlling shareholder/de facto controller.

**6.2.7 Party B shall not be slack in managing or claiming its mature debts or dispose of its existing major properties without compensation or by other improper means.**

**6.2.8 Party B must obtain Party A's prior written consent before engaging in consolidation (merger), separation, restructuring, equity joint venture (cooperative joint venture), transfer of property rights or equity, reforming its shareholding system, overseas investment, increasing debt financing, etc.**

6.2.9 In the case of dynamic pledge of accounts receivable, Party B shall guarantee that the credit balance at any time point during the Credit Extending Period is lower than 70% of the balance of the pledged accounts receivable, otherwise, it must provide new accounts receivable acceptable to Party A as pledge or margin (the margin account number is account number deposit automatically generated or recorded by Party A's system at the time of deposit of the margin, the same as below), until the balance of the pledged accounts receivable  $\times 70\% + \text{valid bond} > \text{credit balance}$ .

6.2.10 In the case of bond pledge, if fluctuation in exchange rate results in the balance of the bond account being lower than 105% of the amount of the corresponding credit service, Party B (or other third party) shall have the obligation to provide additional amount of bond or other guarantee as required by Party A.

Where the currency of the limit is inconsistent with the currency of a specific business before the specific business is settled, Party B is obliged to make additional margin or other securities as required by Party A if, due to exchange rate fluctuations, the amount of the specific business in the currency of the limit converted at the latest exchange rate published by Party A exceeds the amount converted when the business actually occurs, resulting in the total amount of the specific business actually occurred hereunder exceeding the total credit limit.

6.2.11 Party B shall guarantee that payments for goods under import shall be collected into the account designated by Party A; under export negotiation, shall transfer bills and/or documents under the letter of credit to Party A.

**6.2.12 Party B shall guarantee that settlement, payment and other receipt and payment activities are primarily carried out in its bank settlement account with Party A. During the Credit Extending Period, Party B's share of settlement transactions in the designated account shall be, at a minimum, Party B's share of Party A's financing in all banks.**

## 7. Rights and Obligations of Party A

7.1 Party A shall have the following rights to:

7.1.1 Require Party B to fully repay on time principals and interests of all loans, advances and

credit debts under this Agreement and separate agreements;

7.1.2 Require Party B to provide documents and information related to its utilization of the Credit Line;

7.1.3 Ask for information about Party B's production, operation and financial activities;

7.1.4 Supervise that Party B is utilizing loans and/or other credits for the purposes agreed upon in this Agreement and separate agreements; **when it is required by its business, unilaterally suspend or restrict the corporate online banking/corporate APP/other online function of Party B's account (including but not limited to closing online banking/corporate APP/other online function, presetting list of payees/single payment limit/phase payment limit, and other restrictions) and other electronic payment channels, restrict sale of settlement vouchers, or restrict payment or transfer at the counter, telephone banking, mobile banking and other non-counter payment and exchange functions of Party B's account;**

7.1.5 Authorize other branches of China Merchants Bank in the place where the beneficiary is located to issue letter of credit to the beneficiary according to its internal procedures.

**7.1.6 Debit amounts from any account of Party B at any outlet of China Merchants Bank for repayment of Party B's debts under this Agreement and separate agreements (if credit debts are not denominated in RMB, to purchase or trade foreign exchange from Party B's any account at the exchange rate published by Party A at the time of debiting to repay principals, interests and fees of the credit debts);**

7.1.7 Transfer its claims against Party B, and inform Party B about the transfer and collect from Party B by appropriate means at its sole discretion, including but not limited to fax, mailing, personal service, **announcement on the public media, etc.;**

7.1.8 Monitor and entrust other China Merchants Bank outlets to monitor Party B's accounts, and control payment of loan proceeds according to the loan purposes and payment scope agreed by the Parties;

7.1.9 Where Party A is aware that Party B falls under any of the circumstances stipulated in Article 6.2.6 herein, Party A shall have the right to require Party B to arrange for measures to secure repayment of the principal and interest on all loans under this Agreement and all associated costs as per the requirements of Party A, and Party A shall also have the right to directly take one or more remedial measures against the default specified in the clause herein with the heading "Breach Events and Treatment".

7.1.10 Party A has the right to report any newly incurred implicit local government debt of Party B to regulatory authorities;

7.1.11 Other rights provided hereunder.

7.2 Party A shall be obligated to:

7.2.1 Extend loans or other credits to Party B within the scope of the Credit Line according to the conditions provided under this Agreement and separate agreements;

7.2.2 Maintain confidentiality for the status of Party B's assets, finance, production and operation,

unless otherwise required by laws and regulations or by the regulatory authority, or unless it is provided to Party A's superior or subordinate institutions or external auditors, accountants or lawyers carrying the same confidentiality obligation.

8. Party B hereby makes the following guarantees:

8.1 Party B is an entity with legal-person qualification lawfully established and existing under the laws of the People's Republic of China, its procedures for registration and annual reports publication are true, lawful and valid, and it has full capacity for civil conduct to sign and perform this Agreement;

8.2 Party B has obtained full authorization from its board of directors or any other authorities to sign and perform this Agreement;

8.3 Documents, data, certificates and other information provided by Party B regarding Party B, the Guarantor, mortgagors/pledgors and mortgaged/pledged assets are authentic, accurate, complete and valid, and do not contain material error or omission of any material fact that is inconsistent with the facts;

8.4 Party B shall strictly observe provisions of all separate transaction agreements and all letters and documents that it issues to Party A;

8.5 No litigation, arbitration or criminal/administrative penalty that may have material adverse consequences on Party B or its main property has taken place at the time of signing this Agreement and no such litigation, arbitration or criminal/administrative penalty will take place during the execution of this Agreement. In case any such condition occurs, Party B shall immediately notify Party A;

8.6 Party B shall strictly abide by national laws and regulations in its business activities, carry out various businesses in strict accordance with the business scope stipulated in its business license or approved according to the law, and perform the procedures for enterprise (legal person) registration, annual reporting and business term renewal/extension on time;

8.7 Party B shall maintain or improve the current operation and management level, ensure the maintenance and appreciation of its existing assets, do not give up any mature debt claims, and do not dispose of existing main properties without compensation or by other inappropriate ways;

**8.8 Without permission of Party A, Party B shall not repay other long-term debts in advance;**

8.9 Party B's Statements and Warranties Regarding the Management of Environmental, Social, and Governance (ESG) Risks

Environmental, Social, and Governance (ESG) risks refer to the risks associated with Party B, its related parties, major contractors, and suppliers in their construction, production, and operations that primarily relate to environmental, social, and governance factors. They cover issues related to ecological protection, environmental pollution, climate change, biodiversity, water resource utilization, production safety, occupational health, gender equality, employee rights and interests, land acquisition and resettlement, and other ESG-related concerns. Regarding ESG risk management,

Party B makes the following statements and warranties:

8.9.1 Establish and improve the internal ESG risk management system to ensure compliance with relevant laws and regulations and guarantee its effective implementation;

8.9.2 Ensure that all behaviors and performance related to ESG risks are compliant, with no major litigation, arbitration cases, or other legal proceedings related to such risks;

8.9.3 Establish and improve the emergency response mechanism and measures for ESG risk incidents, designate a specialized department and/or personnel responsible for ESG risk matters, and clearly define responsibilities, obligations, and penalties in internal policies; if Party B faces strong public or stakeholder questioning regarding its ESG risk control performance, it shall make appropriate responses or take other necessary actions;

8.9.4 Urge its related parties, major contractors, and suppliers to strengthen management and prevent their ESG risks from affecting Party B;

8.9.5 Submit ESG risk reports as required by Party A, cooperate with assessments and inspections conducted by Party A or a third party authorized by Party A, and promptly notify Party A of relevant situations about ESG risk control, including but not limited to permits, approvals, and ratifications related to ESG risks during project initiation, construction, operation, and closure; evaluations and inspections of ESG risks by ESG regulatory authorities or other recognized institutions concerning Party B, its related parties, major contractors, and suppliers; the construction and operations of supporting infrastructure for environmental protection; pollutant emissions and compliance; safety and health status of Party B's employees; significant complaints or protests from neighboring communities against Party B, its related parties, major contractors, and suppliers; major environmental, social, and governance claims; and other significant ESG-related matters in the opinion of Party A;

8.9.6 Ensure that Party B and its related parties, major contractors, and suppliers comply with laws and regulations concerning ecology, environment, land, health, and safety in the country or territory where the project locates, adhere to relevant international standards and best practices, and maintain substantive consistency with international good practices in project management;

8.9.7 Fulfill other obligations related to ESG risk control as deemed necessary by Party A.

8.10 Party B guarantees its compliance with national regulations on implicit local government debts and will not incur any additional debts of the same type in violation of those regulations after signing this Agreement. The implicit local government debts under this Agreement refer to:

8.10.1 Debts recognized as implicit debts by regulatory authorities such as the national finance and audit authorities;

8.10.2 Debts not yet recognized as implicit debts by regulatory authorities but which, in practice, rely on fiscal funds for repayment or credit support (including guarantees, repurchase commitments, etc.) beyond the statutory government debt limit.

8.11 Party B shall strictly comply with and implement applicable anti-money laundering and sanctions compliance policies and regulations in China and other jurisdictions. Party B shall not

participate in or assist others in suspected money laundering, terrorist financing, proliferation financing, tax evasion, fraud, or other illegal and noncompliant activities. Party B shall comply with and implement Party A's anti-money laundering and sanctions compliance documents and at Party's request, actively cooperate with appropriate actions and investigations in accordance with relevant anti-money laundering, anti-terrorist financing, and anti-tax evasion regulations.

8.12 Party B shall not use false contracts, bills, accounts receivable, or other debts without a genuine trade background to handle discounting, factoring, pledging, letters of credit, forfeiting, or other business with Party A.

8.13 The loans applied under the credit shall comply with the requirements of laws and regulations, and the loans shall not be used illegally for investment in fixed assets, equity, etc., for the speculation and sale of securities, futures and real estates, for mutual borrowing to obtain illegal income, for the production or operation sectors and purposes prohibited by the State, or for the purposes other than those specified herein and separate transaction agreements.

If the loan proceeds are paid independently by the Borrower, Party B shall report the payment status to Party A regularly (at least monthly). Party A shall have the right to check whether the payment is in line with the agreed purpose through account analysis, voucher verification, site investigation, etc.

8.14 At the time of signing and performing this Agreement, Party B has not had any other major events affecting the performance of its obligations hereunder.

## 9. Special Provisions on Working Capital Loan

### 9.1 Drawdown and Use of Loan

The working capital loan hereunder may be used by Party B through independent payment or entrusted payment.

#### 9.1.1 Independent Payment

Independent payment means that Party B pays the loan proceeds independently to its transaction counterparties for the agreed purpose after Party A disburses the loan amount to Party B's account upon receipt of Party B's drawdown application.

