This Appendix summarizes the principal PRC laws, regulations and policies relevant to the Company's operations and business. Laws and regulations relating to taxation in the PRC are discussed separately in "Taxation and Foreign Exchange" in Appendix III. The principal objective of this summary is to provide potential investors with an overview of the principal laws and regulatory provisions applicable to the Company. This summary is not intended to include all information which is important to potential investors. For a discussion of laws and regulations that are relevant to the Company's business, see "Regulatory Overview" in this document.

THE PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the PRC (《中華人民共和國憲法》) (the "**Constitution**"), which was last amended by the NPC and came into effect on March 11, 2018, and is made up of written laws, administrative regulations, local regulations, autonomous regulations, separate regulations, rules and regulations of departments of the State Council, rules and regulations of local governments, laws of the special administrative region, international treaties, and other regulatory documents signed by the PRC government. Court decisions do not constitute legally binding precedents, although they may serve as judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》) (the "**Legislation Law**"), which was last amended by the NPC on March 13, 2023 and became effective on March 15, 2023, the NPC and the SCNPC are empowered to exercise the legislative power of the state. The NPC has the power to formulate and amend basic laws governing state organs, criminal and civil matters, and other matters. The SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend provisions of laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council, as the highest organ of state administration, has the power to formulate administrative regulations based on the Constitution and laws. The people's congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people's congresses and their standing committees of cities with districts may formulate local regulations on matters such as urban and rural construction and management, ecological civilization construction, historical and cultural protection, grassroots governance based on the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of such provinces or autonomous regions. Where laws otherwise provide for matters relating to the formulation of local regulations by cities with districts, such provisions shall prevail. Such local regulations will become enforceable after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions. The standing committees of the people's congresses of the provinces or autonomous regions examine the legality of local regulations submitted for approval, and such approval should be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of such provinces or autonomous regions. The people's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the ethnic groups in the areas concerned.

The ministries, commissions of the State Council, the PBOC, the National Audit Office of the PRC (中華人民共和國審計署) and institutions with administrative functions directly under the State Council, and other institutions stipulated by law, may formulate rules and regulations within the jurisdiction of their respective departments based on the law, administrative regulations, decisions and rulings of the State Council.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations or rules may contravene the Constitution. The authority of laws is superior to that of administrative regulations, local regulations and rules. The authority of administrative regulations is superior to that of local regulations and rules. The authority of the rules enacted by the people's governments of provinces and autonomous regions is superior to that of the rules enacted by the people's governments of the cities divided into districts within their respective administrative regions.

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

According to the Decision of the SCNPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed by the SCNPC on June 10, 1981, issues related to the further clarification or supplementation of laws or decrees should be interpreted by the SCNPC or provided by decrees; issues related to the application of laws in a court trial should be interpreted by the Supreme People's Court; issues related to the application of laws in prosecutorial proceedings should be interpreted by the Supreme People's Procuratorate; and the application of other laws in matters other than those involved in court trials or prosecutorial proceedings should be interpreted by the State Council and the competent authorities. At the regional level, the power to interpret local laws and regulations is vested in the local legislative and administrative authorities which promulgate such laws and regulations.

PRC JUDICIAL SYSTEM

According to the Constitution and the Law of Organization of the People's Courts of the PRC (《中華人民共和國人民法院組織法》), which was last amended by the SCNPC on October 26, 2018 and became effective on January 1, 2019, the PRC People's Court is made up of the Supreme People's Court, local people's courts at all levels and special people's courts. The local people's courts are divided into three levels, namely the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts may set up certain people's tribunals based on the status of the region, population and cases. The Supreme People's Court shall be the highest judicial organ of the state. The Supreme People's Court shall supervise the administration of justice by the local people's courts at all levels and by the special people's courts. The people's courts at a higher level shall supervise the judicial work of the people's courts at lower levels.

According to the Constitution and the Law of Organization of the People's Procuratorate of the PRC (《中華人民共和國人民檢察院組織法》), which was last amended by the SCNPC on October 26, 2018 and became effective on January 1, 2019, the People's Procuratorate is the legal supervision organ of the state. The People's Procuratorate is made up of the Supreme People's Procuratorate, local people's procuratorates at all levels and special people's procuratorates such as military procuratorates. The Supreme People's Procuratorate shall be the highest procuratorial organ. The Supreme People's Procuratorate shall direct the work of the local people's procuratorates at all levels and of the special people's procuratorates; the people's procuratorates at higher levels shall direct the work of those at lower levels.

The people's courts employ a two-tier appellate system, i.e., judgments or rulings of the second instance of the people's courts are final. A party may appeal against a 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 stipulated by the laws. In the absence of any appeal by the parties and any protest by the people's procuratorate within the stipulated period, the judgments or rulings of the people's courts 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 those of the first instance of the Supreme People's Court are final. However, if the Supreme People's Court or a people's courts at the next higher level finds any definite errors in a legally effective judgment, ruling or mediation document of a local people's court at any level or a people's court at a lower level, it may retry the case or order the lower people's court to conduct a retrial. If the president of the people's court at any level finds any definite errors in a legally effective judgment, ruling or mediation document of such court and deems that a retrial is necessary, he or she shall submit the matter to the judicial committee for discussion and decision.

