SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

This Appendix provides a summary of the laws and regulations concerning companies and securities in the PRC. The primary objective of this summary is to offer potential investors an overview of the principal laws and regulations applicable to us. This summary is not intended to include all information that may be material to potential investors. For a discussion of the laws and regulations specifically governing the Company's business, please refer to "Regulatory Overview".

PRC Legal System

The PRC legal system is based on the Constitution of the People's Republic of China (《中華人民共和國憲法》) (the "**Constitution**") and comprises written laws, administrative regulations, local regulations, autonomous regulations, separate regulations, departmental rules of the State Council ministries and commissions, local government rules and regulations, laws of special administrative regions and international treaties to 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.

Pursuant to the Constitution and the Legislation Law of the People's Republic of China (《中華人民共和國立法法》) (the "**Legislation Law**"), the NPC and the SCNPC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend the basic laws governing civil and criminal 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. During the adjournment of the NPC, partial supplements and amendments may be made to the laws formulated by the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of the PRC administration and has the power to formulate administrative regulations based on the Constitution and laws.

The People's Congresses of the provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of their respective administrative areas. These local regulations shall comply with the Constitution, laws and administrative regulations.

The people's congresses of cities with districts and their respective standing committees may formulate local regulations in areas such as urban and rural construction and management, environmental protection, and historical and cultural protection based on the specific circumstances and actual requirements of such cities, provided that such local regulations do not contravene any provisions of the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. Should laws provide otherwise regarding the formulation of local regulations by cities with districts, those provisions shall prevail. Such local regulations promulgated by cities with districts shall become enforceable upon being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions. The people's congresses of national autonomous areas shall have the power to formulate autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the ethnic groups in the areas concerned.

The ministries and commissions of the State Council, the PBOC, the National Audit Office of the PRC and institutions directly under the State Council with administrative functions may formulate departmental rules within the jurisdiction of their respective departments based on the laws and administrative regulations, as well as the decisions and orders of the State Council.

The people's governments of the provinces, autonomous regions, municipalities and cities with districts or autonomous prefectures may formulate their rules and regulations based on the laws, administrative regulations and local regulations of relevant provinces, autonomous regions and municipalities.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations 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 local regulations is greater than that of the rules of the local governments at or below the corresponding level. The authority of the rules enacted by the people's governments of the provinces or autonomous regions is greater than that of the rules enacted by the people's governments of the cities with districts and autonomous prefectures within the administrative areas of the provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by its committee, and to annul any autonomous regulations and separate regulations as approved by its committee which contravene the Constitution or the Legislation Law. The SCNPC has the power to annul any administrative regulations that contravene the Constitution or laws, to annul any local regulations that contravene the Constitution, laws or administrative regulations, and to annul any autonomous regulations and local regulations which have been approved by the SCNPC of the relevant provinces, autonomous regions or municipalities directly under the central government, but contravene the Constitution or the Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions or 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 people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

Pursuant to the Constitution or the Legislation Law, the power to interpret the laws is vested in the SCNPC. Pursuant to the Resolution of the Standing Committee of the National People's Congress 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 on 10 June 1981, if the scope prescribed by laws needs to be further defined or supplementary provisions need to be made, the SCNPC shall interpret them or make provisions. Issues involving the specific application of laws in the trial work of the court shall be interpreted by the Supreme People's Court. Issues involving the specific application of laws in the procuratorial work of the procuratorate shall be interpreted by the Supreme People's Procuratorate. 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. Issues that do not involve the specific application of laws in judicial and procuratorial work shall be interpreted by the State Council and the competent departments. The State Council and its ministries and commissions are also vested with the power to interpret the administrative regulations and ministerial rules they have promulgated. At the regional level, the power to interpret local laws is vested in the regional legislative and administrative organs that promulgate such laws.

PRC Judicial System

Pursuant to the Constitution and the Law on the Organization of the People's Courts of the People's Republic of China (《中華人民共和國人民法院組織法》), the PRC judicial system comprises the Supreme People's Court, the local people's courts at all levels, and the special people's courts.

Local people's courts are divided into the primary people's court, intermediate people's court and the higher people's court. The higher people's courts supervise the primary and intermediate people's courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of people's courts of the same level and lower levels.

The Supreme People's Court is the highest judicial organ in the PRC. It supervises the judicial work of the people's courts at all levels.