#### 9.1.2 Entrusted Payment

Entrusted payment means that Party A pays the loan proceeds via Party B's account to any transaction counterparties of Party B for the agreed purpose based on Party B's drawdown application and payment entrustment. For the loan proceeds paid through entrusted payment, Party B shall grant Party A the authority to make payments via Party B's account to any transaction counterparties of Party B on the loan disbursement date (or a business day following loan disbursement).

9.1.3 In any of the following circumstances, Party B shall adopt the method of full-amount entrusted payment unconditionally:

9.1.3.1 A single drawdown by Party B exceeds RMB Ten Million (inclusive, or equivalent foreign currency);

**9.1.3.2 Party A requires Party B to adopt the method of entrusted payment as required by regulatory authority or risk control.**

9.1.4 In case of entrusted payment, the disbursed loan proceeds shall be paid with Party A's approval, and Party B shall not circumvent Party A's supervision through online banking, inverted promissory notes, breaking up the total amount into parts, etc.

9.2. At the time of drawdown, Party B shall submit an application as required by Party A (which shall be affixed with Party B's official seal or Party B's specimen seal at Party A if submitted offline; with a digital certificate or other signatures accepted by Party A if submitted online), certificate of indebtedness (if any) and documents required by Party A according to the specific requirements for independent payment or entrusted payment. Otherwise, Party A shall have the right to reject Party B's drawdown request. Party A shall not be liable for Party B's breach of contract or other losses caused by Party B to its transaction counterparties due to any delay or failure **in payment arising from provision of inaccurate and incomplete payment information by Party B.**

### 9.3 Loan Extension

If Party B requests a loan extension because of its failure to make repayment of any loan hereunder on time, it shall submit a written application to Party A one month before the expiration of the relevant loan. If Party A grants an extension, Party A and Party B shall sign a separate extension agreement. If Party A refuses to grant an extension, the loan already used by Party B and the interest payable thereon shall still be repaid pursuant to this Agreement and corresponding certificate of indebtedness or the records in Party A's system.

### 10. Breach Events and Treatment

10.1 Party B shall be deemed to have breached this Agreement under any of the following circumstances:

**10.1.1 It fails to perform or breaches any of the obligations set forth herein;**

10.1.2 It makes any special warranty hereunder that is inauthentic or incomplete, or breaches or does not fulfill the special warranty;

10.1.3 Party B fails to draw or use the loan as agreed herein, repay the loan principal and interest or expenses in full and on time as required herein, use the funds in the collection account as per Party A's requirements, or accept Party A's supervision, without immediate rectification upon request by Party A;

**10.1.4 It makes any material breach event related to any lawful and valid contract signed by Party B with any other creditor and such breach is not resolved within three months following the date of breach; or any related party of Party B commits a material default with China Merchants Bank or other creditors, which remains unresolved within three months from the date of occurrence, and Party A determines that this may negatively impact Party B's performance (regardless of whether Party B has actually defaulted under this Agreement).**

**The aforementioned material breach event refers to such breach of Party B that results in its creditor's entitlement to claim from Party B an indemnity of CNY One Million or more.**

10.1.5 If Party B is an enterprise listed or applying for listing on the National Equities Exchange and Quotations (“NEEQ”), it experiences significant obstructions or withdraws the application for listing; it is given with warning letters, ordered to make corrections, restricted in the trading of its securities account, or imposed with other self-disciplinary measures by NEEQ, for more than 3 times; or it is subject to disciplinary actions, or its listing is terminated, or other similar circumstances;

10.1.6 When Party B is a supplier of a government procurement agency, the government procurement agency has risk information detrimental to loan repayment to Party A such as delayed payment for three continuous or cumulative periods, or Party B experiences disqualification for supply (inclusion in government procurement blacklist), untimely supply, unstable product quality, operating difficulties, obvious deterioration of financial position (insolvency), project shutdown, etc.

10.1.7 Party B’s financial indicators fail to continuously satisfy the requirements stipulated in this Agreement/separate service agreement; or any of the preconditions (if any) for Party A to provide credit facility/financing to Party B as stipulated in this Agreement/separate service agreement is not continuously satisfied.

10.1.8 Party B draws and utilizes the loan by “breaking up the total amount into parts” in order to circumvent entrusted payment of loan proceeds by Party A pursuant to the requirements herein;

**10.1.9** If Party B fails to properly fulfill or satisfy the statements and warranties related to ESG risk management under this Agreement, or if Party B is subject to penalties by relevant regulatory authorities or faces strong public and/or media questioning due to poor ESG risk management, or if other ESG-related defaults occur, including violations of ESG agreements between Party B, its related parties, major contractors, or suppliers and their respective creditors;

10.1.10 If Party B uses related-party transactions to impair or evade the debts of China Merchants Bank or other institutions, it shall be deemed as default.

A related-party transaction refers to the transfer of resources or obligations between related parties, whether or not a price is charged.

10.1.11 Other circumstances Party A considers to be harmful to Party A’s legitimate rights and interests.

**10.2 In the event the Guarantor has any of the following conditions, and Party A considers it may harm the Guarantor’s guarantee capability, thus requires the Guarantor to eliminate adverse effect of such circumstance or requires Party B to increase security or change security condition, but the Guarantor and Party B fail to cooperate with such requirement, it will be deemed a breach event has occurred:**

10.2.1 A condition similar to one of the conditions described under Article 6.2.6 hereof has occurred, or a condition described under Article 6.2.8 has occurred without Party A’s consent;

10.2.2 The Guarantor conceals its actual capability for undertaking the guarantee responsibility or has not obtained authorization from relevant authority when issuing the irrevocable letter of guarantee;

10.2.3 The Guarantor fails to perform on time the annual enterprise reporting procedure, renewal/extension of its business term, or other similar circumstances;

10.2.4 The Guarantor is being slack in managing and claiming for its mature debts or disposes of its existing main properties without compensation or by other improper means.

10.2.5 The Guarantor breaches any obligation, undertaking or statement set forth in any irrevocable letter of guarantee signed by it.

**10.3 In the event the Mortgagor (or Pledgor) has any of the following conditions, and Party A considers it may result in failure of creation of mortgage/pledge or deficiency in the value of the mortgaged/pledged asset, thus requires the Mortgagor/Pledgor to eliminate adverse effect of such condition or requires Party B to increase security or change security condition, or the Mortgagor/Pledgor and Party B fails to cooperate with such requirement, it will be deemed a breach event has occurred:**

10.3.1 The mortgagor/pledgor has no ownership or disposal right to the mortgaged/pledged asset or the ownership is disputable;

10.3.2 The mortgage/pledge has not been registered, or the mortgaged/pledged asset has been leased, legally resided, seized, retained or supervised, has a common/legal priority (including but not limited to the priority of construction project or movable property payments), has been created with the retained priority of the seller's ownership and the priority of lessor's financing lease, and/or has been concealed with the occurrence thereof;

10.3.3 The mortgagor transfers, leases, re-mortgages or disposes of by any improper means the mortgaged asset without Party A's written consent; or even though such disposal is done with Party A's written consent, the proceeds obtained from disposal of the mortgaged asset is not used to repay Party B's debts to Party A as required by Party A;

10.3.4 The mortgagor fails to properly keep, maintain and repair the mortgaged asset, obviously derogating their value; or the act of the mortgagor directly endangers the mortgaged asset, causing their value to decrease; or the mortgagor fails to obtain/renew insurance for the mortgaged asset as required by Party A during the mortgage term;

10.3.5 The mortgaged asset is or is likely to be included in the government's scope of demolition and expropriation, but the mortgagor fails to inform Party A promptly and perform relevant obligations under the mortgage contract;

10.3.6 In case the mortgagor uses its housing property which it has mortgaged with China Merchants Bank to provide residual mortgage security for the transaction hereunder, the mortgagor pays off his/her personal mortgage loan without Party A's consent before Party B's has paid off its credit debt hereunder.

10.3.7 Where the pledgor provides wealth management product as pledge, the source of funds for subscription of the wealth management product is illegal/non-compliant;

10.3.8 Matters concerning the collateral (pledge) occur or are likely to occur, which affect the value of the collateral (pledge) or the collateral (pledge) rights of Party A.

10.3.9 The mortgagor (or pledgor) breaches any obligation, undertaking or statement set forth in any mortgage/pledge contract signed by it.

**10.4 The mortgagor (or pledgor) is subject to the risk of money laundering or sanctions compliance risks that may impair Party A's interests.**

**10.5 Where accounts receivable are pledged to secure the debt hereunder, if the accounts receivable debtor's business has deteriorated significantly, or the accounts receivable debtor transfers its properties or illegally withdraws capital for the purpose of debt evasion, or colludes with the accounts receivable pledgor to change the payments collection channel to divert payment of accounts receivable from entering the designated collection account, or loses its goodwill, or loses or is likely to lose its capability to perform the pledge agreement, or has any other major event that impairs its solvency, Party A shall have the right to require Party B to provide corresponding security or provide new valid accounts receivable for pledge, failing which, it will be deemed a breach event has arisen.**

10.6 Once any of the above breach events has arisen, Party A shall have the right to take the following measures separately or simultaneously:

10.6.1 Reduce the Credit Line hereunder, or stop utilization of the remaining amount of the Credit Line;

10.6.2 Recover in advance principals, interests and related fees of all loans extended within the scope of the Credit Line;

10.6.3 As for bills accepted or letters of credit, letters of guarantee, delivery guarantees and other credit papers issued (including entrusted reissue) by Party A within the Credit Extending Period, regardless if any advance has been made, Party A shall have the right to require Party B to increase the amount of bond, or transfer deposits from its other accounts at Party A into the bond account or deposit the corresponding amounts with a third party, to secure for repayment of future advances made by Party A hereunder;

10.6.4 As for outstanding accounts receivable claim of Party B acquired in factoring service, Party A shall have the right to require Party B to immediately perform the repurchase obligation and adopt other recovery measures in accordance with relevant separate service agreement; as for accounts receivable claim against Party B acquired in factoring service, Party A shall have the right to claim against Party B immediately.

10.6.5 As appropriate, Party A may also directly require Party B to provide other assets acceptable to Party A as new security, failing which, **Party B shall be liable to pay liquidated damage equivalent to 30% of the Credit Line hereunder.**

**10.6.6 Directly freeze/debit deposit in/from any settlement account and/or other account opened by Party B with China Merchants Bank, suspend opening of new settlement account for Party B, and suspend opening of new credit card for legal representative;**

**10.6.7 Submit Party B's default and dishonesty information to credit standing agencies and banking associations, and have the right to share such information among banking institutions and even make it known to the public by appropriate means;**

10.6.8 Dispose of the collateral (pledge) and/or claim compensation from the guarantor as per the provisions of the guarantee agreement;

10.6.9 For a working capital loan granted under the credit, Party A may change the entrusted payment conditions of proceeds and remove the method of independent payment for Party B's use of proceeds;

10.6.10 Claim compensation pursuant to the provisions of this Agreement.

10.7 Funds recovered by Party A will be used to repay credit debts in a last-to-first order according to their respective maturity date. And each credit will be repaid in the following order: fees, liquidated damages, compound interests, penalty interests, interests, and lastly principals of the credit, until all principals, interests and related fees have been fully repaid.