The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》), which was last amended by the SCNPC on September 1, 2023 and became effective on January 1, 2024, sets forth the requirements for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law of the PRC. Civil cases are generally heard by the people's courts where the defendants are located. The parties to a dispute over a contract or other property rights may agree in writing to choose the jurisdiction of a people's court at the plaintiff's place of residence, the defendant's place of residence, the place of performance of the contract, the place where the contract is signed or the location of the subject-matter that has an actual connection with the dispute, provided that this shall not be in contravention of the provisions of this law on hierarchical jurisdiction and exclusive jurisdiction.

A foreign individual, stateless person, foreign-invested enterprise or foreign organization must have the same litigation rights and obligations as a PRC citizen, legal person or other organization when initiating or defending any proceedings at a people's court. If a foreign court limits the litigation rights of PRC citizens and enterprises, a PRC court may apply the same limitations to the civil procedural rights of citizens and enterprises of such foreign country. A foreign individual, stateless person, foreign-invested enterprise or foreign organization must engage a PRC lawyer if such person needs to engage a lawyer in initiating or defending any proceedings at a people's court. Under an international treaty concluded or acceded to by the PRC or based on the principle of reciprocity, the people's court and foreign courts may request each other to act on their behalf to serve documents, conduct investigations, collect evidence and take other actions on behalf of each other. If such a request by a foreign court would result in the violation of the PRC's sovereignty, security or public interest, the people's court shall decline it.

All parties must comply with legally effective civil judgments and rulings. 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 tribunal in the PRC, the other party may apply to the people's court for enforcement of the relevant judgment or ruling within two years and may also apply for a postponement of enforcement or revocation. The provisions on the suspension or interruption of the statute of limitations shall apply to the suspension or interruption of the statute of limitations of the action for which enforcement is sought. If, within the prescribed period, the party has not complied with the obligations established by the legal instrument in accordance with the notice of enforcement, the court may take appropriate enforcement measures.

When a party applies to a people's court for enforcing a legally effective judgment or ruling by a people's court against a party who is not domiciled within the territory of the PRC or whose property is not located within the PRC, the party may directly apply to a foreign court with jurisdiction for recognition and enforcement of the judgment or ruling. The people's court may also request a foreign court for recognition and enforcement in accordance with the provisions of international treaties concluded or acceded to by the PRC or based on the principle of reciprocity. Similarly, if a legally effective judgment or ruling by a foreign court needs to be recognized and enforced by a people's court, the party may directly apply to the intermediate people's court with jurisdiction for recognition and enforcement, or the foreign court may request the people's court for recognition and enforcement in accordance with the provisions of an international treaty concluded or acceded to by that country and the PRC, or on the principle of reciprocity. However, if the judgment or ruling violates the basic principles of Chinese law or the national sovereignty, security, or social public interests, it shall not be recognized and enforced.

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

A joint stock limited company incorporated in the PRC seeking a listing on the Hong Kong Stock Exchange is mainly subject to the following laws and regulations of the PRC.

The Company Law of the PRC (《中華人民共和國公司法》) (the "**PRC Company Law**") was promulgated by the SCNPC on December 29, 1993, came into effect on July 1, 1994, was subsequently amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023, with the latest amendments coming into effect on July 1, 2024.

The Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) and five supporting guidelines (together, the "**Trial Measures**"), which were promulgated by the CSRC on February 17, 2023 and took effect on March 31, 2023.

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

Set out below is a summary of the major provisions of the PRC Company Law, the Trial Measures and the Guidelines for Articles of Association which are applicable to our Company.

General Provisions

A joint stock limited company is a corporate legal person incorporated in China under the PRC Company Law, who has independent legal person properties and enjoys legal person property rights and whose registered capital is divided into shares of equal par value. A company is liable for the debts of the company with all its property. The shareholders of a joint stock company are liable to the company to the extent of the shares subscribed by them.

When engaging in business activities, a company shall abide by laws and regulations, observe social morality and business ethics, be honest and trustworthy, and accept supervision from the government and the public. A company may invest in other enterprises. If the law stipulates that a company shall not become an investor who bears joint and several liability for the debts of the invested enterprise, such provisions shall apply.

Incorporation

A joint stock limited company may be established by promotion or subscription. A joint stock limited company may be established by a minimum of one but not more than 200 promoters, and at least half of the promoters must have their domiciles within the PRC.

Where a joint stock limited company is established by way of promotion, the promoters shall subscribe for the full number of shares that the company is to issue at the time of establishment as stipulated in the company's articles of association. Where a joint stock limited company is established by way of subscription, the shares subscribed for by the promoters shall not be less than 35% of the total number of shares that the company is to issue at the time of establishment as stipulated in the company's articles of association; provided, however, that where otherwise provided by laws or administrative regulations, such provisions shall prevail.

The promoters of a joint stock company established by subscription shall convene an inaugural meeting of the company within 30 days from the date on which the shares that the company is to issue at the time of establishment are fully paid up. The promoters shall notify the subscribers of the date of the meeting or make a public announcement 15 days prior to the date of the meeting. The inaugural meeting shall be held only if the subscribers holding more than half of the voting rights are present. The convening and voting procedures for the inaugural meeting of a joint stock limited company established by promotion shall be stipulated in the articles of association of the company or the promoters' agreement. The board of directors shall authorize its representative to apply to the company registration authority for establishment registration within 30 days after the conclusion of the inaugural meeting. The Company is formally established with the status of a legal person after obtaining the approval for registration and the issuance of a business license by the relevant company registration authority.

