This Appendix summarizes certain aspects of PRC laws and regulations which are relevant to our Company's operations and business. Laws and regulations related to taxation in the PRC are discussed separately in "Appendix III – Taxation and Foreign Exchange" of this document. This Appendix also contains a summary of laws and regulatory provisions of the PRC Company Law (《中華人民共和國公司法》). The principal objective of this summary is to provide potential investors with an overview of the principal laws and regulatory provisions applicable to our Company. This summary is not intended to include all the information which is important to potential investors. For a discussion of laws and regulations which are relevant to our Company's business, see "Regulatory Overview" in this document.

PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the PRC (《中華人民共和國憲法》) (the "**Constitution**") and is made up of written laws, administrative regulations, local regulations, separate regulations, autonomous regulations, rules and regulations of departments, rules and regulations of local governments, international treaties of which the PRC government is a signatory, and other regulatory documents. Court verdicts do not constitute binding precedents. However, they may be used as judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》), or the "**Legislation Law,**" lastly amended by NPC on March 13, 2023 and effective on March 15, 2023, the NPC and the Standing Committee of NPC ("**SCNPC**") are empowered to exercise the legislative power of the PRC government. The NPC has the power to formulate and amend basic laws governing criminal and civil matters, state organs and other matters. The SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided such supplements and amendments are not in conflict with the basic principles of such laws. The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the Constitution and laws. The people's congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such local regulations do not contravene any provisions of the Constitution, laws or administrative regulations. The people's congresses of cities divided into districts and their standing committees may formulate local regulations on matters such as urban and rural construction and management, environmental protection and historical and cultural protection based on the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of such provinces or autonomous regions. Where laws have other stipulations on matters of local regulations formulated by cities divided into districts, such stipulations shall prevail. The local regulations of cities divided into autonomous regions shall be submitted for approval before implementation.

The standing committees of the people's congresses of provinces or autonomous regions shall examine the legality of local regulations submitted for approval, and such approval should be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in the light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned. The ministries, commissions, PBOC, National Audit Office of the State Council and institutions with administrative functions directly under the State Council may formulate rules and regulations within the jurisdiction of their respective departments based on the laws and the administrative regulations, decisions and rulings of the State Council. The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations or rules may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of the rules enacted by the people's governments of the provinces and autonomous regions is greater than that of the rules enacted by the people's governments of the cities divided into districts within their respective administrative regions. The NPC has the power to amend or annul any inappropriate laws formulated by the SCNPC, and to annul any autonomous regulations and separate regulations which have been approved by the SCNPC but which contravene the Constitution and the Legislation Law. The SCNPC has the power to annul administrative regulations that contravene the Constitution and laws, to annul local regulations that contravene the Constitution, laws and administrative regulations, and to annul autonomous regulations and separate regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the Central Government, but which contravene the Constitution and the Legislation Law. The State Council has the power to amend or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions and municipalities directly under the Central Government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The standing committees of the local people's congresses have the power to annul inappropriate rules enacted by the people's governments at the corresponding level. The people's governments of provinces and autonomous regions have the power to amend or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the Constitution and the Legislation Law, the power to interpret laws belongs to the SCNPC. According to the Decision of the SCNPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed by the SCNPC and effective on June 10, 1981, the SCNPC shall give interpretation and make provisions by means of decrees on issues related to the further clarification or supplement of laws or decrees. The Supreme People's Court shall give interpretations on questions involving the specific application of laws and decrees in court trials. The Supreme People's Procuratorate shall interpret all issues involving the specific application of laws and decrees in the procuratorial work. If there are principled differences in the interpretation of the Supreme People's Court and the Supreme People's Procuratorate, they shall be submitted to the SCNPC for interpretation or decision. Interpretation of questions involving the specific application of laws and decrees in areas unrelated to judicial and procuratorial work shall be provided by the State Council and competent authorities. Where the scope of local regulations needs to be further defined or additional stipulations need to be made, the standing committees of the people's congresses of provinces, autonomous regions and municipalities which have enacted these regulations shall provide interpretations or make the stipulations. Interpretation of questions involving the specific application of local regulations shall be provided by the competent departments of the people's governments of provinces, autonomous regions and municipalities.