**Party A shall have the right to unilaterally adjust the above repayment order, unless otherwise required by laws and regulations.**

11. Amendment and Supplement to Agreement

This Agreement may be amended on the basis of consensus and execution of a written agreement between Party A and Party B. This Agreement shall remain valid before a written agreement is executed. Neither party shall unilaterally amend this Agreement without consent of the other party.

Written supplementary agreements made and entered by and between the Parties through negotiation regarding matters not covered hereunder and modifications hereto and all separate agreements entered into hereunder by the Parties shall form appendixes to and constitute integral parts of this Agreement.

12. Other matters

12.1 During the term of validity of this Agreement, any tolerance or grace period given by Party A for any breach or delay of Party B or any delay of Party A in exercising any interest or right hereunder will not prejudice, affect or restrict any rights and interests Party A is entitled to as the creditor under the law and this Agreement, and shall not be deemed as Party A's permission or approval for any breach or waiver of its right to adopt action against any existing or future breach.

12.2 In case this Agreement or any part thereof becomes void or invalid in law due to any reason whatsoever, Party B shall still be liable for all debts owed to Party A hereunder. In such case, Party A shall have the right to terminate performance of this Agreement and immediately claim repayment of all debts owed by Party B hereunder.

**If any change in applicable laws or regulations results in increase in Party A's cost for performing its obligations hereunder, Party B shall compensate for Party A's cost increase as required by Party A.**

12.3 Any notice, requirement or other document of Party A and Party B with respect to this Agreement ("Notice") shall be transmitted in writing form (including but not limited to mail, fax, email, CMB's e-platforms such as corporate banking/corporate APP, SMS, and WeChat). Party B confirm the address and method of service of documents as follows:

12.3.1 Party B confirms and agrees that Party B's contact address email, fax number, mobile phone number or WeChat account retained in CMB's corporate banking/corporate APP or other e-platforms or set forth in this Agreement are used as the addresses for serving notices, demands, or

other documents related to this Agreement.

12.3.2 Party B confirms and agrees that, in case of personal service (including but not limited to service by lawyer/notary public or express delivery), it will be deemed served upon being signed receipt by the addressee (**in case of rejection by the addressee, the notification will be deemed served upon the rejection date/return date or seven days following posting, whichever is earlier**); **in case of postal mail, it will be deemed served seven days following posting**; in case of fax, email, announcements/notices in platforms such as CMB's corporate banking/corporate APP, mobile phone SMS, WeChat or other acceptable electronic means, it will be deemed served upon the date of successfully sent as shown by Party A's corresponding system/electronic device. **Notification of debt transfer or debt collection to Party B announced by Party A on any public media will be deemed served upon the date of announcement.**

12.3.3 If Party B changes its contact address, email, fax, mobile phone or WeChat, it shall inform Party A of such change within five business days of change, otherwise Party A shall have the right to serve documents to the original address or contact information of Party B. Party B shall bear the loss of such notification failure on its own without prejudice to the legal effectiveness of the service.

12.3.4 If a court/arbitration or notary institution delivers judicial/arbitration or notary documents to the address of service set forth in the preceding clause using the service methods specified in this Agreement, the service to the address set forth in the preceding clause shall be deemed as effective (the specific service standards shall be subject to the provisions of the preceding clause).

Party B further agrees that the court may serve instruments to Party B by electronic means such as China Judicial Process Information Online and National Court Unified Service Platform. If the court serves instruments by electronic means as agreed above, the date of service indicated on China Judicial Process Information Online and National Court Unified Service Platform shall be regarded as the date of service.

12.3.5 The address and method of service stipulated in this Article shall apply to all stages of agreement performance, dispute settlement, arbitration, court hearing (first instance, second instance, retrial), and execution.

12.4 The Parties agree that, to make an application for the trade financing service, Party B will only need to affix the reserved seal to application form; both parties hereby acknowledge the validity of such seal.

**12.5 The Parties acknowledge that when Party B submits an application for credit service for transaction voucher through Party A's electronic platform (including but not limited to corporate banking/corporate APP), the electronic signature generated in the form of digital certificate shall be regarded as a valid signature of Party B that represents the true intention of Party B. Party A shall have the right to issue the relevant transaction voucher according to the application information submitted online, and Party B shall recognize and be bound by its authenticity, accuracy and legality.**

**12.6 For convenience of business handling, all operations of Party A related to transactions hereunder (including but not limited to applications acceptance, documents review, loans releasing, transaction confirmation, debiting, inquiry, receipt printing, collection, payment**

**debiting and collection and notification) may be processed by any outlet within Party A's jurisdiction which may generate, issue and produce relevant letters and instruments; operations and instruments handled by other outlets within Party A's jurisdiction will be regarded as being done by Party A and be binding on Party B.**

12.7 All appendixes hereto shall constitute integral parts of this Agreement and will automatically apply to corresponding specific transaction conducted between the Parties.

#### 12.8 Payment of Expenses

12.8.1 The relevant premium for accident insurance obtained by Party B and with Party A as the first beneficiary shall be paid by the following means (check the box  with “√”).

Please check the box  with “√”:

Paid by Party A.

**Paid by Party A and Party B at: Party A / %, Party B / %**

12.8.2 The relevant expenses arising from the notarization of enforcement (excluding the expenses arising from the application for issuance of a certificate of enforcement) shall be paid by the following means (check the box  with “√”).

Please check the box  with “√”:

Paid

**Paid by Party A and Party B at: Party A / %, Party B / %**

12.8.3 The expenses arising from entrustment of a third party to provide services shall be borne by the entrusting party. If the entrustment is made by the Parties jointly, they shall each bear 50% of expenses.

12.8.4 In the event that Party B fails to repay on time the debts owed to Party A hereunder, all costs incurred by Party A in realizing its debt claim, such as attorney's fees, legal fees, travel expenses, announcement fees, and service fees, shall be borne by Party B in full, and **Party B hereby authorizes Party A to directly debit such costs from Party B's bank account with Party A. In case of a deficiency, Party B shall indemnify Party A in full upon receipt of notice from Party A without requiring any proof from Party A.**

**12.9 Party B shall, as per the requirements of Party A, (Check the box  with “√”):**

**insure its core assets and designate Party A as the first beneficiary;**

**not sell or pledge the assets designated by Party A prior to settlement of credit debts;**

**impose the following restrictions on the dividends of its shareholders prior to settlement of credit debts as per the requirements of Party A:**

**12.10 Party B shall make sure that its financial indicators during the Credit Extending Period are not lower than the following requirements:**

12.11 Party B also acknowledges the contents of the Group Credit Service Cooperation Agreement (No.   ) (including adjustments and supplements made by the signatory from time to time) signed between China Merchants Bank    Branch and Party B's parent company/Head Office/holding company (insert company name), and agrees to be bound by the agreement and to, as an affiliate of the group under the agreement, undertake all the obligations set forth for the affiliate of the group. In the event of violation, Party A shall be deemed to have committed a default, and Party A shall have the right to take various remedial measures against default as stipulated in this Agreement.

12.12 During financial and operational decision-making, a party shall be considered a related party under this Agreement if it has the ability to directly or indirectly control, jointly control, or exert significant influence over the other party. If two or more parties are subject to common control by a third party, they shall also be deemed related parties too, as determined by Party A.

The term "key stakeholder" under this Agreement refers to Party B's legal representative or person in charge, authorized signatory, de facto controller, beneficial owner, key investor, key investee, key creditor, controlled entity, etc., as determined by Party A.

12.13 Other matters agreed:

13. Account Information

13.1 Special Loan Account (Check the box " " with "" if applicable)

All loan proceeds hereunder must be disbursed and paid through the following account:

Account Name:   

Account No.:   

Beneficiary Bank:   

13.2 Collection account

13.2.1 Party A and Party B agree to designate the following account as Party B's collection account:

Account Name: Shenzhen Xunlei Network Technology Co., Ltd.

Account No.: \*\*\*

Beneficiary Bank: China Merchants Bank Shenzhen Shekou Sub-branch

**If the account information above is inconsistent with what's recorded in the certificate of indebtedness or Party A's system, the certificate of indebtedness or the account information in Party A's system shall prevail.**

13.2.2 The supervision requirements for this account are as follows:   

**Party A shall have the right to recover the loan in advance according to Party B's fund collection status, i.e., when funds have been collected into the collection account, the loan at the**

**amount of the funds may be deemed due in advance and Party A shall have the right to debit funds directly from the collection account to repay the loan.**

13.3 Party B shall provide quarterly fund flow information of the aforesaid accounts, and shall cooperate with Party A in the supervision over the said accounts and collection of funds thereinto.

#### 14. Applicable Law and Dispute Resolution

14.1 Conclusion, interpretation and dispute resolution of this Agreement shall be governed by the laws of the People's Republic of China (excluding the laws of Hong Kong SAR, Macao SAR and the Taiwan region); and the Parties' rights and interests shall be protected by the laws of the People's Republic of China.

**14.2 Any dispute arising from the performance of this Agreement shall be resolved through negotiation between the Parties. If negotiation fails, either party may (choose one out of the following three options by checking the box  with “√”):**

- 14.2.1 Bring an action with a competent people's court at Party A's place;**
- 14.2.2 File a lawsuit in the people's court with jurisdiction of the Agreement Execution Place, which is /;**
- 14.2.3 Apply for arbitration with / (insert name of the arbitration body); the place of arbitration shall be /.**

14.3 After this Agreement and all separate agreements concluded thereunder have been notarized with mandatory enforcement force, to claim for repayment of debts owed by Party B under this Agreement and all separate agreements, Party A may directly submit an application to a competent people's court for enforcement.

#### 15. Effectiveness of the Agreement

This Agreement will enter into force upon being signed and affixed with signature seal by legal representatives/principal responsible persons of both parties or their authorized agents and affixed with common seals/seal of contracts of both parties, and will expire automatically upon the expiration date of the Credit Extending Period or the date when all debts and other related fees owed by Party B to Party A hereunder have been fully repaid (whichever comes later).

#### 16. Supplementary Provisions

This Agreement is executed in triplicate with Party A, Party B and the Guarantor each keeping one copy and all copies have the same legal effect.

#### Appendix: 1. Special Provisions Regarding Cross-border Trade Financing

- 2. Special Provisions Regarding Buyer/Import Factoring
- 3. Special Provisions Regarding Order Loan
- 4. Special Provisions Regarding Commercial Acceptance Bills Guarantee
- 5. Special Provisions Regarding Derivative Transactions
- 6. Special Provisions Regarding Gold Lease

## Special Provisions Regarding Cross-border Trade Financing

1. Cross-border coordinated trade financing is the cross-border trade financing Party B applies for from Party A based on the authentic cross-border trade background between itself and its overseas counterpart, which will be provided collectively by Party A and an overseas entity of China Merchants Bank (hereinafter “the Coordinated Platform”).