Share Capital

The shareholders may make capital contributions in cash, or in non-monetary property that can be valued in monetary terms and transferred according to law, such as physical items, intellectual property rights, land-use rights, equity and creditor's rights. Nevertheless, property that laws or administrative regulations prohibit from being used as capital contribution may not be contributed. The non-monetary property used as capital contribution shall be appraised and verified.

All issuance of shares shall be based on the principles of equality and fairness. The same class of shares must carry equal rights. Shares of the same class issued on the same occasion shall be issued on the same terms and at the same price per share. Every subscriber shall pay the same price for each share they subscribe for. The issue price of par value shares may be at par value or at a premium, but may not be below the par value.

Domestic enterprises issued and listed overseas shall file with the CSRC in accordance with the Trial Measures, submit filing reports, legal opinions and other relevant materials, and truthfully, accurately and completely explain shareholder information and other information. According to the Trial Measures, unless prescribed in the Trial Measures or otherwise stipulated by China, the target investors of overseas issuance and listing of domestic enterprises shall be overseas investors.

Increase of Share Capital

According to the PRC Company Law, when a company issues new shares, resolutions shall be passed by the shareholders' general meeting, approving the following matters: the class and number of the new shares, the issue price of the new shares, and the commencement and end dates of the new share issuance, as well as the class and amount of new shares to be issued to existing shareholders. When the company publicly raises shares from the public it shall obtain registration from the securities regulatory authorities of the State Council and publish the document. After the share issuance has been paid up, an announcement shall be made.

Reduction of Share Capital

If a company reduces its registered capital, it shall prepare a balance sheet and an inventory of its assets. The company shall notify creditors within 10 days of the date when the shareholders' meeting adopts the resolution to reduce the registered capital, and make an announcement in a newspaper or on the national enterprise credit information publicity system within 30 days. The creditors shall have the right to demand the company to settle their debts or provide corresponding guarantees within 30 days from the date of receiving the notice, or within 45 days from the date of the announcement for those who fail to receive the notice. The company shall apply to the relevant company registration authority for the modification registration for the reduction of registered capital. When a company reduces its registered capital, the amount of capital contribution or shares shall be reduced in proportion to the capital contributed or the shares held by the shareholders, unless otherwise provided by law or, in the case of a limited liability company, unanimously agreed by all shareholders, or, in the case of a joint stock limited company, stipulated in its articles of association.

Repurchase of Shares

A company shall not repurchase its own shares except in the following circumstances:

(1) to reduce the registered capital of the company;

(2) to merge with another company that holds its shares;

(3) to use the shares for carrying out an employee stock ownership plan or equity incentive plan;

(4) for shareholders who object to a resolution of the shareholders' general meeting on merger or division of the company, to request the company to acquire their shares;

(5) to use the shares for the conversion of convertible corporate bonds issued by the listed company; and

(6) where it is necessary for a listed company to maintain its company value and protect its shareholders' equity.

The company's repurchase of its shares due to the circumstances stipulated in items (1) and (2) above shall be subject to a resolution of the general meeting. The company's repurchase of its shares due to the circumstances stipulated in items (3), (5) and (6) above may, pursuant to the articles of association or the authorization of the general meeting, be subject to a resolution of a board meeting at which more than two-thirds of directors are present.

Under the circumstance stipulated in item (1), the shares of the company so acquired shall be cancelled within 10 days from the date of acquisition; under the circumstances stipulated in either item (2) or item (4) above, the shares of the company so acquired shall be transferred or cancelled within six months; under the circumstances stipulated in item (3), (5) or (6), the total shares of the company held by the company shall not exceed 10% of the company's total outstanding shares, and shall be transferred or cancelled within 3 years.

Listed companies making a share buyback shall perform their obligation of information disclosure according to the provisions of the Securities Law of the PRC. If the share buyback is made under any of the circumstances stipulated in (3), (5) or (6) hereof, centralized trading shall be adopted publicly.

The company shall not accept the shares of the company as the subject matter of pledge.

Transfer of Shares

Shares held by shareholders of a joint stock limited company may be transferred in accordance with the relevant laws and regulations. According to the PRC Company Law, transfer of shares by shareholders shall be carried out through a legally established securities exchange or in other ways stipulated by the State Council. The transfer of shares shall be affected by the shareholder's endorsement or in other ways prescribed by laws and administrative regulations; after the transfer, the company shall record the name and domicile of the transferee in the register of shareholders. The register of shareholders shall not be changed within 20 days before the shareholders' meeting or within 5 days before the base date on which the company decides to distribute dividends. If any laws, administrative regulations or the securities regulatory authority under the State Council provide otherwise for the alteration of the register of shareholders of a listed company, such provisions shall prevail.