THE PRC JUDICIAL SYSTEM

According to the Constitution and the Law of the PRC of Organization of the People's Courts (《中華人民共和國人民法院組織法》), which was latest revised by the SCNPC on October 26, 2018, and took effect on January 1, 2019, the People's Courts of China consist of the Supreme People's Court, local people's courts at all levels, and special people's courts. Local people's courts at all levels are divided into higher people's courts, intermediate people's courts, and basic people's courts. Basic people's courts may establish several people's tribunals based on the region, population, and case circumstances. The Supreme People's Court is the highest judicial authority. The Supreme People's Court supervises the judicial work of local people's courts at all levels and special people's courts. Higher people's courts supervise the judicial work of lower people's courts. According to the Constitution and the Law of Organization of the People's Procuratorate of the PRC (《中華人民共和國人民檢察院組織法》), which was latest revised by the SCNPC on October 26, 2018, and took effect on January 1, 2019, the People's Procuratorate is the law supervision organ of the state. The Supreme People's Procuratorate is the highest prosecutorial organ. The Supreme People's Procuratorate shall direct the work of local people's procuratorates at all levels and special people's procuratorates, while higher people's procuratorates supervise the work of lower people's procuratorates. The People's Courts implement a two-tier trial system with final adjudication, and the judgment or ruling of the People's Court in the second instance is the final judgment or ruling. If the parties disagree with the first-instance judgment or ruling of the local people's court, they have the right to file an appeal. The People's Procuratorate may, in accordance with procedures prescribed by law, file a protest with the People's Court. If the parties do not file an appeal and the People's Procuratorate does not contest it within the prescribed period, the judgment or ruling of the People's Court shall be final. The judgments or rulings of the Intermediate People's Courts, the Higher People's Courts, and the Supreme People's Court in the second instance, as well as the judgments or rulings of the Supreme People's Court in the first instance, are final and binding. However, if the Supreme People's Court or a higher people's court finds that a legally binding final judgment or ruling of a lower people's court contains an error, or if the president of a people's court at any level finds that a legally binding final judgment or ruling of their own court contains an error, the court may conduct a retrial in accordance with the trial supervision procedures. The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》) (the "**Civil Procedure Law**"), last amended by the SCNPC on September 1, 2023 and effective from January 1, 2024, stipulates the conditions for filing civil lawsuits, the jurisdiction of the People's Courts, the procedures to be followed in civil litigation, and the enforcement procedures for civil judgments or rulings. All parties involved in civil litigation within China must comply with the Civil Procedure Law. Civil cases are generally heard in the court where the defendant resides. The parties to a contract or other property rights dispute may agree in writing to select the jurisdiction for civil litigation, provided that the court is located in a place with a substantial connection to the dispute, such as the domicile of the plaintiff or defendant, the place of contract performance or execution, or the location of the subject matter. However, in no case may the choice of court conflict with the provisions regarding hierarchical and exclusive jurisdiction. Foreigners, stateless persons, foreign enterprises, or organizations shall have equal litigation rights and obligations as Chinese citizens, legal persons, and other organizations when filing or responding to lawsuits in the People's Courts. If a foreign court imposes restrictions on the civil litigation rights of Chinese citizens, legal persons, or other organizations, Chinese courts shall apply the principle of reciprocity regarding the civil litigation rights of that country's citizens, enterprises, and organizations. If a foreigner, stateless person, foreign enterprise, or organization files or responds to a lawsuit in a people's court and requires legal representation, they must appoint a Chinese lawyer. In accordance with international treaties to which China is a party or has participated, or based on the principle of reciprocity, the People's Courts and foreign courts may, upon mutual request, assist each other in serving documents, conducting investigations and collecting evidence, as well as performing other litigation-related actions. The people's courts shall not comply with a request for assistance from a foreign court if it undermines China's sovereignty, security, or public interests.

The parties must comply with legally binding civil judgments and rulings. If either party to a civil lawsuit refuses to comply with a judgment or ruling issued by a people's court or an award rendered by an arbitration institution, the other party may apply to a people's court for enforcement within two years. The suspension or interruption of the statute of limitations for enforcement applications shall be governed by the legal provisions on the suspension or interruption of the statute of limitations for litigation.

If a legally effective judgment or ruling made by a people's court is to be executed against a party or property located outside the territory of China, the parties may directly apply to a competent foreign court for recognition and enforcement. Alternatively, the people's court may request the foreign court to recognize and enforce the judgment or ruling in accordance with the provisions of international treaties to which China is a party or has participated or based on the principle of reciprocity. Where a legally effective judgment or ruling made by a foreign court requires recognition and enforcement by a people's court, the party concerned may directly apply to an intermediate people's court with jurisdiction for such recognition and enforcement. Alternatively, the foreign court may, in accordance with the provisions of an international treaty concluded or acceded to by that country and China, or based on the principle of reciprocity, request the people's court to recognize and enforce the judgment or ruling. However, this shall not apply if the people's court determines that such recognition and enforcement would violate the fundamental legal principles of the PRC or compromise national sovereignty, security, or public interests.

THE PRC COMPANY LAW, OVERSEAS LISTING TRIAL MEASURES AND GUIDELINES FOR ARTICLES OF ASSOCIATION

A joint stock limited company established in China seeking a listing on The Stock Exchange of Hong Kong Limited is mainly subject to the following laws and regulations of the PRC. The PRC Company Law (《中華人民共和國公司法》) (the "**Company Law**") was adopted by the SCNPC on December 29, 1993, came into effect on July 1, 1994, and was amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023. The latest revised Company Law came into effect on July 1, 2024. The Trial Measures for the Administration of Overseas Offering and Listing of Securities by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Overseas Listing Trial Measures**") promulgated by the CSRC on February 17, 2023, along with its five supporting guidelines, took effect on March 31, 2023. These measures apply to PRC domestic enterprises issuing securities overseas either directly or indirectly, or listing and trading their securities outside the PRC. Pursuant to the Overseas Listing Trial Measures and its supporting guidelines, domestic companies directly listing overseas shall formulate their articles of association by referring to the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) (the "**Guidelines for Articles of Association**") and other relevant corporate governance regulations issued by the China Securities Regulatory Commission. The Mandatory Provisions for Articles of Association of Companies to be Listed Overseas will cease to apply effective March 31, 2023. The Guidelines for Articles of Association were issued by the CSRC on December 16, 1997 and last amended and came into effect on March 28, 2025.

Set out below is a summary of the principal provisions of the Company Law, the Overseas Listing Trial Measures, and the Guidelines for Articles of Association applicable to the Company.

General provisions

A joint stock limited company refers to an enterprise legal person incorporated under the Company Law with its registered capital divided into shares of equal par value. The liability of its shareholders is limited to the amount of shares held by them and the company is liable to its creditors for an amount equal to the total value of its assets. A joint stock limited company shall conduct its business in accordance with laws and regulations as well as public and commercial ethics, be honest and trustworthy and accept the supervision of the government and the public. A company may invest in other companies. If it is prescribed by any law that a company shall not become a capital contributor that shall bear the joint and several liability for the debts of the enterprises it invests in, such provisions shall prevail.