2. Specific types of cross-border coordinated trade financing include: back-to-back letter of credit, entrusted issuing of letter of credit, entrusted overseas financing, certified note payment, overseas credit granting under letter of guarantee and cross-border trade financing express service. The meaning and business rules of each type of service will be agreed under separate service agreement.

3. Under back-to-back letter of credit, the master letter of credit issued by Party A upon Party B’s application will directly occupy the Credit Line hereunder, and documentary credit or advance made by Party A (whether during or after the Credit Extending Period) under such master letter of credit for performing its obligations as the issuing bank and corresponding interests and fees thereof will constitute Party B’s financing indebtedness to Party A and will be included in the scope of credit guarantee.

Under entrusted issuing of letter of credit/entrusted overseas financing, the letter of credit applied for/trade financing provided by overseas entity which Party A, upon Party B’s application, entrusts the Coordinated Platform to accept, will occupy the Credit Line hereunder. Where Party A makes import letter of credit collection payment or advance for outward payment under import collection to Party B’s benefit (whether during or after the Credit Extending Period), such payment or advance and related interests and fees thereof will directly constitute Party B’s financing indebtedness to Party A and included in the scope of credit guarantee.

Under commercial paper guarantee, upon Party B’s application, Party A will directly occupy the Credit Line hereunder to provide guarantee for the commercial bills accepted by Party B. If Party B fails to make full payment for the bills on time, Party A shall have the right to made advances for the guaranteed bills, and such advances (whether made during or after the Credit Extending Period) and related interests and fees thereof will be included in the scope of credit guarantee.

Under overseas crediting for letters of guarantee service, letters of guarantee/standby letters of credit issued by Party A upon Party B’s application will directly occupy the Credit Line hereunder. After the overseas company has transferred collection rights (non-claim rights) under the letters of guarantee to the Coordinated Platform, advances made by Party A (whether during or after the Credit Extending Period) upon claim from the Coordinated Platform made based on the letters of guarantee/standby letters of credit and related interests and fees thereof will directly constitute Party B’s financing indebtedness to Party A and will be included in the scope of the credit guarantee.

Under cross-border trade financing express service, after Party A has approved Party B’s trade financing application, the trade financing directly provided to Party B by the Coordinated Platform will occupy the Credit Line hereunder. In case that Party B fails to pay off trade financing of the

Coordinated Platform on time, Party A shall have the right to make the repayment in the form of documentary credit or advance, such b documentary credit or advance (whether made during or after the Credit Extending Period) and related interests and fees thereof will constitute Party B's financing indebtedness to Party A and will be included in the scope of credit guarantee.

## Special Provisions Regarding Buyer/Import Factoring

### 1. Definitions

1.1 Buyer/import factoring service refers to comprehensive factoring services covering payment approval and accounts receivable collection & management provided by Party A as the buyer/import factor for the seller/export factor after the latter has acquired accounts receivable against Party B as the accounts receivable debtor under the relevant commercial contract.

Under the buyer/import factoring service, in case Party B constitutes buyer credit risk, Party A shall assume payment approval liability for the buyer/export factor; in case any dispute arises during performance of the commercial contract, Party A shall have the right to transfer the acquired accounts receivable back to the seller/export factor.

1.2 The seller/export factor is the party who has concluded the factoring service agreement with the supplier/service provider (accounts receivable creditor) under the commercial contract and acquired accounts receivable held by the accounts receivable creditor. Party A can serve as both the buyer/import factor and the seller/export factor concurrently.

1.3 A dispute arises when Buyer raises objection, counter-claim, offset or similar action against the accounts receivable acquired by Party A due to any dispute between the accounts receivable creditor and Party B concerning goods, services, invoices or other causes related to the commercial contract, **or when any third party makes claim, applies for attachment, freezing or seizure or takes other similar actions against the accounts receivable under this Agreement; it will be deemed a dispute has arisen so long as the accounts receivable acquired by Party A cannot be fulfilled whether in whole or in part due to any reason other than credit risk of the buyer.**

1.4 Commercial contracts refer to transaction contracts concluded between Party B and the accounts receivable creditor for the trading of goods and/or services.

1.5 Under payment approval/payment guarantee, after Party B has constituted buyer credit risk, Party A as buyer/importer shall pay corresponding amount of accounts receivable to the seller/export factor within a certain time limit following maturity of the accounts receivable.

2. Upon Party B's application, Party A agrees to provide buyer/import factoring service for Party B within the scope of the Credit Line, and the accounts receivable transferred from the seller/export factor shall subtract from/occupy the Credit Line under the *Credit Agreement* based on its amount.

The amount paid by Party A as the buyer/import factor to fulfill its approved payment/guaranteed payment obligation and all associated fees will be deemed as credit facility issued to Party B under the *Credit Agreement* (at interest rate of    within 30 days from the date of issuance and **at / afterwards**), which will be included in the scope of credit guarantee provided by Party B. Party A shall have the right to take any measures agreed under the *Credit Agreement* to recover the approved payment/guaranteed payment from Party B. **So long as the seller/export factor (whether it is Party A or not) has acquired accounts receivable within the Credit Extending Period, even though the approved payment obligation is fulfilled by Party A following expiration of the said period,**

**Party A shall still have the right to claim from Party B in accordance with the *Credit Agreement* and relevant commercial contract.**

3. Buyer/import factoring fee

Buyer/import factoring fee refers to a business management fee collected by Party A for the provision of buyer/import factoring service to Party B, which will be charged from Party B upon transfer settlement at a certain percentage of the amount of the accounts receivable; the specific rate standard will be reasonably determined by Party A in accordance with its business rules.

**4. Party B hereby gives up the right to raise objection to any dispute arising out of the performance of the commercial contract. Therefore, regardless if there is any other agreement, once Party B fails to make payment according to provisions of the commercial contract, it will be deemed that Party B has constituted buyer credit risk, and Party A will proceed to approve the payment, to which Party B has no objection.**

### Special Provisions Regarding Order Loan

1. Order loan refers to a loan that Party A extends to Party B based on the commercial contract (or project contract) concluded between Party B and a downstream client (the payor), to be used by Party B for performing routine production and operation activities under the commercial contract (or project contract) and will be repaid by sales income (or project income) under the relevant contract as the first source of repayment.

2. Party B shall open a sales income account with Party A for commercial contracts (or project contracts). Sales income under all commercial contracts (project contracts) which have applied for order loan must be remitted directly to this special account, and may not be used or changed without Party A's approval. Party B must notify the payor that this special account is the only account to receive sales income. Party A shall have the right to debit funds from the special account to pay for principals, interests, penalty interests and other related fees of the order loan financing.

3. Under any of the following situations, Party A may immediately suspend Party B's utilization of Credit Line under the *Credit Agreement* and adopt corresponding breach remedies in accordance with the *Credit Agreement*.

3.1 Party B's downstream client has been delinquent in payment for three times consecutively, and Party A reasonably believes that its financial condition has deteriorated to a degree not conducive to protecting Party A's debt claim;

3.2 Party B's supplier qualification has been canceled by its downstream client, or Party B fails to deliver goods to its downstream client on time, or quality of the goods supplied by Party B to its downstream client is unstable, or Party B fails to proceed with its works on schedule without approval of its downstream client, or Party B's professional qualification is lowered to a degree not conforming to its downstream client's requirements, or Party A reasonably believes that Party B has encountered operational difficulty or its financial condition has deteriorated, or total amount of payments from Party B's downstream client has been lower than the total monthly payable amount due from Party B under relevant financing contract for three months consecutively, or the downstream client fails to make installment payment in accordance with relevant project contract for two times consecutively.

## Special Provisions Regarding Commercial Acceptance Bills Guarantee

1. Commercial acceptance bills guarantee refers to the service by which Party A provides discount for the commercial acceptance bills accepted, endorsed or guaranteed by Party B or allows the bill holder to apply for discount from any branch of China Merchants Bank (hereinafter "Other Discount Acceptance Bank"). The bill holder (hereinafter "Discount Applicant") may apply for discount from Party A or Other Discount Acceptance Banks by presenting the commercial acceptance bill. Such discount service will occupy a corresponding amount of the Credit Line hereunder.

As the provision of acceptance discount service for commercial acceptance bills by Party A to Party B is the precondition for Other Discount Acceptance Banks to accept discount applications from the bill holder, Other Discount Acceptance Banks, after processing the discount, shall have the right to transfer the discounted bills to Party A; Party A shall be obliged to accept such transfer, and Party B has no objection to this provision.

2. Commercial acceptance bills referred to hereunder include both paper commercial acceptance bills and electronic commercial acceptance bills (hereinafter "Electronic Commercial Bills"); the interest payment methods include interest payment by the buyer, interest payment by the seller, interest payment by other party, and interest payment by agreement.

3. During the Credit Extending Period, Party B must open a commercial acceptance bill bond account with Party A (the account number will be the one generated or recorded by Party A's system when the bond is deposited), and before the acceptance of each bill, deposit a certain amount of money into the bond account as per the percentage required by Party A to serve as the payment margin for the commercial accepted bills which are discounted or acquired from other Discount Acceptance Bank by Party A.

If Party B is the acceptor of the commercial acceptance bill, it shall deposit full amount of payable bill into the bond account it opens with Party A before maturity of each commercial acceptance bill, to pay for the bill when it falls due.

4. During the Credit Extending Period, the discount applicant may present the commercial acceptance bills accepted, endorsed or guaranteed by Party B directly to Party A for discount, or to another Discount Acceptance Bank for discount. Party A or the Other Discount Acceptance Bank shall have the right to examine the qualification of the discount applicant and requires Party B to verify and confirm, and decide at its sole discretion whether to provide discount or not.

After Other Discount Acceptance Bank has provided discount, it shall have the right to transfer the discounted commercial acceptance bills to Party A in accordance with applicable rules of China Merchants Bank. When Party A, after processing the discount or acquiring commercial acceptance bills from Other Discount Acceptance Bank, presents the bill to Party B for payment, Party B shall unconditionally make full payment for the payable bill on time.

5. The issuance, acceptance, guarantee, endorsement and discounting of each electronic

commercial bill shall be subject to the transaction information saved in the Commercial Paper Exchange System of China or Electronic Commercial Draft System or the customer statement or other transaction records produced or printed based on such transaction information. The information retained in the Commercial Paper Exchange System of China or the Electronic Commercial Draft System or other transaction records produced or printed based on such transaction information is an integral part of this Appendix and have the same legal effect as this Appendix, and Party B acknowledges its accuracy, authenticity and legality.

6. Any disputes arising out of or in connection with the underlying contract on the commercial acceptance bills for which Party A guarantees to discount within shall be resolved by Party B and the party concerned through negotiation, and Party B shall still have the obligation to deposit sufficient amount of security and bill amount on time in accordance with Article 3.