Under the PRC Company Law, shares issued prior to the public issuance of shares shall not be transferred within one year from the date of the joint stock limited company's listing on a stock exchange. If any laws, administrative regulations or the securities regulatory authority under the State Council provide otherwise for the shareholders or actual controllers of listed companies to transfer their shares of the company, such provisions shall prevail. Directors and senior management of the company shall declare to the company the shares of the company held by them and their changes, and the shares transferred each year during the term of office determined at the time of taking office shall not exceed 25% of the total shares of the company held by them. The shares of the company held by them shall not be transferred within one year from the date of listing and trading of the shares of the Company. The above-mentioned personnel shall not transfer the shares of the Company held by them within six months after their resignation. The Articles of Association may contain other restrictions on the transfer of shares of the company held by the directors and senior management of the company.

If the shares are pledged within the transfer restriction period as prescribed by laws and administrative regulations, the pledgee may not exercise the pledge right during the transfer restriction period.

Shareholders

Under the PRC Company Law and the Guidelines for the Articles of Association, the rights of shareholders of a company include:

(1) to receive dividends and other types of interest distributed in proportion to the number of shares held;

(2) to convene, call, preside over, attend or appoint shareholder proxies to attend shareholders' meetings in accordance with the law, and exercise corresponding voting rights;

(3) to supervise the operation of the company and make suggestions or inquiries;

(4) to transfer, gift or pledge shares in accordance with laws, administrative regulations and provisions of the articles of association;

(5) to access and copy the articles of association, register of shareholders, minutes of shareholders' meetings, resolutions of board meetings, financial and accounting reports; and qualified shareholders may inspect the company's accounting books and accounting vouchers;

(6) in the event of the termination or liquidation of the company, to participate in the distribution of residual properties of the company in proportion to the number of shares held;

(7) for shareholders who object to the resolution on merger or division of the company passed at the general meeting, to request the company to acquire their shares; and

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

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

Shareholders' Meeting

The shareholders' meeting is the organ of authority of the company, and shall exercise its powers in accordance with the PRC Company Law. The shareholders' meeting exercises the following principal powers:

(1) to elect or replace the directors and to decide on matters relating to the remuneration of directors;

(2) to examine and approve reports of the board of directors;

(3) to examine and approve the company's proposals for profit distribution plans and loss offset plans;

(4) to decide on any increase or reduction of the company's registered capital;

(5) to decide on the issue of bonds by the company;

(6) to decide on issues such as merger, division, dissolution, liquidation, and change of the company's corporate form and other matters;

(7) to amend the articles of association; and

(8) other powers as provided for in the articles of association.

Shareholders' meetings are required to be held once every year. An extraordinary meeting is required to be held within two months after the occurrence of any of the following:

(1) the number of directors is less than the number stipulated by the PRC Company Law or less than two-thirds of the number specified in the articles of association;

(2) the aggregate losses of the company which are not recovered reach one-third of the company's total share capital;

(3) where shareholders alone or in aggregate holding 10% or more of the company's shares request the convening of an extraordinary meeting;

(4) whenever the board of directors deems necessary;

(5) when the audit committee so requests; or

(6) other circumstances as provided for in the articles of association.

Shareholders' meetings shall be convened by the board of directors and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or does not perform his/her duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his/her duties, a director nominated by more than half of all directors shall preside over the meeting. Where the board of directors is incapable of performing or not performing its duties of convening the shareholders' meeting, the audit committee shall convene and preside over the shareholders' meeting in a timely manner. In case the audit committee fails to convene and preside over the shareholders' meeting, shareholders alone or in aggregate holding more than 10% of the company's shares for 90 days consecutively may unilaterally convene and preside over the shareholders' meeting.

Under the PRC Company Law, the notice of the shareholders' meeting shall state the time and venue of and matters to be considered at the meeting and shall be given to all shareholders 20 days prior to the meeting. The notice of extraordinary meetings shall be given to all shareholders 15 days prior to the meeting.

Under the PRC Company Law, shareholders present at shareholders' meeting shall have one vote per share held, except for shareholders of non-ordinary shares. However, shares held by the company do not carry voting rights.

According to the provisions of the articles of association or a resolution of the shareholders' meeting, the cumulative voting system may be adopted for the election of directors at the shareholders' meeting. Under the accumulative voting system, each share shall be entitled to vote equal to the number of directors to be elected at the shareholders' meeting, and shareholders may consolidate their voting rights when casting a vote.

According to the PRC Company Law and the Guidelines for the Articles of Association, resolutions of the shareholders' meeting shall be adopted by more than half of the voting rights held by the shareholders present at the meeting. However, resolutions of the shareholders' meeting regarding the matters of amendments to the articles of association, the increase or decrease of registered capital, the merger, division, dissolution, liquidation or change in the form of the company shall be adopted by more than two-thirds of the voting rights held by the shareholders present at the meeting.

Meeting minutes shall be prepared in respect of decisions on matters discussed at the shareholders' meeting. The host of the meeting and the directors attending the meeting shall sign to endorse such minutes. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Board of Directors

A joint stock limited company shall have a board of directors, which shall consist of three or more members. The term of a director shall be stipulated in the articles of association, but no term of office shall last for more than 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 re-election is not conducted in a timely manner upon the expiry of his/her term of office, or if the resignation of directors results in the number of directors being less than the quorum.