Incorporation

A joint stock limited company may be incorporated by promotion or subscription. A joint stock limited company may be incorporated by a minimum of one but not more than 200 promoters, and at least half of the promoters must have residence within the Mainland China. The promoters of subscription of a joint stock company shall convene an inaugural meeting of the company within 30 days after the share capital has been paid up and shall notify all subscribers of the date of the meeting or make an announcement in this regard 15 days before the meeting. The inaugural meeting may be held only with the presence of subscribers holding more than 50% of the voting rights. The convening and voting procedures for the inaugural meeting of a joint stock limited company incorporated by promotion shall be stipulated in the agreement of the promoters. Powers to be exercised at the inaugural meeting include but are not limited to the adoption of articles of association and the election of members of the board of directors and the supervisory committee of a company. The aforesaid matters shall be resolved by more than 50% of the votes to be casted by subscribers presented at the meeting. Within 30 days after the conclusion of the inaugural meeting, the board of directors shall apply to the registration authority for registration of the incorporation of the joint stock limited company. A company is formally established and has the status of a legal person after the business license has been issued by the relevant registration authority

Registered shares

Under the Company Law, shareholders may make capital contributions in cash, or with non-monetary property that may be valued in money and legally transferred, such as contribution in kind or with an intellectual property right, land use rights, shareholding or claims.

The Overseas Listing Trial Measures provides that domestic enterprises that are listed overseas may raise funds and distribute dividends in foreign currencies or Renminbi.

Under the Company Law, a joint stock limited company is required to maintain a register of shareholders, detailing the following information:

(i) the name and domicile of each shareholder;

(ii) the class and number of shares subscribed for by each shareholder;

(iii) the serial number of shares if issued in paper form; and

(iv) the date on which each shareholder acquired the shares.

Allotment and issue of shares

All issues of shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. A joint stock limited company may issue shares at a par value or at a premium, but it may not issue shares below the par value.

Domestic enterprises issued and listed overseas shall file with the CSRC in accordance with the Overseas Listing Trial Measures, submit filing reports, legal opinions and other relevant materials, and truthfully, accurately and completely explain shareholders information and other information. Where a domestic enterprise directly issues and is listed overseas, the issuer itself shall file with the CSRC.

Increase of share capital

Under the Company Law, in the case of a joint stock limited company issuing new shares, resolutions shall be passed at the shareholders' meeting in respect of the class and number of new shares, the issue price of the new shares, the commencement and end dates for the issuance of new shares and the class and number of the new shares proposed to be issued to original shareholders, if any. If no par value stock is issued, more than one-half of the proceeds from the issuance of the new stocks shall be included in the registered capital. Additionally, if a company intends to make public offering of shares, it is required to complete the registration with the securities regulatory authority of the State Council and announce the document.

Reduction of share capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law:

(i) to prepare a balance sheet and a property list;

(ii) a company makes a resolution at shareholders' meeting to reduce its registered capital;

(iii) a company shall inform its creditors within 10 days and publish an announcement in newspapers or the National Enterprise Credit Information Publicity System within 30 days after the approval of resolution of reducing registered capital;

(iv) the creditors shall have the right to require a company to repay its debts or provide corresponding guarantees within 30 days after receiving the notice or within 45 days after the announcement if the creditors have not received the notice;

(v) when a company reduces its registered capital, it shall register the change with a company registration authority in accordance with the law.

When a company reduces its registered capital, it must reduce the amount of capital contribution or shares in proportion to the capital contribution or shares held by the shareholders, unless otherwise prescribed by any law, or agreed upon by all the shareholders of a limited liability company, or as specified in the articles of association of a joint stock limited company.

Repurchase of shares

Under the Company Law, a company shall not purchase its own shares. Except for any following circumstances:

(i) reducing the registered capital;

(ii) merging with other company that holds the shares of the company;

(iii) using the shares for employee stocks plan or equity incentives;

(iv) with respect to shareholders voting against any resolution adopted at the shareholders' meeting on the merger or division of the Company, the right to demand the Company to acquire the shares held by them;

(v) using the shares for the conversion of convertible corporate bonds issued by the listed company;

(vi) as required for maintenance of the corporate value and shareholders' rights and interests of a listed company.

The purchase of shares of a company for reasons specified in the case of (i) to (ii) above shall be subject to the resolution of the shareholders' meeting; the purchase of shares of a company for reasons specified in the case of (iii), (v) and (vi) above shall be subject to the resolution of the board meetings attended by more than two-thirds of the directors in accordance with the provisions of the articles of association or the authorization from the meeting.

Following the purchase of a company's shares by a company in accordance with the above provisions, such shares shall be canceled within 10 days from the date of buy-back in the case of item (i) above; such shares shall be transferred or canceled within six months in the case of items (ii) and (iv) above; the total numbers of share of the Company held by a company shall not exceed 10% of the total issued shares of the Company, and shall be transferred or canceled within three years in the case of items (iii), (v) and (vi) above.

Transfer of shares

Shares held by a shareholder may be transferred according to the law. Under the Company Law, a shareholder of a joint stock limited company should affect a transfer of his shares on securities exchange established according to the law or by any other means as required by the State Council. Registered shares may be transferred by endorsement of shareholders or by other means stipulated by laws or administrative regulations. After the transfer, a company shall record the name and address of the transferee in the register of shareholders. No changes of registration in the share register provided in the foregoing requirement shall be affected during a period of 20 days prior to the convening of shareholders' meeting or five days prior to the record date for a company's distribution of dividends. However, where there are separate provisions by law on alternation of registration in the share register of listed companies, those provisions shall prevail.

Under the Company Law, shares issued by a company prior to the public offering of shares shall not be transferred within one year from the date on which the shares of the company are listed and traded on a securities exchange. The directors and senior management of the company should declare to the company the shares they hold and the changes thereof. During the term of office as determined when they assume the posts, the shares transferred each year should not exceed 25% of the total shares they hold of the company. Shares of a company held by them shall not be transferred within one year from the date of a company's listing on a securities exchange, nor within six months after their resignation from their positions with a company.

If the shares are pledged within the time limit for restricted transfer as provided for by laws and administrative regulations, the pledgee cannot exercise the pledge right within such restricted transfer period.