7. After Party A provides discount for the commercial bill accepted, endorsed or guaranteed by Party B or acquiring such commercial bill from Other Discount Acceptance Bank, if Party B or the bill payer fails to deposit sufficient amount for the commercial acceptance bill before it falls due, Party A shall have the right to directly take claim measures against Party B, including but not limited to debiting corresponding payment from any deposit account of Party B with China Merchants Bank. If Party A makes advance due to Party B's short payment and the balance in Party B's account balance insufficient to cover it, Party A shall have the right to collect a **penalty interest from Party B at 5/10,000 of the advanced amount per day** in accordance with applicable provisions of the *Payment Settlement Measures*.

Special Provisions Regarding Derivative Transactions

1. Derivative transactions processed by Party A upon Party B's application may occupy the Credit Line by a certain percentage of the nominal principal of transaction/transaction amount, or in the case of floating loss on a derivative transaction, Party A may, in accordance with specific agreement between the Parties, occupy additional credit line of Party B (**upon the occurrence of each transaction, Party A will determine the credit line amount to be taken up based on the type, duration and risk of such transaction and the risk coefficient of the transaction corresponding to the deducted credit line**); the actual credit line amount taken up will be subject to the contents recorded on the credit line occupation notice and/or transaction confirmation letter/verification letter and other related transaction documents issued by Party A.

2. **All derivative transactions that still have balances or incur losses during the Credit Extending Period, whether the transactions arise during or after the Credit Extending Period, will occupy the Credit Line in accordance with the preceding provision.**

Special Provisions Regarding Gold Lease

1. "Gold Lease" service refers to the service by which Party A leases physical gold to Party B and Party B shall return to Party A equivalent quantity of gold of same nature and attribute upon expiration of the lease term and shall pay rents in Chinese Renminbi (RMB) to Party A on schedule.

2. Party A may provide gold lease service for Party B upon Party B's application within the Credit Extending Period and the scope of the Credit Line; physical gold leased by Party A will occupy amount of the Credit Line by a corresponding value agreed under the gold leasing agreement signed by the Parties and will constitute Party B's debts to Party A.

**Party B's Statement:**

**All terms and conditions of this Agreement have been fully negotiated by the Parties. Party A has drawn Party B's special attention to the provisions concerning the exemption or alleviation of Party A's liabilities and other provisions in which Party B has substantial interest, and has made explanations for the above provisions at the request of Party B. Party B has obtained a comprehensive and accurate understanding of the same. All signatory parties' understandings of the terms and conditions of this Agreement are fully consistent.**

(The remainder is intentionally left blank)

(The following is for signature of the *Credit Agreement* No.: 755XY2023002951 (Applicable to working capital loan not requiring a separate loan contract)

**Party A: China Merchants Bank Shenzhen Branch**

Principal Responsible Person or Authorized Agent (Bank Seal):

(Signature/Name Seal):

Address: Building of China Merchants Bank Shenzhen Branch, No. 2016, Shennan Avenue, Lianhua Street Futian District, Shenzhen Municipality

Seal: Special Seal for Contract of China Merchants Bank Shenzhen Branch

Seal: Wang Ying

**Party B: Shenzhen Xunlei Network Technology Co., Ltd.**

Legal Representative/Principal Responsible Person or Authorized Agent (Signature/Name Seal): (Bank Seal):

(Signature/Name Seal):

Address: Xunlei Tower, 3709 Baishi Road, Nanshan District, Shenzhen, Guangdong Province

Company email: [\*\*\*]

Company fax: /

Contact mobile number: [\*\*\*]

Company WeChat ID: /

Signing date: July 9, 2024

Seal: Shenzhen Xunlei Network Technology Co., Ltd.

Seal: Wu Kening

**THE SYMBOL “[\*\*\*]” DENOTES PLACES WHERE CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THE EXHIBIT BECAUSE IT IS (1) NOT MATERIAL AND (2) THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL.**

**Technology Development and Software License Framework Agreement**

This Agreement is made and entered into by and between the following Parties on January 1, 2025 in Nanshan District, Shenzhen:

Party A: **Xunlei Computer (Shenzhen) Co., Ltd.**

Legal Representative: Chen Lei

Address: 0610-E12, Port Terminal Building, Marine Transportation Center, No. 59 Linhai Avenue, Nanshan Sub-district, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen

Postal Code:

Phone: [\*\*\*]

Party B: **Shenzhen Xunlei Networking Technologies Co., Ltd.**

Legal Representative: WU Kening

Address: 2101-2107, Xunlei Building, No. 3709, Baishi Road, High-tech Zone Community, Yuehai Sub-district, Nanshan District, Shenzhen

Postal Code: 518057

Phone: [\*\*\*]

With regard to Party A's licensing of Party B to use the Party A's licensed software and technology development, in accordance with applicable laws and regulations of the People's Republic of China, and through friendly consultations based on the principles of equality, mutual benefit and good faith, the Parties hereby enter into this Agreement and agree to be bound by it.

**1 Statements, Representations and Warranties**

Each Party makes the following statements, representations and warranties to the other Party:

- 1.1 It is an independent legal person duly incorporated and validly existing;
- 1.2 It is qualified to engage in the cooperation hereunder and such cooperation is in line with its business scope;
- 1.3 Its authorized representative has been duly authorized to sign this Agreement on its behalf;
- 1.4 It has the ability to perform its obligations hereunder and its behaviors of performing its obligations shall not violate any restrictions imposed by applicable laws, nor shall they infringe upon the legitimate rights and interests of any third party;

- 1.5 Any Party's violation of the above representations, warranties and representations shall be deemed to have violated the clauses of this Agreement and the breaching Party shall bear liabilities for breach of contract in accordance with this Agreement.

## **2 Definition & Interpretation**

Unless otherwise defined in this Agreement, the following terms in this Agreement shall have the following meanings:

- 2.1 "Licensed Software and Technology development" means the software or technology development product or software and technology development product licenses that Party A licenses Party B to use with the licensed use method in accordance with the clauses of this Agreement, its annexes and supplementary agreements; the name, version and other information of the licensed software and technology development are set forth in Annex 1;
- 2.2 "Licensed Use Method" refers to the specific method by which Party A licenses Party B to use Party A's software and technology development products in accordance with the clauses of this Agreement, its annexes and supplementary agreements.

## **3 Software License**

- 3.1 License recipient and licensed content:

Party A grants Party B a non-exclusive and limited right to use the licensed software and technology development:

- 3.1.1 Party A licenses Party B to release the licensed software and technology development for free on the CDs or websites that it distributes its own products;
- 3.1.2 Party A licenses Party B to promote and publicize the licensed software and technology development in the market nationwide with original name and mode;
- 3.1.3 Party A licenses Party B to use Party A's enterprise name, trademark, logo and related trade name of the licensed software and technology development in relevant marketing activities for the purpose of promoting the licensed software and technology development;
- 3.1.4 For the above licensed contents, Party B shall have no right to sublicense, and shall not use the licensed software and technology development beyond the scope of license.
- 3.2 Scope of licensed territory: Mainland of People's Republic of China (excluding Hong Kong SAR, Macao SAR, and Taiwan Province)
- 3.3 Term of License: Five years, from January 1, 2025 to December 31, 2029.

## **4 Technical Support and Service**

- 4.1 During the term of this Agreement, Party A agrees, as Party B's technical support and services provider, to provide Party B with relevant technical support and services in accordance with the conditions of this Agreement to ensure the effective use of the licensed software and

technology development by Party B. Major services include but are not limited to the following:

- 4.1.1 Party A shall take responsibility for monitoring, debugging and guiding the use of the licensed software and technology development. Party A shall provide product information consulting and other services to Party B's clients through guiding service channels;
  - 4.1.2 Party A shall provide technical consultation and responses for technical questions raised by Party B on the licensed software and technology development in accordance with the business needs of Party B;
  - 4.1.3 Party A shall provide solutions to information security issues arising from Party B's use of the licensed software and technology development through the designated product service back-end.
  - 4.1.4 Party A shall provide research and development services based on the needs of Party B.
- 4.2 Party A shall complete relevant technical support services within the agreed period, and the results shall meet the standards specified by Party B.

## 5 Fees & Payment

- 5.1 Party B shall pay software and technology development licensing fees and technical service fee to Party A in consideration of the license of software and technology development and technical support and service hereunder.
- 5.2 The Parties agree that the software and technology development licensing fee and technical service fee payable by Party B to Party A shall be settled based on the amount actually incurred during the performance of this Agreement and recognized by both Parties. Before June 30 of the year following the completion of the annual service, Party A shall provide Party B with a settlement sheet of the actually incurred software and technology development licensing fee and technical service fee for the year of service. Party B shall confirm within 30 days upon receipt of the settlement sheet provided by Party A. Failure of Party B to make confirmation or raise objection prior to the aforesaid time shall be deemed as Party B's confirmation. After confirming the settlement sheet provided by Party A, Party B shall pay Party A the annual software and technology development licensing fee and technical service fee before December 31 of the year following the completion of the annual service.
- 5.3 The Parties agree that the maximum amount of aforesaid software and technology development licensing fee and technical service fee shall be RMB Two Hundred Million (RMB 200,000,000.00) per year. In case of any change in objective circumstances, the Parties agree to separately negotiate the price on a fair and reasonable basis.
- 5.4 Party A's Account Bank, Name and Number:

Account Bank: China Merchants Bank Shekou Sub-branch

Account Name: Xunlei Computer (Shenzhen) Co., Ltd.

Account Number: [\*\*\*]

## 6 Rights and Obligations of the Parties

6.1 Rights and Obligations of Party A:

- 6.1.1 The intellectual property and related rights in and to the licensed software, technology development, other products and services, enterprise name, trademark, trade name and others provided by Party A shall belong to Party A.
- 6.1.2 Party A warrants that the licensed software and technology development are legitimate and do not infringe upon any third party's copyright and trade secret.
- 6.1.3 Party A undertakes to provide Party B with technical support and services on time with guaranteed quality based on Party B's demands and shall respond to Party B's technical support requests within 48 hours.

6.2 Rights and Obligations of Party B:

- 6.2.1 Party B warrants that its signing of this Agreement will not violate any legal document binding on it, and will not infringe upon the legitimate rights and interests of any third party in the process of using the licensed software and technology development and will not cause Party A to bear any liability to any third party.
- 6.2.2 Party B warrants that it will not reverse engineer, decompile or disassemble the licensed software and technology development and will not counterfeit or plagiarize the same or similar software design program, in whole or in part, from the software.
- 6.2.3 Party B undertakes that it will not delete or modify Party A's statement regarding ownership or intellectual property rights of the licensed software and technology development.
- 6.2.4 Party B shall reasonably use the licensed software in strict accordance with the scope of license, method of use and time specified herein.