Under the PRC Company Law, the board of directors mainly exercises the following powers:

(1) to convene the shareholders' meetings and report on its work to the shareholders' meetings;

(2) to implement the resolutions passed in shareholders' meetings;

(3) to decide on the company's business plans and investment proposals;

(4) to formulate the company's profit distribution proposals and loss recovery proposals;

(5) to formulate proposals for the increase or reduction of the company's registered capital and the issuance of corporate bonds;

(6) to prepare plans for the merger, division, dissolution and change in the form of the company;

(7) to decide on the set-up of internal management organization of the company;

(8) to decide on appointments or dismissals of company managers and their remuneration, and decide on appointments or dismissal of deputy managers and person in charge of finance of the company based on the nomination by the managers and their remuneration;

(9) to formulate the company's basic management system; and

(10) to exercise any other power under the articles of association or granted by the shareholders' meeting.

Under the PRC Company Law, meetings of the board of directors shall be convened at least twice a year. Notice of meeting shall be given to all directors and audit committee members 10 days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of voting rights or more than one-third of the directors or the audit committee. The chairman shall convene and preside over such meeting within 10 days after receiving such proposal. When convening an interim meeting, the board of directors may specify alternative methods and timelines for issuing the meeting notice. Meetings of the board of directors shall be held only if half or more of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors. Each director shall have one vote for resolutions to be approved by the board of directors. Directors shall attend board meetings in person. If a director is unable to attend a board meeting, he/she may appoint another director by a written power of attorney specifying the scope of the authorization to attend the meeting on his/her behalf.

If a resolution of the board of directors violates the laws, administrative regulations, the articles of association, or resolutions of the shareholders' meeting, and as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be released from that liability.

The PRC Company Law provides that the following persons may not serve as a director: (i) a person who is unable or has limited ability to undertake any civil liabilities; (ii) a person who has been convicted of an offense of bribery, corruption, embezzlement or misappropriation of property, or the destruction of socialist market economy order; or who has been deprived of his/her political rights due to his/her 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, two years have not elapsed since the probation period was completed; (iii) a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of 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 that has had its business license revoked due to violations of the law and has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of revocation of business license or shutdown order; or (v) a person identified as a subject of enforcement for breach of trust by the people's court for failure to repay a significant amount of overdue debts.

Any election or appointment of directors in violation of the foregoing shall be invalid. If a director falls under the aforesaid circumstances during his or her term of office, the company shall remove him/her from his/her position.

Under the PRC Company Law, the board of directors shall appoint a chairman and may appoint a vice chairman.

The chairman and the vice chairman are elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and examine the implementation of board resolutions. The vice chairman shall assist the work of the chairman. In the event that the chairman is incapable of performing or not performing his/her duties, the duties shall be performed by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his/her duties, a director nominated by more than half of the directors shall perform his/her duties.

The Audit Committee

Under the PRC Company Law, where a joint stock limited company does not have the board of supervisors, the audit committee shall be composed of at least 3 members, and more than half of the members shall not assume any position other than the director in the company and shall not have any relationship with the company that may affect their independent and objective judgments.

Among the members of the board of directors of the company, an employee's representative may become a member of the audit committee. A resolution made by the audit committee shall be adopted by more than half of the members thereof. For 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 it is otherwise provided for by the Company Law. A company may set up other committees in the board of directors under the articles of association.

Manager and Senior Management

Under the PRC Company Law, a joint stock limited company shall have a manager who shall be appointed or removed by the board of directors. The manager shall report to the board of directors and exercise functions and powers as specified in the articles of association or as authorized by the board of directors. The manager shall attend meetings of the board of directors as a non-voting attendee.

According to the PRC Company Law, senior management shall mean the manager, deputy manager(s), person-in-charge of finance, board secretary (in case of a listed company) of the company and other personnel as stipulated in the articles of association.

Duties of Directors and Senior Management

Directors and senior management of the company are required under the PRC Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company.

Directors and senior management are prohibited from:

(1) misappropriation of the company's property and capital;

(2) depositing the company's capital into accounts under his/her own name or the name of other individuals;

(3) abuse of power to accept bribes or any other illegal income;

(4) accept and possess commissions paid by a third party for transactions conducted with the company;

(5) unauthorized divulgence of confidential business information of the company; or

(6) other acts in violation of their fiduciary duty to the company.

If any director or senior management directly or indirectly concludes a contract or conducts a transaction with the company, he/she shall report the matters relating to the conclusion of the contract or transaction to the board of directors or the shareholders' meeting, subject to the approval of the board of directors or the shareholders' meeting according to the articles of association. The provisions of the preceding paragraph shall apply if any near relatives of the directors or senior management, or any of the enterprises directly or indirectly controlled by the directors or senior management or any of their near relatives, or any related parties with any other related-party relationship with the directors or senior management, conclude a contract or conduct a transaction with the company.

No director or senior management may take advantage of his/her position to seek any business opportunity that belongs to the company for himself/herself or any other person except under any of the following circumstances:

(1) where he/she has reported to the board of directors or the shareholders' meeting and has been approved by a resolution of the board of directors or the shareholders' meeting according to the articles of association; or

(2) where the company cannot make use of the business opportunity as stipulated by laws, administrative regulations or the articles of association.

Where any director or senior management fails to report to the board of directors or the shareholders' meeting and obtain approval by resolution of the board of directors or the shareholders' meeting according to the articles of association, he/she may not engage in any business that is similar to that of the company where he/she holds office for himself/herself or for any other person.