Shareholders

Under the Company Law and the Articles of Association Guidelines, the rights of shareholders of a joint stock limited company include:

(i) the right to attend or appoint a proxy to attend general meetings and to vote thereat;

(ii) the right to transfer shares in accordance with laws, administrative regulations and provisions of the articles of association;

(iii) the right to inspect the Company's articles of association, share register, counterfoil of Company debentures, minutes of general meetings, resolutions of meetings of the board of directors, resolutions of meetings of the supervisory committee and financial and accounting reports and to make proposals or enquiries on the Company's operations;

(iv) the right to bring an action in the people's court to rescind resolutions passed by general meetings and board of directors where the articles of association is violated by the above resolutions;

(v) the right to receive dividends and other forms of profit distribution according to the proportion of shares they hold;

(vi) in the event of the termination or liquidation of the Company, the right to participate in the distribution of the residual properties of the Company in proportion to the number of shares held; and

(vii) other rights granted by laws, administrative regulations, other regulatory documents and the Company's articles of association.

The obligations of a shareholder include the obligation to abide by the Company's articles of association, to pay the subscription moneys in respect of the shares subscribed for and in accordance with the form of making capital contributions, to be liable for the Company's debts and liabilities to the extent of the amount of his or her subscribed shares and any other shareholders' obligation specified in the Company's articles of association.

Shareholders' Meeting

Under the Company Law and Guidelines for Articles of Association, the shareholders' meeting exercises the following functions and powers:

(i) to elect and replace Directors and to decide on matters relating to emolument of Directors;

(ii) to consider and approve reports of the Board of Directors;

(iii) to consider and approve the Company's profit distribution proposals and proposals for making up losses;

(iv) to resolve on the increase or reduction of the Company's registered capital;

(v) to resolve on the issuance of debentures by the Company;

(vi) to resolve on matters such as merger, division, dissolution and liquidation or change of corporate form of the Company;

(vii) to amend the Articles of Association;

(viii) to resolve on the Company's appointment and dismissal of the accounting firm undertaking the Company's audit business;

(ix) to consider and approve the guarantee matters stipulated in the Articles of Association;

(x) to consider the purchase or disposal of material assets within one year with an amount exceeding 30% of the latest audited total assets of the Company;

(xi) to consider and approve the change of use of proceeds;

(xii) to consider and approve the share incentive scheme and employee stock ownership scheme;

(xiii) to consider other matters that should be decided by the shareholders' meeting as stipulated by laws, administrative regulations, departmental rules or the Articles of Association.

According to the Company Law and the Guidelines of the Articles of Association, the annual general meeting shall be convened once a year, and shall be held within six months after the prior fiscal year ends.

An extraordinary general meeting shall be convened within two months of the occurrence of any of the following circumstances:

(i) the number of Directors is less than the number specified in the Company Law or two-thirds of the number required by the Articles of Association;

(ii) the uncovered loss of the Company reaches one-third of the total share capital of the Company;

(iii) at the request of shareholders individually or in aggregate holding at least 10% of the Company's shares (including preference shares with restored voting rights, etc.);

(iv) the Board considers it necessary;

(v) the Audit Committee proposes such a meeting be held;

(vi) any other circumstances stipulated by laws, administrative regulations, departmental rules or the Articles of Association.

Upon approval by a majority of all independent directors, the independent directors have the right to propose that the board of directors convene an extraordinary shareholders' meeting. For the above-mentioned proposals, the Board of Directors shall, in accordance with the laws, administrative regulations and the Articles of Association, make a written response as to whether or not it agrees to convene an extraordinary general meeting within ten days of receiving the proposal. If the Board of Directors agrees to convene the extraordinary general meeting, a notice convening such a meeting shall be issued within five days after the resolution of the Board of Directors is passed. If the Board of Directors does not agree to convene the extraordinary general meeting, it shall give an explanation and make an announcement.

The Audit Committee is authorized to propose in writing to the Board of Directors the convening of an extraordinary general meeting. The Board of Directors shall, in accordance with the laws, administrative regulations and the Articles of Association, make a written response as to whether or not it agrees to convene an extraordinary general meeting within ten days of receiving the proposal. In case the Board agrees to convene an extraordinary general meeting, the Board of Directors shall issue a notice calling for an extraordinary general meeting within five days since the relevant Board resolution. In case changes are made to the original proposal, agreement on the changes shall be sought from the Audit Committee. In case the Board of Directors disagrees with the Audit Committee on convening an extraordinary general meeting, or it does not give any feedback within ten days after receiving the proposal, the action shall be deemed as incapable of performing or not performing its duty to convene a general meeting. Under these circumstances, the Audit Committee may convene and chair the extraordinary general meeting at its discretion.

Shareholders who individually or collectively hold more than 10% of the Company's shares (including preferred shares with restored voting rights, etc.) have the right to request in writing to the Board of Directors to convene an extraordinary general meeting. The Board of Directors shall, in accordance with the laws, administrative regulations and the Articles of Association, make a written response as to whether or not it agrees to convene an extraordinary general meeting within ten days of receiving the request. In case the Board agrees to convene an extraordinary general meeting, the Board of Directors shall issue a notice calling for a general meeting within five days since the relevant Board resolution. In case changes are made to the original request, agreement on the changes shall be sought from the relevant shareholders. In case the Board does not agree to convene an extraordinary general meeting, or fails to provide feedback within ten days after receiving such request, shareholders who individually or collectively hold 10% or more of the Company's shares (including preferred shares with restored voting rights, etc.) may submit a written proposal to the Audit Committee to convene an extraordinary general meeting. If the Audit Committee agrees to convene an extraordinary general meeting, it shall issue a notice of convening the extraordinary general meeting within five days of receiving such request. In case changes are made to the original request, agreement on the changes shall be sought from the relevant shareholders. If the Audit Committee fails to issue a notice of convening a shareholders' meeting by the prescribed deadline, it shall be deemed to have failed to convene and preside over a shareholders' general meeting, and shareholders individually or jointly holding no less than 10% of the shares (including preferred shares with restored voting rights, etc.) of the Company for at least 90 days in succession may convene and preside over such meeting at their discretion.

