This Appendix summarizes certain aspects of PRC laws and regulations which are relevant to our Company's operations and business. Laws and regulations relating to taxation in the PRC are discussed separately in the section headed "Taxation and Foreign Exchange" in Appendix III to this Document. This Appendix also contains a summary of laws and regulatory provisions of the PRC Company Law. The principal objective of this summary is to provide potential [**REDACTED**] 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 the potential [**REDACTED**]. For a discussion of laws and regulations which are relevant to our Company's business, see "Regulatory Overview" in this Document.

LEGAL SYSTEM IN THE PEOPLE'S REPUBLIC OF CHINA

The legal system in the People's Republic of China (the "PRC") is based on the Constitution of the People's Republic of China (the "Constitution"), comprising written laws, administrative regulations, local regulations, separate regulations, rules of ministries and commissions of the State Council, local government rules, autonomous regulations, separate regulations of autonomous regions, laws of special administrative regions, and international treaties signed by the PRC government as well as other regulatory documents. Court judgments do not constitute binding precedents but may be relied on for judicial reference and guidance.

Pursuant to the Constitution and the Legislation Law of the People's Republic of China (revised by the National People's Congress ("NPC") on March 13, 2023 and effective as of March 15, 2023) (the "Legislation Law"), the NPC and the Standing Committee of the National People's Congress ("NPC Standing Committee") are vested with the legislative power of the State. The NPC has the authority to formulate and amend basic laws governing criminal matters, civil matters, state institutions and other key matters. The NPC Standing Committee is empowered to formulate and amend laws other than those required to be enacted by the NPC, and may partially supplement and amend laws formulated by the NPC during the adjournment of the NPC, provided that such supplements and amendments do not conflict with the basic principles of such laws. The NPC may authorize the NPC Standing Committee to formulate relevant laws.

The State Council is the highest organ of state administration and is entitled to formulate administrative regulations in accordance with the Constitution and laws. The people's congresses of provinces, autonomous regions, and municipalities directly under the Central Government and their standing committees may formulate local regulations in light of the specific circumstances and actual needs of their respective administrative regions, on the condition that such regulations do not contradict the Constitution, laws, and administrative regulations. The people's congresses of cities divided into districts and their standing committees may, in light of the specific circumstances and actual needs of their cities and on the premise of not conflicting with the Constitution, laws, administrative regulations, and local regulations of the provinces or autonomous regions where they are located, formulate local regulations on matters including urban and rural construction and management, ecological civilization construction, protection of historical and cultural heritage, and grassroots governance. If laws stipulate otherwise regarding the matters for which cities divided into districts may formulate local regulations, such provisions shall prevail. Local regulations formulated by cities divided into districts shall come into force only after being reported to and approved by the standing committees of the people's congresses of the respective provinces or autonomous regions. The standing committees of the people's congresses of provinces or autonomous regions shall review the legality of the local regulations submitted for approval and shall grant approval within four months if the regulations are deemed not to conflict with the Constitution, laws, administrative regulations, and local regulations of the provinces or autonomous regions. Where, during the examination for approval of local regulations of cities divided into districts by the standing committees of the people's congresses of provinces or autonomous regions, conflicts are identified with the rules of the people's governments of the provinces or autonomous regions, the standing committees of the people's congresses of provinces or autonomous regions shall make a decision on handling the matter. The people's congresses of ethnic autonomous areas are entitled to formulate autonomous regulations and separate regulations in accordance with the political, economic, and cultural characteristics of the local ethnic groups. Autonomous regulations and separate regulations of autonomous regions shall come into force after being reported to and approved by the NPC Standing Committee. Autonomous regulations and separate regulations of autonomous prefectures and autonomous counties shall come into force after being reported to and approved by the standing committees of the people's congresses of provinces, autonomous regions, or municipalities directly under the Central Government.

Ministries and commissions of the State Council, the People's Bank of China, the National Audit Office, and directly affiliated institutions of the State Council with administrative functions may formulate rules within the scope of their respective functions and powers in accordance with laws, administrative regulations, decisions, and rulings of the State Council.

The Constitution enjoys the highest legal effect, and no laws, administrative regulations, local regulations, autonomous regulations, separate regulations, or rules may contradict the Constitution. Laws shall have higher legal effect than administrative regulations, local regulations, and rules. Administrative regulations shall have higher legal effect than local regulations and rules. Local regulations shall have higher legal effect than the rules of the people's governments at the same level and lower levels. Rules formulated by the people's governments of provinces or autonomous regions shall have higher legal effect than the rules formulated by the people's governments of cities divided into districts and autonomous prefectures within their respective administrative regions.

The NPC has the power to alter or revoke inappropriate laws formulated by the NPC Standing Committee and to revoke autonomous regulations and separate regulations approved by the NPC Standing Committee that violate the Constitution and the provisions of the Legislation Law. The NPC Standing Committee is empowered to revoke administrative regulations that conflict with the Constitution and laws, to revoke local regulations that contradict the Constitution, laws, and administrative regulations, and to revoke autonomous regulations and separate regulations approved by the standing committees of the people's congresses of provinces, autonomous regions, or municipalities directly under the Central Government that violate the Constitution and the provisions of the Legislation Law.

The State Council has the power to alter or revoke any inappropriate departmental rules and local government rules. The people's congresses of provinces, autonomous regions, or municipalities directly under the Central Government are entitled to alter or revoke inappropriate local regulations formulated or approved by their respective standing committees. The standing committees of local people's congresses have the power to revoke inappropriate rules formulated by the people's governments at the same level. The people's governments of provinces or autonomous regions are empowered to alter or revoke inappropriate rules formulated by the people's governments at the next lower level. The authorizing organ has the power to revoke regulations formulated by the authorized organ that exceed the scope of authorization or violate the purpose of authorization, and may revoke the authorization if necessary.