A People's Court adopts the two-instance final adjudication system, that is, the judgments or rulings of the second instance at a People's Court are final. A party may appeal against the judgment or ruling of the first instance of a local people's court. The people's procuratorate may present a protest to the people's court at the next higher level in accordance with the procedures prescribed by law. In the absence of any appeal by the parties and any protest by the people's procuratorate within the prescribed period, the judgments or rulings of the People's Court are final. Judgments or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court, and judgments or rulings of the first instance of the Supreme People's Court are final.

However, if any errors are identified in a legally effective judgment, ruling or mediation statement of the People's Court at any level by the Supreme People's Court, or if such errors are identified in a legally effective judgment, ruling or mediation statement of the People's Court at a lower level by the People's Court at a higher level, it has the authority to review the case itself or to refer it to the People's Court at a lower level to conduct a retrial. If such errors are identified in a legally effective judgment, ruling or mediation statement by the chief judge of all levels of the people's courts, and they consider a retrial is preferred, such case shall be submitted to the judicial committee of the People's Court at the same level for discussion and decision.

The Civil Procedure Law of the People's Republic of China (《中華人民共和國民事訴訟法》) (the "**Civil Procedure Law**"), which was last amended by the SCNPC on 1 September 2023 and came into effect on 1 January 2024, prescribes the conditions for instituting a civil action, the jurisdiction of a People's Court, the procedures for conducting a civil action, and the procedures for enforcement of a civil judgment or ruling. All parties to a civil action conducted within the PRC shall comply with the Civil Procedure Law. A civil case is generally heard at the court having jurisdiction over the defendant's domicile. The court of jurisdiction in respect of a civil action may also be chosen by explicit agreement among the parties to a contract, provided that the People's Court having jurisdiction should be located at a place closely related to the disputes, such as the plaintiff's or the defendant's place of domicile, the place where the contract is performed or signed or the place where the subject matter of the action is located. However, such choice shall not in any circumstances contravene the provisions on graded jurisdiction and exclusive jurisdiction.

A foreign individual, a person without a nationality, a foreign enterprise or organisation shall be accorded the same litigation rights and obligations as a citizen and legal entity of the PRC. Should a foreign court restrict the litigation rights of a PRC citizen and enterprise, the PRC court may apply the same limitations to the citizens and enterprises of such foreign country. A foreign individual, a person without nationality, a foreign enterprise or organisation must retain a PRC lawyer for the purpose of initiating an action or defending against litigation before a PRC court.

Pursuant to the international treaties to which the PRC is a signatory or participant or pursuant to the principle of reciprocity, a PRC People's Court and a foreign court may request each other to serve documents, conduct investigation and collect evidence, and perform other acts on its behalf. A PRC People's Court shall not grant any request made by a foreign court that would result in the violation of sovereignty, security or social and public interests of the PRC.

A party shall comply with a legally binding civil judgment or ruling. If any party to a civil action refuses to comply with a judgment or ruling made by a People's Court or an award made by an arbitration commission in the PRC, the other party may apply to the People's Court for the enforcement thereof within two years. However, they may apply for an extension of the enforcement period or for its revocation. If such party fails to satisfy a judgment as ordered and permitted by the court within the prescribed period, the court may, upon application by either party, enforce the judgment in accordance with law.

A party seeking to enforce a judgment or ruling of a People's Court against another party who is not present or whose property is not situated within the PRC may apply to a foreign court having jurisdiction over the case for recognition and enforcement of such judgment or ruling. A foreign judgment or ruling may also be recognised and enforced by a PRC People's Court pursuant to PRC enforcement procedures if the PRC has entered into or acceded to an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination pursuant to the principle of reciprocity, unless the People's Court determines that the recognition or enforcement of such judgment or ruling would violate the fundamental legal principles of the PRC, its sovereignty or national security, or run contrary to its social and public interests.

PRC Company Law, Overseas Listing Trial Measures and Guidance for Articles of Association

A joint stock limited company which is incorporated in the PRC and listed on the Stock Exchange is mainly subject to the following laws and regulations in the PRC:

The PRC Company Law, which was promulgated by the SCNPC on 29 December 1993, came into effect on 1 July 1994, and was amended on 25 December 1999, 28 August 2004, 27 October 2005, 28 December 2013, 26 October 2018 and 29 December 2023 respectively and the latest amendment of which came into effect on 1 July 2024;

The Overseas Listing Trial Measures which were promulgated by the CSRC on 17 February 2023, came into effect on 31 March 2023, applicable to the overseas share subscription and listing of joint stock limited companies;

The Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) (the "**Guidance for Articles of Association**") which was last amended by the CSRC and came into effect on 28 March 2025.