The expenses necessary for the shareholders' general meeting convened by the Audit Committee or the shareholders themselves shall be borne by the Company.

Directors

According to the Company Law and the Guidelines of the Articles of Association, a joint stock limited company shall have a board of directors, which shall consist of three or more members. The term of office of a director shall be stipulated in the Articles of Association, but each term of office shall not exceed three years. Directors may be re-elected upon the expiration of their term. However, independent directors may not serve for more than six consecutive years. Director may be the senior management personnel, provided that the total number of directors who concurrently serve as senior management personnel and directors who are employee's representatives shall not exceed half of the total number of Directors of the Company. A company with more than three hundred employees shall include employee representatives in its board of directors. The employee representative(s) on the Board of Directors shall be democratically elected by the Company's employees through staff representative assemblies, general staff meetings or other appropriate means, and such appointment shall not require approval by the general meeting.

The Board of Directors meets at least twice a year, and each meeting shall be notified in writing to all Directors ten days before the meeting. The Board exercises the following powers:

(i) to convene the shareholders' meeting and report on its work to the shareholders;

(ii) to implement the resolutions of the shareholders' meeting;

(iii) to determine the Company's business plans and investment proposals;

(iv) to formulate the Company's profit distribution proposals and proposals for making up losses;

(v) to prepare proposals for increasing or reducing the registered capital of the Company and proposals for the issue of debenture or other securities and listing of the Company;

(vi) to formulate plans for material acquisitions, purchase of shares of the Company, or merger, division and dissolution of the Company as well as change of corporate form;

(vii) to decide on, within the authority granted by the Shareholders' general meeting, such matters as external investment, acquisition and disposal of assets, asset mortgage, external guarantee, entrusted financial management, connected transactions and external donations;

(viii) to decide on the establishment of internal management organizations of the Company;

(ix) to decide on the appointment or dismissal of the general manager and secretary to the Board and other senior management officers of the Company, and to determine their remuneration, rewards and punishments; to decide on the appointment or dismissal of the deputy manager, financial controller and other senior management officers based on the nominations by the general manager, and to determine their remuneration, rewards and punishments;

(x) to set up the basic management system of the Company;

(xi) to formulate proposals for any amendment to the Articles of Association;

(xii) to manage information disclosure matters of the Company;

(xiii) to propose to the Shareholders' general meeting the appointment or replacement of accounting firms which provide audit services to the Company;

(xiv) to listen to the work reports of general manager of the Company and review their work; and

(xv) other functions and powers conferred by laws, administrative regulations, departmental rules, Articles of Association or Shareholders' meeting.

Within the scope of authorization by the Shareholders' general meeting, the Board of Directors shall define the authority for matters such as external investments, acquisition or disposal of assets, asset mortgages, external guarantees, entrusted wealth management, connected transactions, and external donations, and establish strict review and decision-making procedures.

If a Director has connection with the enterprise or individual involved in the resolution made at a meeting of the Board of Directors, the said Director shall promptly report the situation in writing to the Board of Directors. The said Director shall not vote on the said resolution for himself/herself or on behalf of another Director. The meeting of the Board of Directors may be held when more than half of the non-connected Directors attend the meeting. The resolution of the meeting of the Board of Directors shall be passed by more than half of the non-connected Directors. If the number of non-connected Directors attending the meetings is less than three, the issue shall be submitted to the Shareholders' general meeting for consideration.

According to the Company Law and the Guidelines of the Articles of Association, under any of the following circumstances, no person may serve as a Director or senior management personnel of the Company:

(i) having no capacity for civil conduct or having limited capacity for civil conduct;

(ii) having been sentenced to criminal punishment for corruption, bribery, embezzlement of property, misappropriation of property, or disruption of the socialist market economic order, or having been deprived of political rights due to a crime, and less than five years have elapsed since the completion of the sentence, or in case of a probation, less than two years have elapsed since the expiration of the probation period;

(iii) having served as a director, factory director, or manager of a company or enterprise that underwent bankruptcy liquidation, and bearing personal responsibility for the bankruptcy of such company or enterprise, and less than three years have elapsed since the completion of the bankruptcy liquidation of such company or enterprise;

(iv) having served as the authorized representative of a company or enterprise that had its business license revoked or was ordered to close down due to illegal activities, and bearing personal responsibility therefor, and less than three years have elapsed since the revocation of the business license of or the order to close down for such company or enterprise;

(v) having been listed by the people's court as a judgment defaulter due to failure to repay a significant amount of due debts;

(vi) having been subjected to a securities market entry ban by the CSRC, and the ban period has not yet expired;

(vii) the person is publicly deemed by a stock exchange as unsuitable to serve as a director and senior management of a listed company and the term of prohibition has not expired;

(viii) other circumstances stipulated by laws, administrative regulations or departmental rules.

The Board of Directors shall have one chairman. The chairman and vice-chairman shall be elected by more than half of all directors.

Audit Committee

In accordance with the Company Law and the Guidelines on Articles of Association, the Company's Board of Directors has established an Audit Committee to exercise the authority of the Supervisory Committee as stipulated in the Company Law. The Audit Committee shall consist of three or more members who are directors not serving as senior management of the Company, with a majority being independent directors. The committee shall be convened by an accounting professional from among the independent directors. Employee representatives on the Board of Directors may serve as members of the Audit Committee.

The Audit Committee meets at least quarterly. An interim meeting may be convened upon the proposal of two or more members or when the convener deems it necessary. Meetings of the Audit Committee shall be held only when at least two-thirds of the members are present. Resolutions of the Audit Committee shall be adopted by a majority vote of its members. Voting on resolutions by the Audit Committee shall be conducted on a one-person-one-vote basis. The manner of conducting business and voting procedures of the Audit Committee shall be governed by the Articles of Association, unless otherwise stipulated in the Company Law.