Pursuant to the Constitution and the Legislation Law, the power of legal interpretation is vested in the NPC Standing Committee. Pursuant to the Resolution of the Standing Committee of the National People's Congress on Strengthening the Work of Legal Interpretation (adopted by the NPC Standing Committee on June 10, 1981 and effective on the same date): (i) where it is necessary to further clarify the scope of provisions or make supplementary provisions regarding the content of laws and decrees themselves, such interpretation or supplementary provisions shall be made by the NPC Standing Committee through decrees; (ii) where questions arise concerning the specific application of laws and decrees in the judicial work of people's courts, such questions shall be interpreted by the Supreme People's Court; (iii) where questions arise concerning the specific application of laws and decrees in the procuratorial work of people's procuratorates, such questions shall be interpreted by the Supreme People's Procuratorate; (iv) if there is a fundamental disagreement between the interpretations of the Supreme People's Court and the Supreme People's Procuratorate, the matter shall be reported to the NPC Standing Committee for interpretation or decision; (v) questions concerning the specific application of other laws and decrees that do not fall within the scope of judicial or procuratorial work shall be interpreted by the State Council and the competent departments concerned; (vi) where it is necessary to further define the provisions of local regulations themselves or make supplementary provisions, such interpretation or provisions shall be made by the standing committees of the people's congresses of provinces, autonomous regions, or municipalities directly under the Central Government that formulated such regulations; (vii) the interpretation of questions concerning the specific application of local regulations shall be the responsibility of the competent departments of the people's governments of provinces, autonomous regions, or municipalities directly under the Central Government.

THE PRC JUDICIAL SYSTEM

Pursuant to the Constitution and the Organic Law of the People's Courts of the People's Republic of China (revised by the NPC Standing Committee) on October 26, 2018 and effective as of January 1, 2019), the people's courts comprise the Supreme People's Court, local people's courts at various levels, and special people's courts. Local people's courts at various levels are divided into three tiers, namely grassroots people's courts, intermediate people's courts, and higher people's courts. Grassroots people's courts may establish a number of people's tribunals based on regional circumstances, population size, and case volume. The Supreme People's Court is the highest judicial organ. The Supreme People's Court supervises the judicial work of local people's courts at all levels and special people's courts, and people's courts at higher levels supervise the judicial work of people's courts at lower levels.

Pursuant to the Constitution and the Organic Law of the People's Procuratorates of the People's Republic of China (revised by the NPC Standing Committee on October 26, 2018 and effective as of January 1, 2019), the people's procuratorates are the state organs for legal supervision. The Supreme People's Procuratorate is the highest procuratorial organ. The Supreme People's Procuratorate leads the work of local people's procuratorates at all levels and special people's procuratorates, and people's procuratorates at higher levels lead the work of people's procuratorates at lower levels.

Pursuant to the Civil Procedure Law of the People's Republic of China (the "Civil Procedure Law") (revised by the NPC Standing Committee on September 1, 2023 and effective as of January 1, 2024), the people's courts shall, in accordance with legal provisions, implement a two-instance final judgment system for the trial of civil cases. Judgments and rulings of the people's courts of second instance shall be final and binding. A party dissatisfied with a judgment of first instance rendered by a local people's court shall have the right to appeal to the people's court at the next higher level within 15 days from the date of service of the judgment. A party dissatisfied with a ruling of first instance rendered by a local people's court shall have the right to appeal to the people's court at the next higher level within 10 days from the date of service of the ruling. The president of a people's court at any level may initiate a retrial procedure if definite errors are found in the legally effective judgments, rulings, or mediation agreements rendered by such court. The Supreme People's Court may initiate a retrial procedure if definite errors are found in the legally effective judgments, rulings, or mediation agreements rendered by local people's courts at all levels, and people's courts at higher levels may initiate a retrial procedure if definite errors are found in the legally effective judgments, rulings, or mediation agreements rendered by people's courts at lower levels. Where a local people's procuratorate at any level deems that there are definite errors in the judgment or ruling of first instance rendered by the people's court at the same level, it shall lodge a protest with the people's court at the next higher level. The Supreme People's Procuratorate shall initiate a protest procedure if it finds that a legally effective judgment or ruling rendered by a people's court at any level falls under any of the circumstances specified in Article 211 of the Civil

Procedure Law, or that a mediation agreement impairs national interests or public interests. People's procuratorates at higher levels shall initiate a protest procedure if they find that a legally effective judgment or ruling rendered by people's courts at lower levels falls under any of the circumstances specified in Article 211 of the Civil Procedure Law, or that a mediation agreement impairs national interests or public interests.

The Civil Procedure Law prescribes the requirements for instituting civil proceedings, the jurisdiction of people's courts, the procedures for civil litigation, and the procedures for the enforcement of civil judgments. All parties to civil proceedings conducted within the territory of the PRC must comply with the Civil Procedure Law. Civil cases shall generally be heard by the court at the place where the defendant is domiciled. Parties to a dispute over a contract or other property rights and interests may, by written agreement, choose the people's court at the place where the defendant is domiciled, the place where the contract is performed, the place where the contract is signed, the place where the plaintiff is domiciled, the place where the subject matter of the action is located, or any other place having an actual connection with the dispute as the court of jurisdiction, provided that such choice does not violate the provisions of the Civil Procedure Law on hierarchical jurisdiction and exclusive jurisdiction.

Foreign individuals, stateless persons, foreign enterprises, and organizations shall have equal litigation rights and obligations with Chinese citizens, legal persons, and other organizations when instituting legal proceedings or responding to litigation in the people's courts. If a foreign court restricts the civil litigation rights of Chinese citizens, legal persons, and other organizations, the people's courts shall apply the principle of reciprocity to the civil litigation rights of citizens, enterprises, and organizations of that foreign country. Where foreign individuals, stateless persons, foreign enterprises, or organizations need to entrust a lawyer to act as their agent in litigation when instituting legal proceedings or responding to litigation in the people's courts, they must entrust a lawyer practicing within the territory of the PRC. Pursuant to international treaties concluded or acceded to by the PRC, or in accordance with the principle of reciprocity, people's courts and foreign courts may request each other to render assistance in the service of documents, investigation and collection of evidence, and other litigation acts. If the matter for which assistance is requested by a foreign court is prejudicial to the sovereignty, security, or public interests of the PRC, the people's court shall refuse to execute such request.