The following sets out a summary of the major provisions of the PRC Company Law, the Overseas Listing Trial Measures applicable to the Company.

General Provisions

A joint stock limited company refers to an enterprise legal entity incorporated pursuant to the PRC Company Law with its registered capital divided into shares of equal par value. The liability of its shareholders is limited to the extent of their shareholding and the company is liable to its creditors to the extent of its total assets.

A joint stock limited company shall conduct its business in compliance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liability for such invested companies is limited to the amount invested. Where any laws stipulate that a joint stock limited company may not assume joint and several liability as a contributor for the debts of the invested companies, those requirements shall apply.

Incorporation

A company may be established by means of promotion or public offer. A company shall have a minimum of one but no more than 200 people as its promoters, and more than half of the promoters must be domiciled within the PRC. No share offering shall be made until the shares subscribed by the promoters are fully paid up. For companies established by public offer, the registered capital shall be the total paid-up share capital as registered with the company registration authorities.

The convening and voting procedures of the establishment meeting of a joint-stock company established by means of promotion shall be prescribed in the company's articles of association or the agreement between the promoters. The promoters who raise funds to establish a joint-stock company shall convene and preside over the establishment meeting of the company within 30 days from the date on which the shares to be issued at the time of establishment are fully paid, and notify all subscribers or announce the meeting date 15 days in advance of the establishment meeting. The inaugural meeting may only be convened if promoters or subscribers representing at least half of the shares in the company are present. At the inaugural meeting, matters including the report on the organisation of the company, the adoption of the articles of association, and the election of members of the board of directors and the supervisory committee of the company shall be considered. All resolutions of the meeting shall require the approval of subscribers holding more than half of the voting rights present at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors shall authorise a representative to apply to the registration authority for registration of the establishment of the joint stock limited company. A company is formally established, and acquires the status of a legal entity, upon the issuance of the business licence by the relevant registration authority.

Share Capital

Shareholders may make capital contributions in cash, or non-monetary assets such as tangible assets, intellectual property rights and land use rights which are capable of being appraised for monetary value and lawfully transferred, except for assets prohibited from being used as capital contributions by laws and administrative regulations. For capital contributions made in non-monetary assets, a valuation of the assets contributed must be carried out for verification to prevent any overvaluation or undervaluation.

The issuance of shares shall be conducted in a fair and equitable manner. The same class of shares must carry equal rights. For shares issued at the same time and within the same class, the conditions and price per share must be the same. For shares subscribed by any organisation or individual, the same price shall be paid for each share. The share offering price may be equal to or greater than the nominal value of the share, but not less than the nominal value.

Pursuant to the PRC Company Law, a company issuing registered share certificates shall maintain a shareholder register that sets forth the following matters: (I) the name and domicile of each shareholder; (II) the number of shares held by each shareholder; (III) the serial numbers of shares held by each shareholder; (IV) the date on which each shareholder acquired the shares.

Increase in Share Capital

Where a company issues new shares, a resolution shall be adopted at the shareholders' general meeting concerning the class and amount of the new shares, the issue price of the new shares, the commencement and end dates for the issue of the new shares, and the class and amount of the new shares proposed to be issued to existing shareholders.

When a company launches a public issue of new shares subject to the approval of the CSRC, a new share offering document and financial and accounting report shall be published and a subscription form shall be prepared. After the new shares issued by the company have been fully paid up, the change shall be registered with the relevant company registration authorities and a public announcement shall be made accordingly. Where an increase in registered capital of a company is made by means of issuing new shares, the subscription of new shares by shareholders shall be made pursuant to the relevant provisions governing the payment of subscription monies for the establishment of a company.

Reduction of Share Capital

A company may reduce its registered capital pursuant to the following procedures prescribed by the PRC Company Law: (I) the company shall prepare a balance sheet and an inventory of assets; (II) the reduction of registered capital shall be approved by shareholders at the shareholders' general meeting; (III) the company shall notify its creditors of the reduction in share capital within 10 days and publish the relevant announcement in newspapers within 30 days of the passing of the resolution approving the reduction; (IV) the creditors of the company may require the company to repay its debts or provide guarantees therefor within 30 days of receipt of the notification or within 45 days of the date of the announcement if they fail to receive any notification; and (V) the company shall apply to the company registration authorities for registration of such change.