The Audit Committee is responsible for reviewing the Company's financial information and its disclosures, overseeing and evaluating internal and external audits and internal controls. The following matters shall be submitted to the Board of Directors for deliberation after approval by a majority of all Audit Committee members:

(i) Disclosure of financial information in financial accounting reports and periodic reports, and internal control evaluation reports;

(ii) Hire or terminate an accounting firm responsible for auditing listed companies;

(iii) Appoint or dismiss the financial controller of a listed company;

(iv) Changes in accounting policies, changes in accounting estimates, or corrections of significant accounting errors are made for reasons other than changes in accounting standards;

(v) Other matters as stipulated by laws, administrative regulations, CSRC regulations, and the Articles of Association.

Senior Management

In accordance with the Company Law and the Guidelines on Articles of Association, the Company shall have one manager, who shall be appointed or dismissed by the Board of Directors. The manager is accountable to the Board of Directors and shall exercise authority in accordance with the Articles of Association or as authorized by the Board. The manager attends Board meetings.

According to the Company Law, senior management refers to the manager, deputy manager, financial officer, board secretary of a listed company, and other personnel as stipulated in the Articles of Association.

Duties of Directors and Senior Management

According to the Company Law and the Guidelines on Articles of Association, directors and senior management shall comply with laws, administrative regulations, and the Articles of Association, and owe a duty of loyalty to the Company. They shall take measures to avoid conflicts between their personal interests and the Company's interests, and shall not exploit their positions to obtain improper benefits. Directors and senior management owe the following fiduciary duties to the Company:

(i) Do not misappropriate the Company's property or funds;

(ii) Company funds shall not be deposited in an account under a personal name or in the name of any other individual;

(iii) Do not use official position to offer bribes or accept other illegal income;

(iv) No contract or transaction shall be entered into directly or indirectly with the Company without first being reported to the Board of Directors or the shareholders' meeting and approved by a resolution of the Board of Directors or the shareholders' meeting in accordance with the provisions of the Articles of Association;

(v) Shall not use the convenience of his/her position to seek for himself/herself or others any business opportunities belonging to the Company, unless such business opportunities are reported to the Board of Directors or the shareholders' meeting and approved by a resolution of the shareholders' meeting, or unless the Company is prohibited from utilizing such business opportunities under applicable laws, administrative regulations, or the provisions of the Articles of Association;

(vi) Without reporting to the Board of Directors or the shareholders' meeting and obtaining approval through a shareholders' meeting resolution, no one shall operate on their own behalf or on behalf of others a business that is of the same type as the Company's business;

(vii) Shall not accept commissions from transactions with the Company for personal gain;

(viii) Shall not disclose the secrets of the Company without consent;

(ix) Shall not use their affiliation to harm the Company's interests;

(x) Other loyalty obligations as stipulated by the laws, administrative regulations, departmental rules and the Articles of Association.

Any income obtained by a director in violation of the above provisions shall be returned to the Company; if such violation causes losses to the Company, the director shall be liable for compensation.

Directors and senior management shall comply with the provisions of laws, administrative regulations, and the Articles of Association. They owe a duty of diligence to the Company and shall perform their duties with the reasonable care typically expected of managers, acting in the Company's best interests. The diligence obligations of directors and senior management to the Company are as follows:

(i) To exercise prudently, conscientiously and diligently the rights granted by the Company to ensure that the Company's commercial activities are in compliance with the laws, administrative regulations and the requirements of economic policies of China and that its commercial activities are within the scope stipulated in the business license;

(ii) To treat all shareholders fairly;

(iii) To understand the operation and management of the Company in a timely manner;

(iv) To approve regular reports of the Company in written form and to ensure the integrity, accuracy and completeness of the information disclosed by the Company;

(v) To provide all relevant information and materials required by the Audit Committee and shall not intervene the performance of duties of the Audit Committee;

(vi) Other duties of diligence as stipulated by laws, administrative regulations, departmental rules, and the Articles of Association.

Financial Accounting System

In accordance with the Company Law, the Company establishes its financial accounting system in compliance with laws, administrative regulations, and the regulations of relevant state departments.

A joint stock limited company shall make its financial and accounting reports available at the company for inspection by the shareholders 20 days before the convening of an annual general meeting. A joint stock limited company issuing its shares in public must publish its financial and accounting reports.

When the Company distributes its after-tax profits for the year, it must allocate 10% of the profits to the Company's statutory reserve fund. If the accumulated amount of the Company's statutory reserve reaches 50% or more of the Company's registered capital, no further withdrawals are required.

If the Company's statutory reserve is insufficient to cover the losses from previous years, the Company must first use the current year's profits to offset the losses before allocating funds to the statutory reserve as stipulated in the preceding paragraph.

After the Company has withdrawn the statutory reserve fund from its after-tax profits, it may also withdraw a discretionary reserve fund from its after-tax profits upon resolution by the shareholders' meeting.

After-tax profits remaining after covering losses and allocating reserves shall be distributed in proportion to the shares held by shareholders, unless otherwise stipulated in the Articles of Association.

If a Company violates the above regulations by distributing profits to its shareholders, the shareholders must return the unlawfully distributed profits to the Company. If this causes losses to the Company, the shareholders, along with the responsible directors and senior management, shall be liable for compensation.

The Company's reserve fund is used to cover the Company's losses, expand its production operations, or increase its capital.

Where the reserve fund of a company is used for making up losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the provisions.

When statutory reserve is converted to increase registered capital, the retained portion of such reserve shall not be less than twenty-five percent of the Company's registered capital prior to the conversion.