The income obtained by directors and senior management in violation of the above provisions shall belong to the company.

A director or senior management who contravenes any law, regulation or the company's articles of association in the performance of his/her duties resulting in any loss to the company shall be personally liable for the damages to the company.

Finance and Accounting

A company shall establish financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council and shall prepare a financial and accounting report at the end of each financial year, which shall be audited by an accounting firm as required by law. The company's financial and accounting report shall be prepared in accordance with provisions of the laws, administrative regulations and the regulations of the financial department of the State Council.

The financial and accounting reports of a joint stock limited company shall be available at the company for inspection by the shareholders at least 20 days before the convening of an annual general meeting of shareholders. A joint stock limited company which has issued shares to the public must also publish its financial and accounting reports.

The premium received from issuance of shares at prices above par value, proceeds from the issuance of no-par value shares not included in the registered capital and other incomes required by the financial department of the State Council to be allocated to the capital reserve fund shall be allocated to the company's capital reserve fund. The company's reserve fund shall be applied to make up losses of the company, expand its business operations or be converted to increase the registered capital of the company. When utilizing reserves to offset the company's losses, the discretionary reserve and statutory reserve shall be applied first. If the losses remain insufficiently covered, the capital reserve may be used in accordance with applicable regulations. Upon the conversion of statutory common reserve fund into capital, the balance of the statutory common reserve fund shall not be less than 25% of the registered capital of the company before such conversion.

The company shall have no other accounting books except the statutory accounting books. Its assets shall not be deposited in any accounts opened in the name of any individual.

Appointment and Dismissal of Accounting Firms

According to the PRC Company Law, the appointment or dismissal of accounting firms responsible for auditing the company shall be determined by shareholders' general meeting in accordance with provisions of articles of association. The accounting firm shall be allowed to make representations when the shareholders' general meeting or board of directors conducts a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidences, books, financial and accounting reports and other accounting data to the accounting firm it employs without any refusal, withholding or misrepresentation.

According to the Articles of Association, the appointment and dismissal of an accounting firm by a company shall be decided by the shareholders' meeting. The board of directors shall not appoint an accounting firm before the decision of the shareholders' meeting. The audit fee of an accounting firm shall be decided by the shareholders' meeting.

Distribution of Profits

According to the PRC Company Law, when distributing the after-tax profits for the current year, the company shall retain ten percent of the profits as the company's statutory reserve fund. The company does not need to retain the profits when the accumulated amount of the company's statutory reserve fund has reached over fifty percent of the Company's registered capital. If the statutory reserve fund is not sufficient to offset the losses of the previous year, the company shall offset the losses with the relevant year's profits before retaining the statutory reserve fund as mentioned above. The company may further retain discretionary reserve fund from the after-tax profits pursuant to the resolution of the shareholders' meeting after having retained the statutory reserve fund from the after-tax profits. The remaining post-tax profit after the company has made up for losses and extracted surplus reserves shall be distributed by the joint stock limited company in proportion to the shares held by the shareholders, unless otherwise provided in the company's articles of association. Profits attributable to the shares held by the company shall not be distributed to the company.

Where a company distributes profits to shareholders in violation of the provisions of the PRC Company Law, the shareholders shall refund the profits distributed to the company, and the shareholders and directors and senior management who are responsible for causing losses to the company shall bear compensation liability.

If the shareholders' meeting adopts a resolution on distributing profits, the board of directors shall make the distribution within six months from the date on which the resolution is passed at the shareholders' meeting.

Amendments to Articles of Association

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

According to the Guidelines for the Articles of Association, a company shall revise the articles of association under any of the following circumstances: (1) after the PRC Company Law or relevant laws and administrative regulations are amended, the matters stipulated in the articles of association conflict with the provisions of the amended laws or administrative regulations; (2) the circumstances of the company change and are inconsistent with the matters recorded in the articles of association; (3) the shareholders' meeting decides to amend the articles of association.

Dissolution and Liquidation

According to the PRC Company Law, a company is dissolved for the following reasons:

(1) the business term prescribed by the company's articles of association expires or other grounds for dissolution prescribed by the company's articles of association arise;

(2) dissolution by resolution of the shareholders' meeting;

(3) dissolution due to company merger or division;

(4) the company has its business license revoked, is ordered to close down or is revoked according to law;

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

If the company falls under the reasons for dissolution as prescribed in the preceding paragraph, it shall publicize the reasons for dissolution through the national enterprise credit information publicity system within 10 days.

If a company is in any of the circumstances described in (1) and (2) above and has not yet distributed any property to its shareholders, it may continue to exist by amending its articles of association or by resolution of a shareholders' meeting. If the articles of association of the company are amended in accordance with the foregoing provisions or by resolution of a shareholders' meeting, the approval of a joint stock company with two-thirds or more of the voting rights held by the shareholders present at the shareholders' meeting shall be obtained.