Parties must perform legally effective civil judgments and rulings. If one party refuses to perform, the other party may apply to the people's court for enforcement within two years. The suspension and interruption of the time limit for application for enforcement shall be governed by the provisions of law on the suspension and interruption of the statute of limitations. Where a legally effective judgment or ruling rendered by a people's court requires enforcement, but the person subject to enforcement or their property is not within the territory of the PRC, the party requesting enforcement may directly apply to a competent foreign court for recognition and enforcement, or the people's court may, pursuant to the provisions of international treaties concluded or acceded to by the PRC or in accordance with the principle of reciprocity, request the foreign court for recognition and enforcement. Where a legally effective judgment or ruling rendered by a foreign court requires recognition and enforcement by a people's court, the party concerned may directly apply to a competent intermediate people's court for recognition and enforcement, or the foreign court may, pursuant to the provisions of international treaties concluded or acceded to by that country and the PRC or in accordance with the principle of reciprocity, request the people's court for recognition and enforcement. After reviewing a request for recognition and enforcement of a legally effective judgment or ruling rendered by a foreign court in accordance with international treaties concluded or acceded to by the PRC or the principle of reciprocity, if the people's court deems that such judgment or ruling does not violate the basic principles of PRC law and does not prejudice national sovereignty, security, or public interests, it shall render a ruling recognizing its validity; if enforcement is required, it shall issue an enforcement order and enforce it in accordance with the relevant provisions of the Civil Procedure Law.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

Pursuant to the Arbitration Law of the People's Republic of China (the "Arbitration Law") (revised by the Standing Committee of the National People's Congress ("NPC Standing Committee") on September 1, 2017 and effective as of January 1, 2018), contractual disputes and other disputes over property rights and interests arising between citizens, legal entities and other organizations as equal subjects may be submitted to arbitration. Parties choosing arbitration to resolve disputes shall act voluntarily and enter into an arbitration agreement. In the absence of an arbitration agreement, if one party applies for arbitration, the arbitration commission shall refuse to accept the application. Where the parties have entered into an arbitration agreement and one party initiates legal proceedings with a people's court, the people's court shall refuse to accept the case, save where the arbitration agreement is invalid.

Pursuant to the Arbitration Law, a one-arbitration-final award system applies to arbitration. After an arbitral award is rendered, if either party applies for arbitration again or initiates legal proceedings with a people's court in respect of the same dispute, the arbitration commission or the people's court shall refuse to accept the application or lawsuit. If an arbitral award is revoked or refused enforcement by a people's court in accordance with the law, the parties may apply for arbitration in respect of the dispute based on a newly concluded arbitration agreement or initiate legal proceedings with a people's court. The parties shall perform the arbitral award. If one party fails to perform the award, the other party may apply to a people's court for enforcement in accordance with the relevant provisions of the Civil Procedure Law. The people's court receiving the application shall enforce the award.

Pursuant to the Civil Procedure Law, where a dispute has been arbitrated by a Chinese foreign-related arbitration institution, the parties shall not initiate legal proceedings with a people's court. If one party fails to perform the arbitral award, the other party may apply to the intermediate people's court at the place where the respondent is domiciled or where the respondent's property is located for enforcement.

In respect of an award made by a Chinese foreign-related arbitration institution, if the respondent provides evidence proving that the arbitral award falls under any of the following circumstances, the people's court may, after verification upon review, rule to refuse enforcement: (i) there was no arbitration clause in the contract or no written arbitration agreement was concluded subsequently; (ii) the respondent was not notified of the appointment of an arbitrator or the conduct of the arbitration proceedings, or was unable to present its opinions due to other reasons not attributable to the respondent; (iii) the composition of the arbitration tribunal or the arbitration procedure was inconsistent with the arbitration rules; (iv) the matters ruled upon are beyond the scope of the arbitration agreement or the arbitration institution had no jurisdiction to arbitrate such matters.

For a legally effective arbitral award rendered in accordance with the law within the territory of the PRC, if the party requesting enforcement finds that the person subject to enforcement or their property is not within the territory of the PRC, the party may directly apply to a competent foreign court for recognition and enforcement. Similarly, where a legally effective judgment or ruling made by a foreign court requires recognition and enforcement by a people's court, the relevant party may directly apply to a competent intermediate people's court for recognition and enforcement, or the foreign court may request the people's court for recognition and enforcement in accordance with the provisions of international treaties concluded or acceded to by that country and the PRC or based on the principle of reciprocity.

Pursuant to the Arrangement of the Supreme People's Court Concerning the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (promulgated by the Supreme People's Court on January 24, 2000 and effective as of

February 1, 2000) and the Supplementary Arrangement of the Supreme People's Court for the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (promulgated by the Supreme People's Court on November 26, 2020 and effective as of November 27, 2020 and May 19, 2021), awards made by arbitration institutions within the territory of the PRC may be applied for enforcement in Hong Kong, and Hong Kong arbitral awards may also be applied for enforcement within the territory of the PRC.

THE COMPANY LAW, THE TRIAL MEASURES FOR THE ADMINISTRATION OF OVERSEAS SECURITIES OFFERING AND LISTING BY DOMESTIC ENTERPRISES AND THE GUIDELINES FOR THE ARTICLES OF ASSOCIATION OF LISTED COMPANIES

A joint stock limited company incorporated within the territory of the PRC intending to list on The Stock Exchange of Hong Kong Limited is primarily subject to the constraints of the following PRC laws and regulations.

The Company Law was last revised on December 29, 2023 and became effective as of July 1, 2024.

The Trial Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises (the "Trial Measures") and the relevant explanatory guidelines (promulgated by the China Securities Regulatory Commission ("CSRC") on February 17, 2023 and effective as of March 31, 2023) apply to domestic companies in the PRC directly or indirectly offering securities overseas or listing their securities for trading overseas.

Pursuant to the Trial Measures and its explanatory guidelines, domestic companies directly offering and listing securities overseas shall formulate their articles of association with reference to the Guidelines for the Articles of Association of Listed Companies (promulgated and amended from time to time by the CSRC), and the Essential Clauses for the Articles of Association of Companies Listed Overseas shall cease to apply as of March 31, 2023.

Set out below is a summary of the key provisions of the Company Law, the Trial Measures and the Guidelines for the Articles of Association of Listed Companies applicable to the Company.

General Provisions

A joint stock limited company is a corporate legal person incorporated in accordance with the Company Law, with its registered capital divided into shares of equal par value. Shareholders shall be liable to the company to the extent of the shares held by them, and the company shall be liable for its debts to the extent of all its assets.

A company shall conduct its business activities in compliance with laws and regulations, social morality and business ethics, act in good faith, and accept supervision by the government and the general public.