Shareholders

Pursuant to the PRC Company Law, the rights of shareholders include: (I) the right to attend or appoint a proxy to attend shareholders' general meetings and to vote thereat; (II) the right to transfer shares pursuant to laws, administrative regulations and provisions of the articles of association; (III) the right to inspect and copy the company's articles of association, share register, minutes of shareholders' 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 concerning the company's operations; (IV) the right to bring an action in the People's Court to rescind resolutions passed by shareholders' general meetings and board of directors where the aforementioned resolutions violate the articles of association; (V) the right to receive dividends and other distributions in proportion to the number of shares held; (VI) in the event of the termination or liquidation of the company, the right to participate in the distribution of residual assets 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 shareholders include the obligation to abide by the company's articles of association, to pay the subscription monies in respect of the shares subscribed for, to be liable for the company's debts and liabilities to the extent of his or her share subscriptions, not to abuse their shareholders' rights to prejudice the interests of the company or other shareholders, not to abuse the independent legal entity status of the company and the limited liability of shareholders to prejudice the interests of any creditor and any other obligations of shareholders specified in the articles of association.

Shareholders' General Meeting

The shareholders' general meeting is the highest authority of the company, exercising the following powers: (I) to elect or remove the directors and supervisors and to determine matters relating to the remuneration of directors and supervisors; (II) to examine and approve reports of the board of directors; (III) to examine and approve reports of the supervisory committee; (IV) to examine and approve the company's proposals for profit distribution and loss recovery plans; (V) to decide on any increase or reduction of the company's registered capital; (VI) to decide on the issue of bonds by the company; (VII) to decide on matters such as the merger, division, dissolution and liquidation of the company, and other matters; (VIII) to amend the company's articles of association; and (IX) other powers as prescribed by the articles of association.

A shareholders' general meeting shall be convened once every year, and shall be held within six months following the end of the preceding financial year. An extraordinary general meeting shall be convened within two months of the occurrence of any of the following: (I) the number of directors falls below the number stipulated by law or less than two-thirds of the number specified in the articles of association; (II) the total outstanding losses of the company reaches one-third of the company's total paid-up share capital; (III) shareholders holding, individually or in aggregate, 10% or more of the company's shares request the convening of an extraordinary general meeting; (IV) the board of directors deems it necessary; (V) the supervisory committee proposes the convening of a meeting; (VI) any other circumstances as prescribed by the articles of association.

Pursuant to the PRC Company Law, a notice of shareholders' general meeting stating the date and venue of such meeting and the matters to be considered thereat shall be given to all shareholders 20 days in advance of the meeting. A notice of extraordinary general meeting shall be given to all shareholders 15 days in advance of the meeting. Shareholders who hold, separately or in aggregate, more than 1% of the shares of the company may submit an interim proposal in writing to the board of directors 10 days in advance of the shareholders' general meeting. The board of directors shall notify other shareholders within two days of receiving the proposal, and submit the interim proposal to the shareholders' general meeting for consideration. The contents of the interim proposal shall fall within the scope of powers of the shareholders' general meeting, and shall have a clear agenda and specific resolutions to be adopted. The shareholders' general meeting shall not make any resolution on any matter not specified in the notice.

The PRC Company Law does not contain specific provisions regarding the number of shareholders required to constitute a quorum at a shareholders' meeting. Pursuant to the PRC Company Law, shareholders present at a shareholders' general meeting have one vote for each share they hold, save for class shareholders. Shares held by the company are not entitled to any voting rights.

A cumulative voting system may be adopted for the election of directors and supervisors at the general meeting pursuant to the provisions of the articles of association or a resolution of the general meeting. Pursuant to the cumulative voting system, each share shall be entitled to voting rights equivalent to the total number of directors or supervisors to be elected at the shareholders' general meeting, and shareholders may consolidate their votes when casting their votes.

Pursuant to the PRC Company Law, resolutions of the shareholders' general meeting shall be adopted by a simple majority of the voting rights held by the shareholders present at the meeting. However, resolutions of the shareholders' general meeting regarding the following matters shall be adopted by more than two-thirds of the voting rights held by the shareholders present at the meeting: (I) amendments to the articles of association; (II) the increase or decrease of registered capital; (III) the merger, division, dissolution, liquidation or change in the corporate form of the company; (IV) other matters that the shareholders' general meeting, by way of an ordinary resolution, considers to be of a nature that may have a material impact on the company and should be adopted by a special resolution.