If a company is dissolved due to the provisions of (1), (2), (4) and (5) above, it shall be liquidated. The directors are the liquidation obligors of the company and shall form a liquidation committee to carry out liquidation within 15 days from the date when the cause for dissolution occurs. The liquidation committee shall consist of directors, unless it is otherwise provided for in the articles of association of the company or other persons are elected by resolution of the shareholders' meeting. If the persons with liquidation obligations fail to perform his/her liquidation obligations in a timely manner and causes losses to the company or creditors, they shall bear liability for compensation. If a liquidation committee is not established for liquidation within the time limit, or the liquidation committee is not established for liquidation, the interested party may apply to the People's Court to designate relevant personnel to form a liquidation committee for liquidation. The People's Court shall accept the application and promptly organize a liquidation committee for liquidation.

The liquidation committee shall exercise the following powers during the liquidation period:

(1) to liquidate the assets of the company and prepare the balance sheet and a property inventory;

(2) to inform creditors by notice or announcement;

(3) to deal with the outstanding businesses of the company relating to liquidation;

(4) to settle the owed taxes and taxes incurred in the course of liquidation;

(5) to settle creditor's rights and debts;

(6) to dispose of the remaining assets of the company after repayment of debts;

(7) to represent the company in civil proceedings.

The liquidation committee shall notify the creditors within 10 days of its establishment, and make an announcement in the newspapers or the national enterprise credit information publicity system within 60 days.

The creditors shall declare their creditors' rights to the liquidation committee within 30 days after receiving the notice, or within 45 days from the date of the announcement if they have not received the notice. When declaring its claims, a creditor shall explain the relevant matters of the claim and provide supporting materials. The liquidation committee shall register the claims. During the claim period, the liquidation committee shall not make any payment to creditors.

After liquidation of the company's properties and preparation of the balance sheet and property inventory by the liquidation committee, the committee shall formulate a liquidation plan and report it to the shareholders' meeting or the People's Court for confirmation. The remaining properties of the company shall be distributed among the shareholders of a joint stock company according to the proportion of shares held by the shareholders after payment of the liquidation expenses, the salaries of employees, social insurance premiums and statutory compensations, the payment of overdue taxes and the repayment of the debts of the company. During the liquidation period, the company shall continue to exist but shall not carry out any business activities unrelated to the liquidation. Properties of the company shall not be distributed to the shareholders until its debt has been settled in accordance with the aforesaid provisions.

If the liquidation committee finds that the company's properties are insufficient to pay off its debts after liquidating the company's properties and preparing the balance sheet and property inventory, it shall apply to the People's Court for bankruptcy and liquidation. After the People's Court accepts the bankruptcy application, the liquidation team shall transfer the liquidation matters to the bankruptcy administrator designated by the People's Court.

Upon completion of the liquidation of the company, the liquidation committee shall prepare a liquidation report, which shall be submitted to the shareholders' meeting or the People's Court for confirmation and be submitted to the company registry to apply for deregistration of the company. The members of the liquidation committee shall perform the liquidation duties and bear fiduciary and diligence duties. If a member of the liquidation committee neglects to perform the liquidation duties and causes losses to the company, he/she shall be liable for compensation; if any member of the liquidation committee causes losses to creditors due to intentional or gross negligence, he/she shall be liable for compensation.

Where a company is declared bankrupt in accordance with the laws, it shall be bankrupted and liquidated in accordance with the laws in respect of enterprise bankruptcy.

Where a company has its business license revoked, is ordered to close down or is revoked, and fails to apply to the company registry for deregistration of the company for three years, the company registry may make an announcement through the National Enterprise Credit Information Publicity System for a period of not less than 60 days. If there is no objection after the expiration of the announcement period, the company registry may cancel the registration of the company.

Overseas Listing

According to the Trial Measures, an issuer that conducts an overseas initial public offering or listing shall file with the CSRC within three working days after the overseas submission of the application documents for offering and listing. If an issuer offers securities on the same overseas market after its overseas offering and listing, it shall file with the CSRC within three working days after the completion of the offering. After the issuer's overseas offering and listing, any offering and listing on other overseas markets shall be filed in accordance with the aforesaid requirements.

Suspension and Termination of Listing

The provisions relating to suspension and termination of listing have been deleted from the PRC Company Law. The provisions relating to listing suspension has also been removed from the Securities Law of the PRC. If the listed securities are subject to termination of listing as required by a stock exchange, the stock exchange shall terminate their listing and trading in accordance with its business rules.

According to the Trial Measures, if an issuer voluntarily terminates the listing or is subject to mandatory termination of listing after the overseas offering and listing, it shall report the specific situation to the CSRC within three working days from the date of the relevant issue and announcement.

Merger and Demerger

In the event of a company merger, the parties to the merger shall enter into a merger agreement and prepare a balance sheet and an inventory of assets and liabilities. The company shall notify its creditors within 10 days from the date of the merger resolution and make an announcement in a newspaper or on the National Enterprise Credit Information Publicity System within 30 days. The creditors may, within 30 days from the date of receipt of the notice, or within 45 days from the date of the announcement if the creditor fails to receive the notice, request the company to settle the debts or provide corresponding guarantees. In the event of a company merger, the creditors' rights and debts of the parties to the merger shall be inherited by the subsisting company or the newly established company after the merger.