**7 Intellectual Property Rights (IPR)**

- 7.1 The Parties agree that Party A has sole ownership of the following assets arising from the technical support services provided by Party A to Party B:
  - 7.1.1 Texts, images, layout designs and any other graphic designs or information contents created or produced by Party A, except for those whose copyright belongs to a third party;
  - 7.1.2 Source code, software and related data involved in the project developed by Party A for Party B;
  - 7.1.3 Any other tangible or intangible assets arising or derived from the technical support services provided hereunder by Party A to Party B, unless those whose ownership belongs to Party B based on clear justification.
- 7.2 Except as set forth herein, neither Party shall use or copy the other Party's enterprise name, trademark, trade name, domain name, program name, website name, logo or any other IPR-bearing content without the other Party's prior written consent.
- 7.3 If either Party needs to use the other Party's name in publicity material, business card, website construction and any other aspect, the formal written authorization must be obtained

from the other Party. Neither Party shall carry out advertising and commercial activities in the name of the other Party without the other Party's written authorization.

7.4 Neither Party shall act in a misleading or confusing manner in publicity using the name of the other Party with authorization that others mistake either Party for the other Party's subsidiary, branch, affiliate or any other unit with substantive association.

7.5 If either Party violates the above provisions and constitutes infringement on the other Party's name, trademark, trade name, brand, domain name or website, the other Party has the right to investigate the tort liability according to laws and regulations.

7.6 Infringement on IPR

7.6.1 During the term of this Agreement, Party A shall defend Party B against any valid lawsuit against Party B arising from infringement upon a third party's IPR relating to Party A's licensed software and technology development and shall be liable for compensating Party B for the direct losses finally decided by the competent court in the jurisdiction of China, provided that:

- a) The infringement is caused by Party A's fault;
- b) Party B immediately informs Party A of the third party's infringement claim and all necessary information; and
- c) Party B authorizes Party A in writing to fully control and handle the IPR infringement lawsuit. Without prior written consent of Party A, Party B shall not admit any liability, reach any settlement or make any compromise in respect of the IPR claim.

7.6.2 Party B shall use its best endeavors to assist Party A in handling a third party's infringement claim and lawsuit, including but not limited to providing relevant materials as evidence.

7.6.3 When such claim has occurred or may occur, Party A may take the following remedial actions:

- a) Obtain authorization from others to enable Party B to legally enjoy the rights acquired hereunder;
- b) Modify the infringing portion without impairing the function or performance so that the licensed software, technology development or service no longer infringes other's IPR and complies with the clauses hereof.
- c) Replace with other licensed software, technology development and service that complies with laws and the clauses hereof, or accept the return of infringing licensed software and technology development and cancellation of the infringing service.

## **8 Term and Termination of Agreement**

8.1 Term of Agreement: This Agreement shall be valid from January 1, 2025 to December 31, 2029.

- 8.2 Termination of Agreement: If Party B exceeds the licensed area, licensed content, licensed use method and/or licensed term stipulated herein, Party A may, by giving a notice to Party B, immediately terminate this Agreement and reserves the right to pursue relevant legal liabilities of Party B.
- 8.3 In case of any change of circumstances that may affect the performance or purpose fulfillment hereof, Party A may terminate this Agreement by giving Party B a written notice 15 days in advance, and this Agreement will be automatically terminated.

## **9 Liabilities for Breach of Contract**

- 9.1 Unless otherwise agreed herein, if either Party, directly or indirectly, breaches any of the clauses hereof, refuses or delays fulfillment of or not completely undertakes any of its obligations herein, such breach, refusal, delay or incomplete fulfillment shall constitute breach of this Agreement, in which case the non-breaching Party shall have the right to deliver a written notice to the breaching Party demanding correction and complete, effective and timely measures to remove any and all results arising thereof, and to cover losses that the non-breaching Party suffers therefrom. If the breaching Party fails to correct its breach within three working days after receiving the said notice, the non-breaching Party shall have the right to terminate this Agreement in advance by giving a written notice.
- 9.2 Unless otherwise agreed herein, if the non-breaching Party makes rational and objective assessment following the breach hereof and justifies that such breach has made it impossible in any case to realize the purpose of this Agreement, the non-breaching Party shall have the right to terminate this Agreement, and the breaching Party shall compensate the non-breaching Party for all direct losses arising therefrom.

## **10 Dispute Settlement & Applicable Law**

- 10.1 Any dispute arising from the performance hereof shall be settled by the Parties through friendly negotiation. In the event that such dispute cannot be settled through negotiation, either Party may refer the dispute to Nanshan District People's Court of Shenzhen.
- 10.2 The laws of the People's Republic of China shall apply to the execution, entry into force, interpretation, performance and dispute settlement of this Agreement.

## **11 Confidentiality**

- 11.1 Without the written consent of the other Party, either Party shall not disclose any contents of the clauses hereof, the execution and performance hereof, and any information of the other Party and its affiliates obtained by execution and performance hereof to a third party (except as required by relevant laws, regulations, governmental authorities, stock exchanges or other regulatory authorities, and except for the legal, accounting, commercial and other advisors and authorized employees of the Parties).

- 11.2 The confidentiality obligation hereunder shall be permanent unless mandated by the relevant government authority or judicial authority, or authorization of use by its adviser or such confidential information is declared of disclosure by the information owner.

## 12 Force Majeure

- 12.1 "Force majeure" refers to an event that neither Party A nor Party B can reasonably control, foresee or avoid even if foreseen, which hinders, affects or delays either Party's performance of all or part of its obligations hereunder. Such events include but are not limited to government action, natural disaster, war, strike, hacker attack, computer virus (Trojan horse, worm, etc.), and technical adjustment of telecommunications agency or any other similar events.
- 12.2 In case of a force majeure event, the affected Party shall promptly and fully notify the other Party in writing of the likely impact of the event on this Agreement, and shall, within a reasonable period (30 days upon occurrence of the event), provide details of the event and relevant proof issued by relevant organizations explaining that the affected Party is unable to perform all or part of its obligations hereunder.
- 12.3 If any or all clauses of this Agreement cannot be performed or delayed due to the said force majeure events, Party A and Party B shall not bear any liability for breach of contract.

## 13 Notice & Delivery

- 13.1 Any notice, document or application to be given under this Agreement by either Party to the other Party shall be in writing and delivered through registered mail, express mail, email or by hand.
- 13.2 Any notice, document or application shall be deemed to have been served: (a) in case of delivery by email, at the time of successful transmission indicated by the system; (b) in case of delivery by registered mail, the 5th day from the date of posting; (c) in case of hand delivery (including express mail), on the date of signing by the receiving Party. However, this does not exclude that there is evidence showing the addressee has not actually received the notice, document or application due to objective reasons.
- 13.3 Any notice, document or application given hereunder shall be delivered using the following contact information or other contact information changed by the Parties in writing:

Party A: **Xunlei Computer (Shenzhen) Co., Ltd.**

Address: 0610-E12, Port Terminal Building, Marine Transportation Center, No. 59 Linhai Avenue, Nanshan Sub-district, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen

Postal Code:

Tel: [\*\*\*]

Party B: **Shenzhen Xunlei Networking Technologies Co., Ltd.**

Address: 2101-2107, Xunlei Building, No. 3709, Baishi Road, High-tech Zone Community, Yuehai Sub-district, Nanshan District, Shenzhen

Postal Code: 518057

Tel: [\*\*\*]

#### **14 Amendment**

Unless otherwise specified, neither Party shall unilaterally amend this Agreement after its entry into force. Any amendment to this Agreement shall be made in writing, and shall not take effect until it is signed by the authorized representatives of the Parties and stamped with their official seals or their special seals filed with the public security authority. In case of any conflict, ambiguity or inconsistency between any clause of this Agreement amended by the Parties and any provision of other clauses or annexes, the amended clause or annex agreed by the Parties shall prevail.

#### **15 Miscellaneous**

- 15.1 All annexes to this Agreement are an integral part of this Agreement. This Agreement and its annexes constitute the complete agreement reached by the Parties on the subject matter specified in this Agreement and replace all previous oral and written discussions, negotiations, notices, memoranda, documents, agreements, contracts and communications related to the subject matter.
- 15.2 If, for any reason (including but not limited to violation of applicable laws and regulations), any clause of this Agreement becomes invalid or unenforceable in whole or in part, the validity, legality and enforceability of the remaining clauses shall not in any way be affected.
- 15.3 This Agreement is written and executed in Chinese.
- 15.4 Neither Party shall assign or transfer, in part or in whole, its rights or obligations hereunder without the prior written consent of the other Party.
- 15.5 This Agreement is made in quadruplicate, with Party A and Party B each holding two copies and all copies having the same legal effect.
- 15.6 Matters not covered in this Agreement shall be settled by the Parties through negotiation.

(The remainder is intentionally left blank)

**Party A: Xunlei Computer (Shenzhen) Co., Ltd. (Seal)**

Legal / Authorized Representative:

/s/ seal of Xunlei Computer (Shenzhen) Co., Ltd.

Date of Signing: January 1, 2025

**Party B: Shenzhen Xunlei Networking Technologies Co., Ltd. (Seal)**

Legal / Authorized Representative:

/s/ seal of Shenzhen Xunlei Networking Technologies Co., Ltd.

Date of Signing: January 1, 2025

**Annex 1 Name, Version and Other Basic Information of Licensed Software and Patents:**

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## List of principal subsidiaries, the VIE and subsidiaries of the VIE of the Registrant

Name	Place of Incorporation
<b>Subsidiaries</b>	
Giganology (Shenzhen) Co., Ltd.	PRC
Xunlei Network Technologies Limited	British Virgin Islands
Xunlei Network Technologies Limited	Hong Kong
Xunlei Computer (Shenzhen) Co., Ltd.	PRC
Funi. Pte. Ltd.	Singapore
Fuconnect. Pte. Ltd.	Singapore
<b>Variable Interest Entity</b>	
Shenzhen Xunlei Networking Technologies, Co., Ltd.	PRC
<b>Subsidiaries of Variable Interest Entity</b>	
Shenzhen Onething Technologies Co., Ltd.	PRC
Xunlei Games Development (Shenzhen) Co., Ltd.	PRC
Shenzhen Xunlei Wangwenhua Co., Ltd.	PRC
Shenzhen Qianhai Onething Network Technologies Co., Ltd.	PRC
Jiangxi Node Technology Services Co., Ltd.	PRC
Henan Tourism Information Co., Ltd.	PRC

## XUNLEI LIMITED

**AMENDED AND RESTATED STATEMENT OF POLICIES**  
**GOVERNING MATERIAL, NON-PUBLIC INFORMATION AND**  
**THE PREVENTION OF INSIDER TRADING**

**(Adopted by the Board of Directors of Xunlei Limited on November 13, 2023)**

This Amended and Restated Statement of Policies Governing Material, Non-Public Information and the Prevention of Insider Trading (this “Statement”) applies to all directors, officers, employees and consultants of Xunlei Limited and its subsidiaries and affiliated entities (collectively, the “**Company**”).