A company may invest in other enterprises. If laws stipulate that a company shall not become a capital contributor liable for joint and several liability for the debts of the invested enterprise, such provisions shall prevail.

Incorporation

A joint stock limited company may be incorporated by way of promotion or public offer. To incorporate a joint stock limited company, there shall be not less than one and not more than 200 promoters, of whom more than half shall have their domiciles within the territory of the PRC. Where a joint stock limited company is incorporated by way of promotion, the promoters shall subscribe for all the shares to be issued at the time of the company's incorporation as stipulated in the articles of association. Where a joint stock limited company is incorporated by way of public offer, the shares subscribed for by the promoters shall not be less than 35% of the total shares to be issued at the time of the company's incorporation as stipulated in the articles of association; however, if laws or administrative regulations provide otherwise, such provisions shall prevail.

The promoters of a joint stock limited company incorporated by way of public offer shall convene an establishment meeting within 30 days from the date on which the subscription monies for the shares to be issued at the time of the company's incorporation are fully paid. The promoters shall notify each subscriber of the date of the establishment meeting or publish an announcement thereof 15 days prior to the convening of the meeting. The establishment meeting may only be held if subscribers holding more than half of the voting rights are present. The procedures for convening and voting at the establishment meeting of a joint stock limited company incorporated by way of promotion shall be stipulated by the articles of association or the promoters' agreement. The establishment meeting may deliberate on the promoters' report on the preparation of the company, adopt the articles of association, elect directors, audit the company's establishment expenses, etc.

The board of directors shall authorize a representative to apply for registration of incorporation with the company registration authority within 30 days from the conclusion of the company's establishment meeting. A legally incorporated company shall be issued a business license by the company registration authority. The date of issuance of the business license shall be the date of the company's incorporation.

Registered Shares

Pursuant to the Company Law, shareholders may make capital contributions in currency, or in non-monetary assets such as physical assets, intellectual property rights, land use rights, equity interests, and creditor's rights that can be monetarily valued and legally transferred; provided, however, that assets prohibited from being used as capital contributions by laws or administrative regulations are excluded.

Pursuant to the Trial Measures, domestic enterprises offering and listing securities overseas may raise funds and distribute dividends in foreign currency or Renminbi.

Under the Company Law, a joint stock limited company shall maintain a register of shareholders and keep it at the company. The register of shareholders shall record the following matters: (i) the name and domicile of each shareholder; (ii) the type and number of shares subscribed for by each shareholder; (iii) the serial numbers of shares if issued in paper form; (iv) the date on which each shareholder acquired the shares.

Allotment and Issuance of Shares

The issuance of shares shall be conducted in accordance with the principles of fairness and impartiality, and each share of the same class shall carry equal rights. For shares of the same class issued in the same offering, the issuance conditions and price per share shall be the same; all subscribers shall pay the same amount per share subscribed for. The issue price of par value shares may be equal to or exceed the par value, but shall not be lower than the par value.

Domestic enterprises offering and listing securities overseas shall complete the filing with the CSRC in accordance with the provisions of the Trial Measures, submit the filing report, legal opinions and other relevant materials, and truthfully, accurately and completely disclose information such as shareholder details. For domestic enterprises directly offering and listing securities overseas, the issuer shall complete the filing with the CSRC.

Increase in share capital

Pursuant to the Company Law, for a joint stock limited company to issue new shares, the shareholders' general meeting shall adopt a resolution specifying the type and amount of new shares, the issue price of new shares, the start and end dates of the new share issuance, and the type and amount of new shares to be issued to existing shareholders (if any). For the issuance of no-par value shares, the resolution shall specify the amount of proceeds from the new share issuance to be credited to the registered capital. In addition, if a company publicly offers shares to the public, it shall be registered with the securities regulatory authority of the State Council (i.e., the CSRC) and publish a prospectus.

Reduction in Share Capital

Pursuant to the Company Law, a company may reduce its registered capital in accordance with the following procedures: (i) prepare a balance sheet and an inventory of assets; (ii) the company's shareholders' general meeting adopts a resolution to reduce the registered capital; (iii) the company shall notify its creditors within 10 days from the date of the resolution to reduce the registered capital and publish an announcement in newspapers or on the National Enterprise Credit Information Publicity System within 30 days; (iv) creditors shall have the right to request the company to settle debts or provide corresponding guarantees within 30 days from the date of receiving the notification, or within 45 days from the date of the announcement if no notification is received; (v) when reducing its registered capital, the company shall complete the registration of changes with the company registration authority in accordance with the law.

When a company reduces its registered capital, it shall reduce the capital contribution or shareholding proportionally to the capital contribution or shares held by each shareholder, unless otherwise provided by laws, agreed by all shareholders of a limited liability company, or stipulated in the articles of association of a joint stock limited company.

Share Repurchase

Pursuant to the Company Law, a company shall not repurchase its own shares, except in any of the following circumstances:

(i) reduction of the company's registered capital; (ii) merger with another company that holds the company's shares; (iii) use of the shares for employee stock ownership plans or equity incentive plans; (iv) shareholders who vote against a resolution of the shareholders' general meeting on the company's merger or division have the right to require the company to repurchase their shares; (v) use of the shares for conversion of convertible corporate bonds issued by the listed company; (vi) it is necessary in order to maintain the company's value and protect shareholders' rights and interests.

Repurchase of shares under circumstances (i) to (ii) above shall be approved by a resolution of the shareholders' general meeting; repurchase of shares under circumstances (iii), (v) and (vi) above may be approved by a resolution of the board of directors with the attendance of more than two-thirds of all directors, in accordance with the articles of association or authorization from the shareholders' general meeting.

After a company repurchases its shares in accordance with the above provisions: (a) shares repurchased under circumstance (i) above shall be deregistered within 10 days from the date of repurchase; (b) shares repurchased under circumstances (ii) and (vi) above shall be transferred or deregistered within six months; (c) shares repurchased under circumstances (iii), (v) and (vi) above shall not exceed 10% of the company's total issued shares in aggregate, and shall be transferred or deregistered within three years.