Where there is a division of the company, its assets shall be divided accordingly and a balance sheet and an inventory of assets shall be prepared. The company shall notify the creditors within 10 days from the date of the resolution and publish an announcement in a newspaper or the National Enterprise Credit Information Publicity System within 30 days. The entities after the division of the company shall be jointly and severally liable for the pre-division debts of the company, unless provided otherwise in a written agreement pertaining to the payment of debts between the company and its creditors prior to the division.

THE PRC SECURITIES LAWS AND REGULATIONS

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 the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offering of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities related statistics and undertaking relevant research and analysis. In 1998, the State Council consolidated the above two departments and reformed the CSRC.

On April 22, 1993, the State Council promulgated the Interim Regulations on the Administration of Share Issuance and Trading (《股票發行與交易管理暫行條例》), which stipulates the public offerings of equity securities, trading in equity securities, the acquisition of listed companies, deposit, clearing and transfer of listed equity securities, the disclosure of information with respect to a listed company, investigation, penalties and dispute settlement.

On December 25, 1995, the State Council promulgated the Regulations of the State Council Concerning Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》). These regulations principally govern the issue, subscription, trading and declaration of dividends and other distributions of domestic listed foreign shares and disclosure of information of joint stock limited companies having domestic listed foreign shares.

The Securities Law of the PRC (《中華人民共和國證券法》) (the "**PRC Securities Law**") was promulgated by the SCNPC on December 29, 1998 and came into effect on July 1, 1999, and was amended on August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014 and December 28, 2019 and came into effect on March 1, 2020, respectively. The PRC Securities Law is divided into 14 chapters and 226 articles and regulates, among other things, the issuance and trading of securities, the listing of securities, takeovers of listed companies, and the duties of stock exchanges, securities companies, securities registration and clearing institutions and securities regulatory authorities.

According to the PRC Securities Law, domestic enterprises which, directly or indirectly, issue securities or list and trade their securities outside the PRC shall comply with the relevant regulations of the State Council. The specific measures for subscription and trading of shares of domestic companies in foreign currencies shall be separately formulated by the State Council. Currently, the issue and trading of securities issued overseas (including H shares) are principally governed by the regulations and rules promulgated by the State Council and the CSRC.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARD

The Arbitration Law of the PRC (《中華人民共和國仲裁法》) (the "**PRC Arbitration Law**") was enacted by the SCNPC on August 31, 1994, which became effective on September 1, 1995, and was last amended on September 12, 2025 and effective on March 1, 2026. It is applicable to, among other matters, economic disputes involving foreign elements where all parties have entered into a written agreement to resolve disputes by arbitration before an arbitration committee constituted in accordance with the PRC Arbitration Law. The PRC Arbitration Law provides that an arbitration committee may, before the promulgation of arbitration regulations by the PRC Arbitration Association, formulate interim arbitration rules in accordance with the PRC Arbitration Law and the Civil Procedure Law of the PRC. The parties shall voluntarily reach an arbitration agreement on the use of arbitration to resolve disputes. If the parties reach an arbitration agreement and one party initiates legal proceedings in a people's court, the people's court will refuse to handle the legal proceeding, unless the arbitration agreement is invalid.

Under the PRC Arbitration Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement. The award shall not be enforced by the people's court upon examination and verification if the arbitration procedure is non-compliant with the law (including but not limited to irregularity in the composition of the arbitration tribunal, procedural irregularity, the giving of an award beyond the scope of the arbitration agreement or the jurisdiction of the arbitration commission).

Where a party applies for enforcement of a legally effective arbitral award made in the PRC, and the opposite party or his/her property is not within the territory of the PRC, the applicant may directly apply to a foreign court with jurisdiction for recognition and enforcement of the arbitral award. Likewise, where a legally effective arbitral award made outside the PRC needs to be recognized and enforced by the people's court of the PRC, the people's court may handle the matter in accordance with the provisions of international treaties to which the PRC is a signatory or in which the PRC is a participant or the principle of reciprocity.

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

JUDICIAL JUDGMENT AND ITS ENFORCEMENT

According to the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of 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 "**Arrangement**") promulgated by the Supreme People's Court on July 3, 2008 and implemented on August 1, 2008, in the case of final judgment, defined with payment amount and enforcement power, made by the People's Court of China and the court of the Hong Kong Special Administrative Region in a civil and commercial case with written jurisdiction agreement, any party concerned may apply to the People's Court of China or the court of the Hong Kong Special Administrative Region for recognition and enforcement based on the Arrangement. "Written choice of court agreement" refers to a written agreement defining the exclusive jurisdiction of either the People's Court of China or the court of the Hong Kong Special Administrative Region in order to resolve disputes with particular legal relation occurred or likely to occur by the party concerned. Therefore, the parties concerned may apply to the People's Court of China or the court of the Hong Kong Special Administrative Region to recognize and enforce the final judgment made in China or Hong Kong that meet certain conditions of the aforementioned regulations. The Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of Chinese Mainland and of the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "**New Arrangement**") was promulgated by the Supreme People's Court on January 25, 2024, became effective on January 29, 2024, and replaced the Arrangement. However, any "Written choice of court agreement in written" concluded under the Arrangement before January 29, 2024 remains applicable. The New Arrangement seeks to establish a clearer and more comprehensive mechanism for the recognition and enforcement of a wider range of civil and commercial judgments between the Hong Kong Special Administrative Region and Chinese Mainland.