Appointment and retirement of accounting firms

Pursuant to the Company Law, the engagement or dismissal of an accounting firm responsible for the company's auditing shall be determined by a shareholders' meeting, the board of directors or the board of supervisors in accordance with the articles of association. The accounting firm should be allowed to make representations when the shareholders' meeting, the board of directors or the board of supervisors conduct a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or falsification of information.

According to the Guidelines for Articles of Association, the company shall guarantee to provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials to the hired accounting firm, and shall not refuse, conceal or make false reports. The audit fee of an accounting firm shall be decided by the shareholders' meeting.

Distribution of profits

According to the Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve is drawn.

Amendments to articles of association

Any amendments to the company's articles of association must be made in accordance with the procedures set out in the company's articles of association. In the event of a company registration, the amendments to the articles of association shall be registered with the relevant registration authorities.

Pursuant to the Company Law, the resolution of a shareholders' meeting regarding any amendment to a company's articles of association requires affirmative votes by more than two-thirds of the votes held by shareholders attending the meeting.

Pursuant to the Guidance for Articles of Association, the company shall amend its articles of association under any of the following circumstances: (i) where, after any amendment to the Company Law or any other applicable law or administrative regulation, the provisions of the articles of association conflict with the law and/or administrative regulations amended; (ii) where the company's circumstances change to such an extent that they are inconsistent with what is recorded in the articles of association; and (iii) where the shareholders' general meeting decides to amend the articles of association.

Dissolution and liquidation

According to the Company Law, a company shall be dissolved for the following reasons:

(i) the term of business stipulated in the articles of association has expired or other events of dissolution specified in the articles of association have occurred;

(ii) the shareholders' meeting resolves to dissolve the company;

(iii) dissolution is necessary due to a merger or division of the company;

(iv) the business license is revoked, or the company is ordered to close down or is revoked in accordance with laws;

(v) where the company encounters serious difficulties in its operation and management and its continuance shall cause a significant loss in the interest of shareholders, and where this cannot be resolved through other means, shareholders who hold more than 10% of the total shareholders' voting rights of the company may present a petition to a people's court for the dissolution of the company.

If any of the situations as mentioned in the preceding paragraph arises, a company shall publicize the situations through the National Enterprise Credit Information Publicity System within 10 days.

Where the company is dissolved in accordance with item (i) above, it may carry on its existence by amending its articles of association or upon a resolution of the shareholders' meeting, which must be approved by more than two-thirds of the voting rights held by the shareholders present at the shareholders' meeting. Where the company is dissolved pursuant to items (i), (ii), (iv) or (v) above, it shall be liquidated. The directors, who are the liquidation obligors of the company, shall form a liquidation group to carry out liquidation within 15 days from the date of occurrence of the cause of dissolution. The liquidation group shall be composed of the directors, unless it is otherwise provided for in the company's articles of association or it is otherwise elected by the shareholders' meeting. The liquidation obligors shall be liable for compensation if they fail to fulfill their obligations of liquidation in a timely manner, and thus any loss is caused to the company or the creditors.

The liquidation group fails to be formed within the time limit or fails to carry out the liquidation after its formation, any interested party may request the people's court to designate relevant persons to form a liquidation group to conduct liquidation. The people's court shall accept such request and organize a liquidation group to carry out the liquidation in a timely manner.

The liquidation group shall exercise the following functions and powers during the liquidation period: (i) to liquidate the company's property and respectively prepare balance sheet and list of property; (ii) to notify creditors by notice or public announcement; (iii) to deal with the outstanding business of the company involved in the liquidation; (iv) to pay all outstanding taxes and taxes arising in the course of liquidation; (v) to liquidate claims and debts; (vi) to distribute the remaining property of the company after paying off debts; (vii) to participate in civil litigations on behalf of the company.

The liquidation group shall notify the company's creditors within 10 days as of its formation and shall make a public announcement in the newspaper or on the National Enterprise Credit Information Publicity System within 60 days. The creditors shall file their proofs of claim with the liquidation group within 30 days as of the receipt of the notice or within 45 days as of the issuance of the public announcement in the case of failing to receive such notice.

The remaining property of the company after the payment of liquidation expenses, employees' wages, social insurance expenses and statutory compensation, outstanding taxes and the company's debts, shall be distributed to shareholders in proportion to their shareholdings. During the liquidation period, the company shall continue to exist but shall not carry out any business activities unrelated to the liquidation. The company's assets shall not be distributed to the shareholders before the liquidation in accordance with the preceding paragraph.

If the liquidation group, having thoroughly examined the company's assets and having prepared a balance sheet and an inventory of assets, discovers that the company's assets are insufficient to pay its debts in full, it shall file an application to a people's court for bankruptcy liquidation. After the people's court accepts the application for bankruptcy, the liquidation group shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

Upon completion of the liquidation, the liquidation group shall prepare a liquidation report to be submitted to the shareholders' meeting or the people's court for confirmation, and submit to the company registration authority to apply for cancellation of the company's registration.

The members of the liquidation group performing their duties of liquidation are obliged to loyalty and diligence. Any member of the liquidation group who neglects to fulfill his/her liquidation duties, thus causing any loss to the company shall be liable for compensation, and any member of the liquidation group who cause any loss to any creditor due to his/her intentional or gross negligence shall be liable for compensation.

Where, after three years since the business license of a company is revoked, or the company is ordered to close down or is revoked, the company fails to apply for its deregistration with the company registration authority, the said authority may announce the company's deregistration through the National Enterprise Credit Information Publicity System for a period of no less than 60 days. If there is no objection after the announcement period expires, the company registration authority may deregister the company.

Overseas listing

According to the Overseas Listing Trial Measures, the domestic enterprise shall report the application documents for issuance and listing to the CSRC for record-filing within three working days after submission of the application documents for issuance and listing overseas. If an issuer issues securities in the same overseas market after overseas issuance and listing, it shall file with the CSRC within three working days after the completion of the issuance. If an issuer issues and lists in other overseas markets after overseas issuance and listing, it shall be filed in accordance with the provisions of the first paragraph of Article 16 of the Overseas Listing Trial Measures.