This Statement consists of three sections: Section I provides an overview; Section II sets forth the Company’s policies prohibiting insider trading; and Section III explains insider trading.

**I.**  
**SUMMARY**

Preventing insider trading is necessary to comply with United States securities laws and to preserve the reputation and integrity of the Company as well as that of all persons affiliated with it. “Insider trading” occurs when any person purchases or sells any securities while in possession of inside information relating to the securities. As explained in Section III below, “inside information” is information which is considered to be both “material” and “non-public.”

The Company considers strict compliance with the policies set forth in this Statement (collectively, the “Policy”) to be a matter of utmost importance. Violation of the Policy could cause extreme reputational damage and possible legal liability to you and the Company. Knowing or willful violations of the letter or spirit of the Policy will be grounds for immediate dismissal from the Company. Violation of the Policy might expose the violator to severe criminal penalties as well as civil liability to any person harmed by the violation. The monetary damages flowing from a violation could be multiple times the profit realized by the violator, not to mention the attorney’s fees of the persons harmed.

**This Statement applies to all directors, officers, employees and consultants of the Company and extends to all of such persons’ activities within and outside their duties at the Company.** Every director, officer, employee and consultant of the Company must review this Statement, and when requested by the Company, must execute and return the Certificate of Compliance attached hereto to the Compliance Officer for the Company (the “Compliance Officer”) within seven (7) days after receiving the request. Questions regarding this Statement should be directed to the Compliance Officer’s Email address

**II.  
POLICIES PROHIBITING INSIDER TRADING**

For purposes of this Statement, the terms “purchase” and “sell” of securities exclude the acceptance of options or other share-based awards granted by the Company and the exercise of options or vesting of other share-based awards, if applicable, that does not involve the sale of securities. Among other things, the cashless exercise of options does involve the sale of securities and therefore is subject to the policies set forth below. The trading restrictions in this Policy do not apply to the vesting of restricted shares. However, the trading restrictions do apply to any market sale of restricted shares. The Policy does not apply to the exercise of a tax withholding right pursuant to which you elect to have the Company withhold common shares or American Depositary Shares (“ADSs”) subject to an option or other award to satisfy tax withholding requirements.

A. ***No Trading*** - No director, officer, employee or consultant of the Company may purchase or sell any ADSs, ordinary shares or other securities of the Company or enter into a binding security trading plan in compliance with Rule 10b5-1 under the U.S. Securities Exchange Act of 1934, as amended (a “Trading Plan”) while in possession of material non-public information relating to the Company or its ADSs, common shares or other securities (the “Material Information”).

If you possess the Material Information, you may not purchase or sell the Company's securities until the close of business on the second Trading Day after public disclosure of the Material Information by the Company. The term “Trading Day” is defined as a day on which Nasdaq Stock Market is open for trading. Except for public holidays in the U.S., Nasdaq Stock Market's regular trading hours are from 9:30 a.m. to 4:00 p.m., New York City time, Monday through Friday. If the Company's public disclosure of the Material Information occurs on a Trading Day more than four hours before the Nasdaq Stock Market closes for trading, then such date of disclosure shall be considered the first Trading Day following such public disclosure.

In addition, **no director, officer, employee or consultant of the Company may purchase or sell any securities of the Company or enter into a Trading Plan, without the prior clearance by the Compliance Officer, during any period designated as a “limited trading period” by the Company, regardless of whether such director, officer, employee or consultant possesses any Material Information.**

Furthermore, **all transactions in the securities of the Company (including without limitation, acquisitions and dispositions of the ADSs, the sale of common shares issued upon exercise of stock options or vesting of other share-based awards and the execution of a Trading Plan, but excluding the acceptance of options or other share-based**

awards granted by the Company and the exercise of options or vesting of other share-based awards that does not involve the sale of securities) by directors, officers and key employees designated by the Company from time to time must be pre-approved by the Compliance Officer.

Please see Section III below for an explanation of the Material Information.

B. ***Trading Window*** – Assuming none of the “no trading” restrictions set forth in Section II-A above applies, no director, officer, employee or consultant of the Company may purchase or sell any securities of the Company or enter into a Trading Plan other than during a Trading Window. A “Trading Window” is the period in any fiscal quarter of the Company commencing at the close of business on the second Trading Day following the date of the Company’s public disclosure of its financial results for the prior year or quarter, as applicable, and ending on December 31, March 31, June 30 or September 30, as the case may be.

In other words,

**(1) beginning on January 1 of each year, no director, officer, employee or consultant of the Company may purchase or sell any securities of the Company or enter into a Trading Plan until the close of business on the second Trading Day following the date of the Company’s public disclosure of its financial results for the fiscal year ended on December 31 of the prior year, and**

**(2) beginning on April 1, July 1 and October 1 of each year, respectively, no director, officer, employee or consultant of the Company may purchase or sell any securities of the Company or enter into a Trading Plan until the close of business on the second Trading Day following the date of the Company’s public disclosure of its financial results for the fiscal quarter ended on March 31, June 30 and September 30 of that year, respectively.**

If the Company’s public disclosure of its financial results for the prior period occurs on a Trading Day more than four hours before the Nasdaq Stock Market closes, then such date of disclosure shall be considered the first Trading Day following such public disclosure.

**Please note that trading in any securities of the Company during the Trading Window is not a “safe harbor,” and all directors, officers, employees and consultants of the Company should strictly comply with all the policies set forth in this Statement.**

**When in doubt, do not trade! Check with the Compliance Officer first.**

Notwithstanding the foregoing, sale of securities of the Company pursuant to an existing Trading Plan which was entered into in accordance with the Policy and in compliance with applicable law is not subject to the restrictions on trading in Sections II-A and II-B above.

C. **No Tipping** - No director, officer, employee or consultant of the Company may directly or indirectly disclose any Material Information to anyone who trades in securities (so-called “tipping”), regardless of whether the person or entity who receives the information, the “tippee,” is related to you and regardless of whether you receive any monetary benefit from the tippee.

D. **Confidentiality** - No director, officer, employee or consultant of the Company may communicate any Material Information to anyone outside the Company under any circumstances unless approved by the Compliance Officer in advance, or to anyone within the Company other than on a need-to-know basis.

E. **No Comment** - No director, officer, employee or consultant of the Company may discuss any internal matters or developments of the Company with anyone outside of the Company, except as required in the performance of regular corporate duties. Unless you are expressly authorized to the contrary, if you receive any inquiries about the Company or its securities by the financial press, investment analysts or others, or any requests for comments or interviews, you should decline to comment and direct the inquiry or request to the Company’s Chief Financial Officer, who is responsible for coordinating and overseeing the release of Company information to the investing public, analysts and others in compliance with applicable laws and regulations.

F. **Corrective Action** - If you become aware that any potential Material Information has been or may have been inadvertently disclosed, you must notify the Compliance Officer immediately so that the Company can determine whether or not corrective action, such as general disclosure to the public, is warranted.

G. **Rule 10b5-1 Trading Plans** – Rule 10b5-1 provides an affirmative defense against insider trading liability under U.S. securities laws. A person subject to this Policy can rely on this defense and trade in the Company’s securities, regardless of their awareness of inside information, if the transaction occurs pursuant to a pre-arranged written Trading Plan that was

entered into when the person was not in possession of material non-public information and that complies with the requirements of Rule 10b5-1.

Anyone subject to this Policy who wishes to enter into a Trading Plan must submit the Trading Plan to the Compliance Officer for approval at least five business days prior to the planned entry into the Trading Plan. Trading Plans may not be adopted by a person when he or she is in possession of material non-public information about the Company or its securities and must comply with the requirements of Rule 10b5-1 (including specified waiting periods and limitations on multiple overlapping plans and single trade plans).

Once a Trading Plan is adopted, you must not exercise any subsequent influence over the amount of securities to be traded, the price at which they are to be traded or the date(s) of the trade(s). You may amend or replace a Trading Plan only during periods when trading is permitted in accordance with this Policy, and you must submit any proposed amendment or replacement of a Trading Plan to the Compliance Officer for approval prior to adoption. You must provide notice to the Compliance Officer prior to terminating a Trading Plan. You should understand that a modification or termination of a Trading Plan may call into question your good faith in entering into and operating the plan (and therefore may jeopardize the availability of the affirmative defense against insider trading allegations).

### **III. EXPLANATION OF INSIDER TRADING**

As noted above, “insider trading” refers to the purchase or sale of a security while in possession of “material” “non-public” information relating to the security. “Securities” include not only stocks, bonds, notes and debentures, but also options, warrants and similar instruments. “Purchase” and “sale” are defined broadly under the U.S. federal securities laws. “Purchase” includes not only the actual purchase of a security, but also any contract to purchase or otherwise acquire a security. “Sale” includes not only the actual sale of a security, but also any contract to sell or otherwise dispose of a security. These definitions extend to a broad range of transactions including conventional cash-for-stock transactions, the grant and exercise of stock options and acquisitions and exercises of warrants or puts, calls or other derivatives related to a security. It is generally understood that insider trading includes the following:

- Trading by insiders while in possession of material, non-public information;
- Trading by persons other than insiders while in possession of material, non-public information where the information either was given in breach of an insider’s fiduciary duty to keep it confidential or was misappropriated; or

- Communicating or tipping material, non-public information to others, including recommending the purchase or sale of a security while in possession of such information.

As noted above, for purposes of this Statement, the terms “purchase” and “sell” of securities does not include the acceptance of options or other share-based awards granted by the Company and the exercise of options that does not involve the sale of securities. Among other things, the cashless exercise of options does involve the sale of securities and therefore is subject to the policies set forth in this Statement. The trading restrictions in this Policy do not apply to the vesting of restricted shares. However, the trading restrictions do apply to any market sale of restricted shares.

#### What Facts Are Material?

The materiality of a fact depends upon the circumstances. A fact is considered “material” if there is a substantial likelihood that a reasonable investor would consider it important in making a decision to buy, sell or hold a security or where the fact is likely to have a significant effect on the market price of any securities. Information may be material even if it relates to future, speculative or contingent events and even if it is significant only when considered in combination with publicly available information. Material information can be positive or negative and can relate to virtually any aspect of a company’s business or to any type of security, debt or equity.

Examples of material information include (but are not limited to) information concerning:

- dividends;
- corporate earnings or earnings forecasts, or changes to previously released earnings announcements or guidance;
- changes in financial condition or asset value;
- negotiations for the mergers or acquisitions or dispositions of significant subsidiaries or assets;
- significant new contracts or the loss of a significant contract;
- significant new products or services;
- significant marketing plans or changes in such plans;
- capital investment plans or changes in such plans;
- material litigation, administrative action or governmental investigations or inquiries about the Company, any of its affiliated companies, or any of its officers or directors;

- significant borrowings or financings;
- defaults on borrowings;
- new equity or debt offerings;
- adoption of repurchase plans or amendment of existing repurchase plans;
- significant personnel changes;
- a cybersecurity incident or risk that may adversely impact the Company's business, reputation or share value;
- changes in accounting methods and write-offs;
- any substantial change in industry circumstances or competitive conditions which could significantly affect the Company's earnings or prospects for expansion.