Transfer of Shares

Pursuant to the Company Law, shares held by shareholders may be transferred in accordance with the law. Shareholders of a joint stock limited company shall transfer their shares on a legally established securities trading venue or by other means prescribed by the State Council. The transfer of shares shall be conducted by shareholders through endorsement or other means specified by laws or administrative regulations; after the transfer, the company shall record the transferee's name and domicile in the register of shareholders. No changes may be made to the register of shareholders within 20 days prior to the convening of a shareholders' general meeting or within five days prior to the record date for dividend distribution decided by the company. If laws, administrative regulations or the securities regulatory authority of the State Council have other provisions on changes to the register of shareholders of listed companies, such provisions shall prevail.

Under the Company Law, shares issued before the company's establishment shall not be transferred within one year from the date on which the company's shares are listed and traded on a securities exchange. Directors, supervisors and senior management personnel of the company shall declare to the company the shares they hold and any changes thereto; during their term of office as determined upon appointment, the number of shares transferred each year shall not exceed 25% of the total shares they hold in the company; the shares they hold shall not be transferred within one year from the date on which the company's shares are listed and traded. Within six months after the aforementioned personnel resign from their positions, they shall not transfer the shares they hold in the company. The articles of association may stipulate other restrictive provisions on the transfer of shares in the company held by directors, supervisors and senior management personnel.

If shares are pledged during the restricted transfer period specified by laws or administrative regulations, the pledgee shall not exercise the pledge right during such restricted period.

Shareholders

Pursuant to the Company Law and the Guidelines for the Articles of Association of Listed Companies, the rights of the company's shareholders include: (i) receiving dividends and other forms of profit distribution in proportion to the shares held; (ii) legally requesting the convening, calling, presiding over, attending, or appointing a proxy to attend the shareholders' general meeting and exercising corresponding voting rights; (iii) supervising the company's operations and putting forward suggestions or inquiries; (iv) transferring, gifting, or pledging the shares held in accordance with the provisions of laws, administrative regulations and the articles of association; (v) inspecting and copying the articles of association, register of shareholders, minutes of shareholders' general meetings, resolutions of board meetings, and financial accounting reports; eligible shareholders may inspect the company's accounting books and vouchers; (vi) participating in the distribution of the company's remaining assets in proportion to the shares held upon the company's termination or liquidation; (vii) requesting the company to repurchase their shares if they object to the resolution of the shareholders' general meeting on the company's merger or division; (viii) other rights stipulated by laws, administrative regulations, departmental rules or the articles of association.

The obligations of the company's shareholders include: (i) complying with laws, administrative regulations and the articles of association; (ii) paying the contribution in accordance with the subscribed shares and the method of capital contribution; (iii) not withdrawing the share capital except in circumstances specified by laws or regulations; (iv) not abusing shareholders' rights to harm the interests of the company or other shareholders; not abusing the company's independent legal personality and limited shareholder liability to harm the interests of the company's creditors; (v) other obligations stipulated by laws, administrative regulations and the articles of association.

Shareholders' General Meeting

Pursuant to the Company Law, the shareholders' general meeting of a joint stock limited company shall be composed of all shareholders. As the supreme governing body of the company, the shareholders' general meeting shall exercise the following powers: (i) elect and replace directors and supervisors, and determine matters relating to their remuneration; (ii) deliberate and approve the report of the board of directors; (iii) deliberate and approve the report of the board of supervisors; (iv) deliberate and approve the company's profit distribution plan and loss offset plan; (v) adopt resolutions on the increase or decrease of the company's registered capital; (vi) adopt resolutions on the issuance of corporate bonds; (vii) adopt resolutions on the merger, division, dissolution, liquidation or change of the company's form; (viii) amend the articles of association; (ix) exercise other powers stipulated in the articles of association.

Pursuant to the Company Law, the shareholders' general meeting shall be convened once a year as an annual general meeting. An extraordinary shareholders' general meeting shall be convened within two months upon the occurrence of any of the following circumstances: (i) the number of directors is less than the number prescribed by the Company Law or two-thirds of the number specified in the articles of association; (ii) the company's accumulated unrecovered losses amount to one-third of the total share capital; (iii) requested by shareholders individually or collectively holding 10% or more of the company's shares; (iv) deemed necessary by the board of directors; (v) proposed by the board of supervisors; (vi) other circumstances stipulated in the articles of association.

The shareholders' general meeting shall be convened by the board of directors and presided over by the chairman of the board. If the chairman is unable to perform or fails to perform his/her duties, the vice chairman shall preside over the meeting. If the vice chairman is also unable to perform or fails to perform his/her duties, a director jointly elected by more than half of all directors shall preside over the meeting.

If the board of directors is unable to perform or fails to perform its duty of convening the shareholders' general meeting, the board of supervisors shall promptly convene and preside over such meeting; if the board of supervisors also fails to do so, shareholders individually or collectively holding 10% or more of the company's shares for more than 90 consecutive days may convene and preside over the meeting on their own initiative.

Where shareholders individually or collectively holding 10% or more of the company's shares request the convening of an extraordinary shareholders' general meeting, the board of directors and the board of supervisors shall, within 10 days from the date of receiving such request, decide whether to convene the meeting and respond to the shareholders in writing.

To convene a shareholders' general meeting, notice specifying the time, venue and matters to be deliberated shall be given to all shareholders 20 days prior to the meeting; for an extraordinary shareholders' general meeting, such notice shall be given 15 days prior to the meeting.

Shareholders individually or collectively holding 10% or more of the company's shares may submit interim proposals in writing to the board of directors 10 days prior to the convening of the shareholders' general meeting. Interim proposals shall include clear topics and specific matters for resolution. The board of directors shall notify other shareholders within two days of receiving the proposals and submit such interim proposals to the shareholders' general meeting for deliberation, provided that the interim proposals do not violate laws, administrative regulations or the articles of association, and fall within the scope of powers of the shareholders' general meeting. The company shall not increase the shareholding ratio of the shareholder(s) submitting the interim proposals.

Pursuant to the Company Law, where a shareholder entrusts a proxy to attend the shareholders' general meeting, the scope of authority, powers and term of the proxy shall be clearly specified. The proxy shall submit a power of attorney issued by the shareholder to the company and exercise voting rights within the authorized scope.

Pursuant to the Company Law, each shareholder attending the shareholders' general meeting shall have one vote per share held, save for holders of classified shares. Shares of the company held by the company itself shall carry no voting rights.