Loss of share certificates

A shareholder may, in accordance with the public notice procedures set out in the Civil Procedure Law, apply to a people's court if his share certificate(s) in registered form is either stolen, lost or destroyed, for a declaration that such certificate(s) will no longer be valid. After the people's court declared that such certificate(s) will no longer be valid, the shareholder may apply to the company for the issue of a replacement certificate(s).

Suspension and termination of listing

The Company Law has deleted provisions governing suspension and termination of listing. The Securities Law has also deleted provisions regarding suspension of listing. Where listed securities fall under the delisting circumstances stipulated by the stock exchange, the stock exchange shall terminate its listing and trading in accordance with the business rules.

According to the Overseas Listing Trial Measures, in case of active or compulsory termination of listing, the issuer shall report the specific situation to the CSRC within three working days from the date of occurrence and announcement of the relevant matters.

Merger and demerger

A merger agreement shall be signed by merging companies and the involved companies shall prepare respective statements of financial position and inventory of assets. The companies shall within 10 days of the date of passing the resolution approving the merger notify their respective creditors and publicly announce the merger in newspapers or the National Enterprise Credit Information Publicity System within 30 days. A creditor may, within 30 days of receipt of the notification, or within 45 days of the date of the announcement if he has not received the notification, request the company to settle any outstanding debts or provide relevant guarantees. In case of a merger, the credits and debts of the merging parties shall be assumed by the surviving or the new company.

In case of a division, the company's assets shall be divided and a statement of financial position and an inventory of assets shall be prepared. When a resolution regarding the company's division is approved, the company should notify all its creditors within 10 days of the date of passing such resolution and publicly announce the division in newspapers or the National Enterprise Credit Information Publicity System within 30 days. Unless an agreement in writing is reached with creditors before the company's division in respect of the settlement of debts, the liabilities of the company which have accrued prior to the division shall be jointly borne by the divided companies.

Changes in the business registration of the companies as a result of the merger or division shall be registered with the relevant administration authority for industry and commerce.

In accordance with the laws, cancelation of a company shall be registered when a company is dissolved and incorporation of a company shall be registered when a new company is incorporated.

SECURITIES LAW AND REGULATIONS

The Securities Law of the People's Republic of China, which was promulgated by the SCNPC on December 29, 1998, and was latest amended on December 28, 2019 and took effect on March 1, 2020, comprehensively regulating activities in the PRC securities market including issuance and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of securities regulatory authorities, etc. The Securities Law further regulates that a domestic enterprise issuing securities overseas directly or indirectly or listing their securities overseas shall comply with the relevant provisions of the State Council and for subscription and trading of shares of domestic companies using foreign currencies, detailed measures shall be stipulated by the State Council separately. The CSRC is the securities regulatory body set up by the State Council to supervise and administer the securities market according to law, maintain order in the market, and ensure the market operates in a lawful manner. Currently, the issue and trading of H shares are principally governed by the regulations and rules promulgated by the State Council and the CSRC.

According to the Securities Law of the PRC (2019 Revision) (《中華人民共和國證券法 (2019修訂)》) and the Administrative Measures on Acquisition of Listed Companies (《上市公司收購管理辦法》), where the shares held by an investor (including an overseas investor) through securities transactions on a stock exchange or jointly with others through an agreement or other arrangements attain 5% of the issued voting rights shares (including A-shares and H-shares) of a listed company, the investor shall submit a written report to the CSRC and SZSE within three days, notify the listed company and make an announcement. Whenever the investor's shares with voting rights in the said listed company are increased or reduced by 1%, the investor shall notify the listed company on the day following such occurrence, and make an announcement.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

Under the Arbitration Law of the PRC (《中華人民共和國仲裁法》), or the Arbitration Law, last amended by the SCNPC on September 1, 2017 and effective on January 1, 2018, the Arbitration Law is applicable to economic disputes involving foreign parties, and all parties have entered into a written agreement to refer the matter to an arbitration committee constituted in accordance with the Arbitration Law. An arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with relevant regulations under the Arbitration Law and the Civil Procedure Law. Where both parties have agreed to settle disputes by means of arbitration, the people's court will refuse to take legal action brought by a party in the people's court.

Under the Arbitration Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement according to the Civil Procedure Law. If there is evidence to prove that any of the following circumstances exists: the parties have not stipulated an arbitration clause in the contract or have not reached a written arbitration agreement afterwards; the respondent has not been notified of the appointment of the Court of Arbitration or the arbitration proceedings or failed to present views for other reasons for which the respondent is not responsible; the composition of the arbitral tribunal or the arbitration procedures are not in accordance with the arbitration rules; the matters awarded are outside the scope of the arbitration agreement, or the arbitration committee has no jurisdiction to arbitrate, the people's court may rule not to enforce such award. A party seeking to enforce an arbitral award of foreign arbitration commission against a party who or whose property is not within the mainland China shall apply to a foreign court with jurisdiction over the case for recognition and enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the people's court in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC.

According to the Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的安排》) promulgated by the Supreme People's Court on January 24, 2000 and effective on February 1, 2000, and the Supplementary Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排》) promulgated by the Supreme People's Court on November 26, 2020 and effective on November 27, 2020, awards made by arbitral authorities in mainland China can be applied for enforcement in Hong Kong, and Hong Kong arbitration awards can also be applied for enforcement in the mainland China.

Judicial judgment and its enforcement

According to the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the mainland China and of the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) promulgated by the Supreme People's Court on January 25, 2024 and implemented on January 29, 2024, in the case of effective judgment of a civil and commercial case or civil damages in a criminal case made by the court of China and the court of the Hong Kong Special Administrative Region, any party concerned may apply to the People's Court of China or the court of the Hong Kong Special Administrative Region for recognition and enforcement based on this arrangement.