A good general rule of thumb: **when in doubt, do not trade.**

#### What is Non-public?

Information is "non-public" if it is not available to the general public. In order for information to be considered public, it must be widely disseminated in a manner making it generally available to investors through such media as Dow Jones, Reuters Economic Services, The Wall Street Journal, Bloomberg, Associated Press, PR Newswire or United Press International. The circulation of rumors, even if accurate and reported in the media, does not constitute effective public dissemination.

In addition, even after a public announcement, a reasonable period of time must lapse in order for the market to react to the information. Generally, one should allow approximately forty-eight (48) hours following publication as a reasonable waiting period before such information is deemed to be public.

#### Who is an Insider?

"Insiders" include directors, officers, employees and consultants of a company and anyone else who has material non-public information about a company. Insiders have independent fiduciary duties to their company and its shareholders not to trade on material, non-public information relating to the company's securities. All directors, officers, employees and consultants of the Company should consider themselves insiders with respect to material, non-public information about business, activities and securities of the Company. Directors, officers, employees and consultants of the Company may not trade the Company's securities while in possession of material, non-public information relating to the Company nor tip (or otherwise communicate except on a need-to-know basis) such information to others.

It should be noted that trading by members of a director's, officer's, employee's or consultant's household can be the responsibility of such director, officer, employee or consultant under certain circumstances and could give rise to legal and Company-imposed sanctions.

#### Trading by Persons Other than Insiders

Insiders may be liable for communicating or tipping material, non-public information to a third party ("tippee"), and insider trading violations are not limited to trading or tipping by insiders. Persons other than insiders also can be liable for insider trading, including tippees who trade on material, non-public information tipped to them, or individuals who trade on material, non-public information which has been misappropriated.

Tippees inherit an insider's duties and are liable for trading on material, non-public information tipped to them by an insider. Similarly, just as insiders are liable for the insider trading of their tippees, so are tippees who pass the material non-public information along to others who trade on such information. In other words, a tippee's liability for insider trading is no different from that of an insider. Tippees can obtain material, non-public information by receiving overt tips from others or through, among other things, conversations at social, business or other gatherings.

#### Penalties for Engaging in Insider Trading

Penalties for trading on or tipping material non-public information can extend significantly beyond any profits made or losses avoided, both for individuals engaging in the unlawful conduct and their employers. The United States Securities and Exchange Commission (the "SEC") and the United States Department of Justice have made the civil and criminal prosecution of insider trading violations a top priority. Enforcement remedies available to the government or private plaintiffs under the U.S. federal securities laws include:

- SEC administrative sanctions;
- Securities industry self-regulatory organization sanctions;
- Civil injunctions;
- Damage awards to private plaintiffs;
- Disgorgement of all profits;
- Civil fines for the violator of up to three times the amount of profit gained or loss avoided;
- Civil fines for the employer or other controlling person of a violator (i.e., where the violator is an employee or other controlled person) of up to the greater of

approximately US\$2,500,000 or three times the amount of profit gained or loss avoided by the violator;

- Criminal fines for individual violators of up to US\$5,000,000 (US\$25,000,000 for an entity);
- Jail sentences of up to 20 years.

In addition, insider trading could result in serious sanctions by the Company, including immediate dismissal. Insider trading violations are not limited to violations of the U.S. federal securities laws: other U.S. federal and state civil or criminal laws, such as the laws prohibiting mail and wire fraud and the Racketeer Influenced and Corrupt Organizations Act (RICO), also may be violated upon the occurrence of insider trading.

Material Non-public Information Regarding Other Companies

This Policy and the guidelines described herein also apply to material non-public information relating to other companies, including the Company's customers, vendors and suppliers ("Business Partners"), particularly when that information is obtained in the course of employment with, or other services performed by, or on behalf of, the Company. Civil and criminal penalties, and discipline, including termination of employment for cause, may result from trading on material non-public information regarding the Company's Business Partners. Each individual should treat material non-public information about the Company's Business Partners with the same care required with respect to information related directly to the Company.

Individual Responsibility

Each person subject to this Policy is individually responsible for complying with this Policy and ensuring the compliance of any family members, such as spouses, minor children, adult family members who share the same household, and any other person or entity whose securities trading decisions are influenced or controlled by the person whose transactions are subject to this Policy. Accordingly, you should make your family and household members aware of the need to confer with you before they trade in the Company's securities, and you should treat all such transactions for the purposes of this Policy and applicable securities laws concerning trading while in possession of material non-public information as if the transactions were for your own account.

**CERTIFICATION OF COMPLIANCE**

TO: Compliance Officer

FROM: \_\_\_\_\_

RE: AMENDED AND RESTATED STATEMENT OF POLICIES OF XUNLEI LIMITED GOVERNING MATERIAL, NON-PUBLIC INFORMATION AND THE PREVENTION OF INSIDER TRADING (Dated: )

I have received, reviewed, and understand the policies set forth in the above-referenced Amended and Restated Statement of Policies (such policies, as amended from time to time, the “**Policy**”) and hereby undertake, as a condition to my present and continued employment at or association with Xunlei Limited or any of its subsidiary or affiliated entity (the “**Company**”), to comply fully with the Policy.

I hereby certify that I have adhered to the Policy during the time period that I have been employed by or associated with the Company.

I hereby undertake to adhere to the Policy in the future.

**Signature:** \_\_\_\_\_  
**Name:** \_\_\_\_\_  
**ID Card Number:** \_\_\_\_\_  
**Title:** \_\_\_\_\_  
**Date:** \_\_\_\_\_

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**Certification by the Principal Executive Officer  
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Jinbo Li, certify that:

1. I have reviewed this annual report on Form 20-F of Xunlei Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 24, 2025

By: /s/ Jinbo Li  
Name: Jinbo Li  
Title: Chief Executive Officer

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**Certification by the Principal Financial Officer  
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Naijiang (Eric) Zhou, certify that:

1. I have reviewed this annual report on Form 20-F of Xunlei Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 24, 2025

By: /s/ Naijiang (Eric) Zhou

Name: Naijiang (Eric) Zhou

Title: Chief Financial Officer

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**Certification by the Principal Executive Officer  
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the annual report of Xunlei Limited (the "Company") on Form 20-F for the year ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jinbo Li, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 24, 2025

By: /s/ Jinbo Li  
Name: Jinbo Li  
Title: Chief Executive Officer

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**Certification by the Principal Financial Officer  
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the annual report of Xunlei Limited (the "Company") on Form 20-F for the year ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Naijiang (Eric) Zhou, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 24, 2025

By: /s/ Naijiang (Eric) Zhou  
Name: Naijiang (Eric) Zhou  
Title: Chief Financial Officer

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Our ref: MCR/660874-000001/32189079v1

Xunlei Limited  
3709 Baishi Road  
Nanshan District, Shenzhen, 518000  
The People's Republic of China

24 April 2025

Dear Sirs

**Xunlei Limited**

We have acted as legal advisers as to the laws of the Cayman Islands to Xunlei Limited, an exempted company incorporated with limited liability in the Cayman Islands (the "**Company**"), in connection with the filing by the Company with the United States Securities and Exchange Commission (the "**SEC**") of an annual report on Form 20-F for the year ended 31 December 2024 ("**Form 20-F**").

We hereby consent to the reference of our name under the heading "Item 10. Additional Information – E. Taxation – Cayman Islands Taxation" and "Item 16G. Corporate Governance" in the Form 20-F, and further consent to the incorporation by reference into the Registration Statement on Form S-8 (File No. 333-200633) filed on 28 November 2014, the Registration Statement on Form S-8 (File No. 333-257701) filed on 6 July 2021, the Registration Statement on Form S-8 (File No. 333-272690) filed on 16 June 2023 and the Registration Statement on Form S-8 (File No. 333-281272) filed on 6 August 2024 of the summary of our opinion under these headings in the Form 20-F. We also consent to the filing of this consent letter with the SEC as an exhibit to the Form 20-F.

In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, or under the Securities Exchange Act of 1934, in each case, as amended, or the regulations promulgated thereunder.

Yours faithfully

/s/ Maples and Calder (Hong Kong) LLP  
Maples and Calder (Hong Kong) LLP

**Maples and Calder (Hong Kong) LLP**

26th Floor Central Plaza 18 Harbour Road Wanchai Hong Kong  
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Resident Hong Kong Partners: Ann Ng (Victoria (Australia)), Aisling Dwyer (British Virgin Islands),  
John Trehey (New Zealand), Matthew Roberts (Western Australia (Australia)), Terence Ho (New South Wales (Australia)), L.K. Kan (England and Wales),  
W.C. Pao (England and Wales), Richard Spooner (England and Wales), Sharon Yap (New Zealand), Nick Stern (England and Wales),  
Juno Huang (Queensland (Australia)), Karen Pallasas (Victoria (Australia)), Joscelyne Ainley (England and Wales), Andrew Wood (England and Wales)

Non-Resident Partners: Jonathan Green (Cayman Islands)

Cayman Islands Attorneys at Law | British Virgin Islands Solicitors

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April 24, 2025

Xunlei Limited (the “Company”)

21/F, Xunlei Building,  
3709 Baishi Road, Yuehai Street,  
Nanshan District, Shenzhen, 518057  
People’s Republic of China

We hereby consent to references to our name under the heading “Item 3.D. Key Information—Risk Factors—Risks Related to Our Business”, “Item 3.D. Key Information— Risk Factors—Risks Related to Our Corporate Structure”, “Item 4.B Information on the Company—Business Overview—Regulation” and “Item 4.C.Information on the Company— Organizational Structure—Contractual arrangements with Shenzhen Xunlei” in the Company’s annual report on Form 20-F for the year ended December 31, 2024 (the “**Annual Report**”), and further consent to the incorporation by reference of the summaries of our opinions under these headings into Xunlei Limited’s registration statement on Form S-8 (File No. 333 – 200633) that was filed on November 28, 2014, registration statement on Form S-8 (File No. 333 – 257701) that was filed on July 6, 2021, the registration statement on Form S-8 (File No. 333-272690) filed on June 16, 2023, and the registration statement on Form S-8 (File No. 333-281272) filed on August 6, 2024. We also consent to the filing of this consent letter with the U.S. Securities and Exchange Commission as an exhibit to the Annual Report.

In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, or under the Securities Exchange Act of 1934, in each case, as amended, or the regulations promulgated thereunder.

Yours faithfully,  
For and on behalf of

/s/ Kewei Law Firm  
Kewei Law Firm

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CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-200633, No. 333-257701, No. 333-272690 and No. 333-281272) of Xunlei Limited of our report dated April 24, 2025 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 20-F.

/s/ PricewaterhouseCoopers Zhong Tian LLP  
Shenzhen, the People's Republic of China  
April 24, 2025

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