For the election of directors and supervisors at the shareholders' general meeting, a cumulative voting system may be adopted in accordance with the provisions of the articles of association or a resolution of the shareholders' general meeting. The cumulative voting system means that when the shareholders' general meeting elects directors or supervisors, each share shall have voting rights equal to the number of directors or supervisors to be elected, and the voting rights held by shareholders may be exercised collectively.

Pursuant to the Company Law and the Guidelines for the Articles of Association of Listed Companies, resolutions adopted by the shareholders' general meeting shall require the affirmative votes of shareholders representing more than half of the voting rights held by those attending the meeting.

Resolutions regarding the amendment of the articles of association, increase or decrease of registered capital, merger, division, dissolution or change of the company's form shall require the affirmative votes of shareholders representing more than two-thirds of the voting rights held by those attending the meeting.

Directors

Pursuant to the Company Law, a joint stock limited company shall establish a board of directors with no fewer than three members. The term of office of directors shall be stipulated in the articles of association, but each term shall not exceed three years. A director may be re-elected upon the expiration of his/her term of office.

The board of directors shall hold at least two meetings each year. Notice of each meeting shall be given to all directors and supervisors 10 days in advance. Shareholders representing more than one-tenth of the voting rights, more than one-third of the directors, or the board of supervisors may propose the convening of an extraordinary board meeting. The chairman of the board shall convene and preside over the board meeting within 10 days of receiving such proposal. For extraordinary board meetings, the board of directors may determine other methods and time limits for giving notice of the meeting.

The board of directors shall exercise the following powers: (i) convene the shareholders' general meeting and report its work thereto; (ii) implement the resolutions adopted by the shareholders' general meeting; (iii) determine the company's business plans and investment plans; (iv) formulate the company's profit distribution plan and loss offset plan; (v) formulate plans for the increase or decrease of the company's registered capital and the issuance of corporate bonds; (vi) formulate plans for the company's merger, division, dissolution or change of form; (vii) determine the establishment of the company's internal management structure; (viii) decide on the appointment or dismissal of the company's general manager and matters relating to his/her remuneration; decide on the appointment or dismissal of the company's deputy general manager and chief financial officer and matters relating to their remuneration upon the nomination of the general manager; (ix) formulate the company's basic management systems; (x) exercise other powers stipulated in the articles of association or authorized by the shareholders' general meeting.

A board meeting may only be held if more than half of the directors are present. Resolutions of the board of directors shall be adopted by more than half of all directors. Directors shall attend board meetings in person; if a director is unable to attend due to special circumstances, he/she may entrust another director in writing to attend on his/her behalf, and the power of attorney shall specify the scope of authorization. Directors shall be liable for the resolutions adopted by the board. If a resolution of the board violates laws, administrative regulations, the articles of association or resolutions of the shareholders' general meeting and causes serious losses to the company, the directors who participated in the adoption of such resolution shall be liable for compensation to the company; however, a director may be exempted from liability if it is proven that he/she expressed an objection during the voting and such objection was recorded in the meeting minutes.

Pursuant to the Company Law, the following persons shall not be eligible to serve as a director of the company: (i) persons without capacity for civil conduct or with limited capacity for civil conduct; (ii) persons who have been sentenced to criminal punishment for embezzlement, bribery, seizure of property, misappropriation of property or disrupting the order of the socialist market economy, or who have been deprived of political rights due to a crime, where less than five years have passed since the expiration of the criminal sentence; or persons who have been declared probation, where less than two years have passed since the expiration of the probation period; (iii) persons who served as directors, factory managers or general managers of companies or enterprises that went bankrupt and liquidated, and who were personally liable for the bankruptcy of such companies or enterprises, where less than three years have passed since the completion of the bankruptcy liquidation; (iv) persons who served as legal representatives of companies or enterprises whose business licenses were revoked or who were ordered to close down due to violations of law, and who were personally liable therefor, where less than three years have passed since the revocation of the business license or the order to close down; (v) persons who have been listed as dishonest judgment debtors by the people's court due to failure to repay substantial mature debts.

The board of directors shall have one chairman and may have one or more vice chairmen. The chairman and vice chairmen shall be elected by more than half of all directors. The chairman shall exercise the following powers (including but not limited to): (i) preside over the shareholders' general meeting and convene and preside over board meetings; (ii) supervise and inspect the implementation of resolutions of the board of directors; (iii) exercise other powers authorized by the board of directors.

Audit Committee

A joint stock limited company may, in accordance with the provisions of its articles of association, establish an audit committee composed of directors within the board of directors to exercise the powers of the board of supervisors as stipulated by the Company Law, in which case the company shall not have a board of supervisors or supervisors.

The audit committee shall consist of not fewer than three members, with more than half of the members not holding any position other than director in the company and not having any relationship with the company that may affect their independent and objective judgment. Employee representatives among the company's board members may serve as members of the audit committee. Resolutions of the audit committee shall be approved by a majority of its members. Each member shall have one vote in respect of the voting on audit committee resolutions.

The methods of discussion and voting procedures of the audit committee shall be stipulated by the articles of association, save as otherwise provided by the Company Law.

Manager and Senior Management

Pursuant to the Company Law, a joint stock limited company shall have a manager, whose appointment or dismissal shall be decided by the board of directors. The manager shall be accountable to the board of directors and exercise powers in accordance with the provisions of the articles of association or the authorization of the board of directors. The manager shall attend board meetings as a non-voting participant.

Pursuant to the Company Law, senior management refers to the company's manager, deputy manager, chief financial officer, secretary to the board of directors of a listed company, and other personnel as stipulated by the articles of association.

Duties of Directors and Senior Management

Pursuant to the Company Law, directors and senior management shall owe a fiduciary duty of loyalty to the company, take measures to avoid conflicts of interest between their own interests and those of the company, and shall not seek improper interests by virtue of their powers. Directors and senior management shall owe a fiduciary duty of care to the company, and in performing their duties, shall exercise the reasonable care that a prudent manager would ordinarily exercise in the best interests of the company.

Directors and senior management shall not engage in the following acts: (i) embezzling the company's property or misappropriating the company's funds; (ii) depositing the company's funds into accounts opened in their own names or in the names of other individuals; (iii) offering bribes or accepting other illegal gains by virtue of their powers; (iv) accepting commissions from transactions between others and the company and retaining such commissions for personal gain; (v) disclosing the company's secrets without authorization; (vi) other acts in violation of the fiduciary duty of loyalty to the company.