Minutes shall be prepared of matters considered at the shareholders' general meeting, and the chairperson and the directors attending the meeting shall sign such minutes. The minutes shall be retained together with the shareholders' attendance register and proxy forms.

Board of Directors

Pursuant to the PRC Company Law, a joint stock limited company shall have a board of directors. If the board of directors has more than three members, it may include an employee representative of the company. Where a company has 300 or more employees, the board of directors shall include the employee representatives of the company unless a supervisory committee has been established and includes employee representatives of the company in accordance with law. The employee representatives in the board of directors shall be democratically elected by the employees through the employee representative congress, employee congress or by other means. The term of a director shall be prescribed in the articles of association, but no term of office shall exceed three years. Directors may serve consecutive terms if re-elected. A director shall continue to perform his/her duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected director takes office, if his/her re-election is not conducted in a timely manner upon the expiry of his/her term of office, or if the resignation of a director during his/her term of office causes the number of directors to fall below the quorum. Should a director resign, he/she shall notify the company in writing and the resignation shall become effective upon the date of receipt of the notification by the company; however, if the circumstances prescribed in the preceding paragraph exist, the director shall continue to perform his/her duties.

Pursuant to the PRC Company Law, the board of directors shall be accountable to the shareholders' general meeting and may exercise the following powers: (I) to convene shareholders' general meetings and report on its work to the shareholders' general meeting; (II) to implement the resolutions passed at shareholders' general meetings; (III) to determine the company's business plans and investment proposals; (IV) to formulate the company's profit distribution and loss recovery proposals; (V) to formulate proposals for the increase or reduction of the company's registered capital and the issuance of corporate bonds; (VI) to formulate plans for the merger, division, dissolution and change in the corporate form of the company; (VII) to determine the establishment of the company's internal management bodies; (VIII) to appoint or dismiss the company's manager and determine its remuneration, and upon the nomination of the manager, to appoint or dismiss the company's deputy managers and the person in charge of finance and determine their respective remuneration; (IX) to formulate the company's basic management system; and (X) to exercise any other power pursuant to the articles of association or authorised by the shareholders' general meeting.

Meetings of the board of directors shall be convened at least twice a year. Notices of such meetings shall be given to all directors and supervisors 10 days in advance of the meetings. Interim board meetings may be proposed by shareholders representing more than 10% of the voting rights, more than one-third of the directors or the supervisory committee. The chairman shall convene the meeting within 10 days of receipt of such proposal, and preside over the meeting.

Meetings of the board of directors shall be held only if more than half of the directors are present. Resolutions of the board shall be passed by a simple majority of all directors. Each director shall have one vote for any resolution put to the board. Directors shall attend board meetings in person. If a director is unable to attend for any reason, he/she may appoint another director to attend the meeting on his/her behalf by way of a written power of attorney specifying the scope of authorisation.

The board of directors shall prepare minutes of the meetings of the board of directors and such minutes shall be signed by the directors present at the meeting. The directors shall be responsible for resolutions passed by the board of directors. A director who adopts a resolution that contravenes laws, administrative regulations, the articles of association or resolutions of the shareholders' general meeting and causes significant losses to the company shall be liable to the company for compensation. However, a director may be exempt from such liability by proving that he/she expressed a dissenting opinion that was recorded in the minutes of the meeting.

Pursuant to the PRC Company Law, the board shall appoint a chairman and may appoint a vice-chairman. The chairman and the vice-chairman shall be elected with the approval of more than half of all the directors. The chairman shall convene and preside over board meetings and review the implementation of board resolutions. The vice-chairman shall assist the chairman to perform his/her duties.

Pursuant to the PRC Company Law, none of the following persons may serve as directors of the company: (I) a person who is incapable or has limited capacity for civil acts; (II) a person who has been convicted of offences of bribery, corruption, embezzlement or misappropriation of property, or disrupting the socialist market economy order; or who has been deprived of his political rights due to his crimes, in each case where less than five years have elapsed since the date of completion of the sentence, or, in the case of a suspended sentence, where not more than two years have elapsed since the date of expiry of the probationary period; (III) a person who has been a former director, factory manager or manager of a company or an enterprise that has undergone insolvent liquidation and who was personally liable for such insolvency, where less than three years have elapsed since the completion of the bankruptcy and liquidation of the company or enterprise; (IV) a person who has been a legal representative of a company or an enterprise whose business licence has been revoked due to violations of law and has been ordered to be closed down by law and such person was personally responsible, where less than three years have elapsed since the date of such revocation or closure order; or (V) a person who is liable for a substantial amount of overdue debts and is listed as a dishonest person subject to enforcement by the People's Court.

Supervisory Committee

A joint stock limited company may, pursuant to the articles of association, set up an audit committee composed of directors within the board of directors, that shall exercise the functions and powers of the supervisory committee as prescribed by this Law. In such an event, the company may not establish a supervisory committee or appoint supervisors. The audit committee shall be composed of not less than three members, and more than half of the members shall not hold any position within the company other than that of a director and shall not have any relationship with the company that might impair their independent and objective judgment. Among the members of the board of directors of the company, an employee representative may become a member of the audit committee. Resolutions of the audit committee shall be adopted by a simple majority of its members. When voting on a resolution of the audit committee, each member shall have one vote. The discussion methods and voting procedures of the audit committee shall be prescribed in the articles of association, unless otherwise prescribed by this Law.

Distribution of Profits

Pursuant to the PRC Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve has been drawn.

Amendments to the Articles of Association

Pursuant to the PRC Company Law, a resolution at a shareholders' general meeting to amend a company's articles of association shall be passed by more than two-thirds of the voting rights held by the shareholders present at the meeting.

Pursuant to the Mandatory Provisions, a company may amend its articles of association pursuant to the laws, administrative regulations and the requirements of the articles of association. The amendments to the articles of association concerning the content of the Mandatory Provisions shall only be effective upon approval by the department under the State Council responsible for examining the company and by a securities regulatory department under the State Council, while amendments to the articles of association involving matters of company registration, changes in registration shall be completed with the relevant authority in accordance with law.

Overseas Listing

Pursuant to the Overseas Listing Trial Measures, the domestic enterprise shall report the application documents for overseas issuance and listing to the CSRC for record-filing within three working days of submitting the application documents for overseas issuance and listing.

Securities Laws and Regulations

The PRC has promulgated a series of regulations in relation to the issuance and trading of a company's shares and information disclosure. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC, and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for drafting regulatory provisions governing securities markets, supervising securities companies, regulating public offerings of securities by PRC companies within the PRC or overseas, managing the trading of securities, preparing securities-related statistics and undertaking relevant research and analysis. The State Council dissolved its Securities Committee and its duties were assumed by the CSRC in 1998.

The Securities Law came into effect on 1 July 1999, and was revised on 28 August 2004, 27 October 2005, 29 June 2013, 31 August 2014, and 28 December 2019, and the last revised Securities Law came into effect on 1 March 2020. The Securities Law is the first comprehensive national securities law in the PRC to regulate activities in the securities market in the PRC. It is divided into 14 chapters and 226 articles covering the issuance and trading of securities, the takeovers of listed companies, and the duties and responsibilities of stock exchanges, securities companies, securities registration and clearing institutions, and securities regulatory and administrative authorities. Article 224 of the Securities Law provides that a domestic enterprise shall satisfy the relevant requirements prescribed by the State Council when issuing or listing securities outside the PRC, whether directly or indirectly. Currently, the issuance and trading of shares (including H Shares) outside the PRC are governed by the regulations and rules promulgated by the State Council and the CSRC.

Overseas Listing

The shares of a company shall only be listed overseas upon obtaining approval from the securities regulatory and administrative authorities under the State Council, and the listing shall follow the procedures prescribed by the State Council.

Pursuant to the Guidelines for Supervising the Application Documents and Examination Procedures for the Overseas Stock Issuance and Listing of Joint Stock Companies (《關於股份有限公司境外發行股票和上市申報文件及審核程序的監管指引》) promulgated by the CSRC, the application documents for the overseas stock issuance and listing of joint stock companies approved by the CSRC are valid for a term of 12 months.

Suspension and Termination of Listing

Where a stock exchange decides to terminate the listing and trading of shares, it shall duly publish an announcement and file it with the securities regulatory and administrative authorities under the State Council.