Where a director or senior management enters into a contract or conducts a transaction with the company directly or indirectly, he/she shall report matters relating to the conclusion of the contract or transaction to the board of directors or the shareholders' general meeting, and obtain the approval of the board of directors or the shareholders' general meeting in accordance with the provisions of the articles of association.

The preceding paragraph shall apply where the close relatives of directors or senior management, enterprises directly or indirectly controlled by directors, senior management or their close relatives, or other related parties having an affiliated relationship with directors or senior management enter into a contract or conduct a transaction with the company.

Directors and senior management shall not use their positional advantages to seek business opportunities belonging to the company for themselves or others, save in any of the following circumstances: (i) the matter is reported to the board of directors or the shareholders' general meeting and approved by resolution in accordance with the provisions of the articles of association; (ii) the company is unable to utilize the business opportunity pursuant to the provisions of laws, administrative regulations or the articles of association.

Without reporting to the board of directors or the shareholders' general meeting and obtaining approval by resolution in accordance with the provisions of the articles of association, directors or senior management shall not engage in business operations of the same type as that of the company in which they hold office, either on their own behalf or on behalf of others.

Where directors or senior management violate the provisions of laws, administrative regulations or the articles of association in performing their duties and cause losses to the company, they shall be liable for compensation.

Finance and Accounting

Pursuant to the Company Law, a company shall establish its financial and accounting systems in accordance with the provisions of laws, administrative regulations and the financial department of the State Council. The company shall prepare a financial accounting report at the end of each accounting year, which shall be audited by an accounting firm in accordance with the law. The financial accounting report shall be prepared in accordance with the provisions of laws, administrative regulations and the financial department of the State Council.

The financial accounting report of a joint stock limited company shall be made available at the company for inspection by shareholders 20 days prior to the convening of the annual shareholders' general meeting. A joint stock limited company that publicly issues shares shall announce its financial accounting report.

When distributing the after-tax profits of the current year, the company shall allocate 10% of the profits to the company's statutory common reserve fund. Where the accumulated amount of the company's statutory common reserve fund reaches 50% or more of the company's registered capital, no further allocation shall be required. If the company's statutory common reserve fund is insufficient to make up for the losses of previous years, the current year's profits shall first be used to make up for such losses before allocating the statutory common reserve fund in accordance with the preceding provisions.

After allocating the statutory common reserve fund from the after-tax profits, the company may, upon a resolution of the shareholders' general meeting, allocate an additional discretionary common reserve fund from the after-tax profits.

The premium proceeds obtained by a joint stock limited company from the issuance of shares at an issue price exceeding the par value of the shares, the portion of the proceeds from the issuance of no-par value shares that is not credited to the registered capital, and other items required by the financial department of the State Council to be included in the capital reserve shall be classified as the company's capital reserve.

The company's reserve funds shall be used to make up for the company's losses, expand the company's production and business operations, or convert into an increase in the company's registered capital. When using reserve funds to make up for losses, the company shall first use the discretionary common reserve fund and the statutory common reserve fund; if the losses still cannot be fully covered, the capital reserve may be used in accordance with relevant provisions. When converting the statutory common reserve fund into an increase in registered capital, the remaining amount of such reserve fund shall not be less than 25% of the company's registered capital prior to the conversion.

A company shall not establish any accounting books other than the statutory accounting books. No company funds may be deposited into accounts opened in the name of any individual.

Appointment and Dismissal of Accounting Firms

Pursuant to the Company Law, the appointment or dismissal of an accounting firm responsible for auditing the company shall be determined by the shareholders' general meeting, the board of directors, or the board of supervisors in accordance with the provisions of the articles of association. When the shareholders' general meeting, the board of directors, or the board of supervisors votes on the dismissal of an accounting firm, the accounting firm shall be entitled to present its views. The company shall provide the engaged accounting firm with true and complete accounting vouchers, accounting books, financial accounting reports, and other accounting information, and shall not refuse to provide, conceal, or falsely report such information.

Pursuant to the Guidelines for the Articles of Association of Listed Companies, the company shall ensure that it provides the engaged accounting firm with true and complete accounting vouchers, accounting books, financial accounting reports, and other accounting information, and shall not refuse to provide, conceal, or falsely report such information. The audit fees of the accounting firm shall be determined by the shareholders' general meeting.

Profit Distribution

Pursuant to the Company Law, a joint stock limited company shall distribute profits in proportion to the number of shares held by each shareholder, unless the articles of association of the joint stock limited company stipulates otherwise. No profits shall be distributed in respect of the shares of the company held by the company itself.

Pursuant to the Company Law, if a company distributes profits to shareholders in violation of the provisions of the Company Law, the shareholders shall refund the profits distributed in violation of the provisions to the company. If such violation causes losses to the company, the shareholders, as well as the liable directors, supervisors, and senior management, shall be liable for compensation.

Dissolution and Liquidation

Pursuant to the Company Law, a company shall be dissolved for any of the following reasons: (i) the expiration of the business term stipulated in the articles of association or the occurrence of other dissolution events specified in the articles of association; (ii) dissolution resolved by the shareholders' general meeting; (iii) dissolution required due to the merger or division of the company; (iv) revocation of the business license, order to close down, or revocation in accordance with the law; (v) where the company encounters serious difficulties in its operation and management, the continued existence of the company will cause substantial losses to the interests of shareholders, and such difficulties cannot be resolved through other means, shareholders holding 10% or more of the total voting rights of all shareholders of the company may request the people's court to dissolve the company.

Where a company has any of the dissolution events specified above, it shall publicize such matter through the National Enterprise Credit Information Publicity System within 10 days.

If a company is dissolved pursuant to items (i) or (ii) above and has not yet distributed its assets to shareholders, it may continue to exist by amending its articles of association or adopting a resolution at the shareholders' general meeting. Such amendment to the articles of association or resolution at the shareholders' general meeting shall require the affirmative votes of shareholders representing more than two-thirds of the voting rights held by those attending the shareholders' general meeting.