Recognition and Enforcement of Arbitral Awards

The Arbitration Law of the People's Republic of China (《中華人民共和國仲裁法》) (the "**Arbitration Law**") was enacted by the SCNPC on 31 August 1994, and came into effect on 1 September 1995, and was last amended on 1 September 2017 and came into effect on 1 January 2018. It is applicable to disputes relating to contracts and other proprietary rights where the parties involved have entered into a written agreement to resolve the disputes by arbitration before an arbitration commission constituted in accordance with the Arbitration Law. The Arbitration Law provides that an arbitration commission may, prior to the promulgation of arbitration regulations by the PRC Arbitration Association, formulate interim arbitration provisions in accordance with the Arbitration Law and the Civil Procedure Law. Where the parties have entered into an arbitration agreement, a People's Court shall refuse to entertain legal proceedings initiated by one party before such People's Court, unless the arbitration agreement is invalid.

Pursuant to the Arbitration Law and the Civil Procedure Law, an arbitral award shall be final. Once an arbitral award is made, an arbitration commission or a People's Court shall refuse to accept an application for arbitration or prosecution filed by a party before the People's Court regarding the same dispute. If either party fails to comply with the arbitral award, the other party to the award may apply to the People's Court for enforcement of such arbitration award. However, the People's Court may refuse to enforce an arbitral award rendered by the arbitration commission if there has been a violation of arbitration procedures, including but not limited to irregularities in the composition of the arbitration tribunal, or if the subject matter of arbitration does not fall within the scope of the arbitration agreement, or if the arbitration commission is not entitled to conduct the arbitration.

A party seeking to enforce an arbitral award made by the PRC arbitration commission against a party who is not present or whose property is not situated within the PRC may apply to a foreign court having jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognised and enforced by the PRC courts pursuant to the principles of reciprocity or any international treaty concluded or acceded to by the PRC. The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "**New York Convention**") adopted on 10 June 1958 pursuant to a resolution of the SCNPC passed on 2 December 1986. The New York Convention provides that all arbitral awards made in a state that is a party to the New York Convention shall be recognised and enforced by all other parties to the New York Convention, subject to their right to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is contrary to the public policy of the state to which the application for enforcement is made. Concurrently with its accession, the SCNPC declared that (I) the PRC shall only recognise and enforce foreign arbitral awards on the principle of reciprocity; and (II) the PRC shall only apply the New York Convention to disputes considered under PRC laws to arise from contractual and non-contractual mercantile legal relations.

An arrangement was entered into between Hong Kong and the Supreme People's Court for the mutual enforcement of arbitral awards. On 18 June 1999, the Supreme People's Court adopted the Arrangement on Mutual Enforcement of Arbitral Awards between Chinese Mainland and Hong Kong (《關於內地與香港特別行政區相互執行仲裁裁決的安排》), which came into effect on 1 February 2000 and was amended by the Supplemental Arrangement of the Supreme People's Court for the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (2020) (《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(2020)》).

Pursuant to this arrangement, awards made by PRC arbitral authorities pursuant to the Arbitration Law may be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC.

Recognition and Enforcement of Court Judgments

Pursuant to the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Chinese Mainland and of the Hong Kong Special Administrative Region Pursuant to Agreed Jurisdiction by Parties Concerned (《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當事人協議管轄的民商事案件判決的安排》) (the "**Old Arrangement**") promulgated by the Supreme People's Court on 3 July 2008 and came into effect on 1 August 2008 (which expired), in the case of a final judgment, specifying a payment amount and having enforcement power, rendered between a court of the PRC and a court of the Hong Kong Special Administrative Region in a civil and commercial case with a written jurisdiction agreement, any concerned party may apply to the People's Court of the PRC or a court of the Hong Kong Special Administrative Region for recognition and enforcement pursuant to this arrangement. "Choice of court agreement in writing" refers to a written agreement defining the exclusive jurisdiction of either a People's Court of the PRC or a court of the Hong Kong Special Administrative Region to resolve a dispute concerning a particular legal relationship that has arisen or may arise between the concerned parties. Accordingly, a concerned party may apply to a court of the PRC or a court of the Hong Kong Special Administrative Region to recognise and enforce a final judgment rendered in the PRC or Hong Kong that meets certain conditions of the aforementioned regulations.

On 18 January 2019, the Supreme People's Court of the PRC and the Government of the Hong Kong Special Administrative Region signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《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》) (the "**New Arrangement**"), which replaces the Old Arrangement and seeks to establish a mechanism providing greater clarity and certainty for the recognition and enforcement of judgments in a wider range of civil and commercial matters between Hong Kong and the PRC. The New Arrangement abolished the requirement for a choice of court agreement for bilateral recognition and enforcement. The New Arrangement came into effect on 29 January 2024.