Where a company is dissolved pursuant to items (i), (ii), (iv), or (v) above, it shall conduct liquidation. The directors shall be the liquidation obligors of the company and shall form a liquidation group to conduct liquidation within 15 days from the date of the occurrence of the dissolution event. The liquidation group shall be composed of directors, unless otherwise stipulated in the articles of association or otherwise elected by resolution of the shareholders' general meeting. If the liquidation obligors fail to perform their liquidation obligations in a timely manner and cause losses to the company or its creditors, they shall be liable for compensation.

If a liquidation group is not established within the time limit for liquidation, or the liquidation group fails to conduct liquidation after its establishment, interested parties may apply to the people's court to appoint relevant personnel to form a liquidation group for liquidation. The people's court shall accept such application and promptly organize the formation of a liquidation group to conduct liquidation.

The liquidation group shall exercise the following powers during the liquidation period: (i) verify the company's assets and prepare a balance sheet and an inventory of assets separately; (ii) notify and publicly announce the creditors; (iii) handle the company's outstanding business related to the liquidation; (iv) pay off the outstanding taxes and the taxes incurred during the liquidation process; (v) settle the claims and debts; (vi) distribute the remaining assets of the company after the settlement of debts; (vii) represent the company in civil litigation activities.

The liquidation group shall notify the company's creditors within 10 days from the date of its establishment and publish an announcement in newspapers or on the National Enterprise Credit Information Publicity System within 60 days. Creditors shall declare their claims to the liquidation group within 30 days from the date of receiving the notification, or within 45 days from the date of the announcement if no notification is received.

After the company's property has been used to pay the liquidation expenses, employees' wages, social insurance premiums, statutory compensation, settle the outstanding taxes, and discharge the company's debts, the remaining assets shall be distributed by the company in proportion to the number of shares held by the shareholders. During the liquidation period, the company shall continue to exist but shall not engage in any business activities unrelated to the liquidation. No part of the company's property shall be distributed to shareholders prior to the completion of the settlement in accordance with the preceding paragraph.

After the liquidation group has thoroughly verified the company's property and prepared the balance sheet and inventory of assets, if it finds that the company's property is insufficient to settle its debts, it shall apply to the people's court for bankruptcy liquidation. After the people's court accepts the bankruptcy application, the liquidation group shall hand over the liquidation matters to the bankruptcy administrator appointed by the people's court.

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

The members of the liquidation group shall owe a fiduciary duty of loyalty and diligence in the performance of their liquidation duties. Any member of the liquidation group who neglects to perform his/her liquidation duties and thereby causes losses to the company shall be liable for compensation; if they cause losses to the creditors due to intent or gross negligence, they shall be liable for compensation.

Overseas Listing

Pursuant to the Trial Measures, where an issuer conducts an initial public offering or listing overseas, it shall complete the filing with the CSRC within three working days after submitting the offering and listing application documents overseas. After an issuer completes its overseas offering and listing, if it issues securities in the same overseas market, it shall complete the filing with the CSRC within three working days after the completion of the issuance. If an issuer issues and lists securities in other overseas markets subsequent to its initial overseas offering and listing, it shall complete the filing pursuant to the provisions of the Trial Measures. In addition, if the filing materials are complete and in compliance with relevant provisions, the CSRC shall complete the filing within 20 working days from the date of receiving the filing materials and disclose the filing information through its official website. If the filing materials are incomplete or do not comply with relevant provisions, the CSRC shall notify the issuer of the materials to be supplemented within five working days from the date of receiving the filing materials. The issuer shall supplement the required materials within 30 working days.

Loss of Share Certificates

Pursuant to the Company Law, if a share certificate is stolen, lost, or destroyed, the shareholder may, in accordance with the public notice procedure stipulated in the Civil Procedure Law, request the people's court to declare the share certificate void. After the people's court declares the share certificate void, the shareholder may apply to the company for a replacement share certificate.

Suspension and Termination of Listing

The Company Law has deleted the provisions relating to the suspension and termination of listing. The Securities Law of the People's Republic of China has also deleted the provisions relating to the suspension of listing. If a listed security falls under any delisting circumstance specified by the stock exchange, the stock exchange shall terminate its listing and trading pursuant to its business rules. The Company shall comply with the provisions on the suspension and termination of listing set out in the Rules Governing the Listing of Stocks on Shenzhen Stock Exchange in respect of its A-shares.

Pursuant to the Trial Measures, if an issuer voluntarily terminates its listing or is forced to terminate its listing, it shall report the specific circumstances to the CSRC within three working days from the date of the occurrence and announcement of the relevant event.

Securities Laws and Regulations

In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee was responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of the securities market, guiding, coordinating, and supervising all securities-related institutions in the PRC, and administering the CSRC. The CSRC, as the regulatory executive body of the Securities Committee, is responsible for drafting regulatory provisions governing the securities market, supervising securities companies, regulating the public offering of securities by PRC companies domestically and overseas, regulating securities trading, compiling securities-related statistics, and conducting relevant research and analysis. On March 29, 1998, the State Council merged the above two departments and reorganized the CSRC.

The Provisional Regulations Concerning the Issue and Trading of Shares, promulgated by the State Council on April 22, 1993 and effective on the same date, stipulates the application and approval procedures for the public offering of shares, the trading of shares, the acquisition of listed companies, the custody, clearing, and transfer of listed shares, the information disclosure of listed companies, investigations, penalties, and arbitration of disputes.

Provisions of the State Council on Domestic Listing of Foreign Shares by Companies Limited by Share, promulgated by the State Council on December 25, 1995 and effective on the same date, mainly regulates the issuance, subscription, trading, and dividend payment of foreign-funded shares listed domestically, as well as the information disclosure obligations of joint stock limited companies with foreign-funded shares listed domestically.

The Securities Law of the People's Republic of China (the "Securities Law"), revised by the Standing Committee of the National People's Congress ("SCNPC") on December 28, 2019 and effective as of March 1, 2020, includes provisions on the issuance and trading of securities, the acquisition of listed companies, securities exchanges, securities companies, and the duties and responsibilities of the securities regulatory authority of the State Council within the PRC, and comprehensively regulates securities market activities in the PRC.

Pursuant to the Securities Law, domestic enterprises directly or indirectly offering securities overseas or listing their securities overseas shall comply with the relevant provisions of the State Council. Currently, the overseas issuance and trading of shares are mainly regulated by the regulations and rules promulgated by the State Council and the CSRC.