This Appendix summarizes certain aspects of PRC laws and regulations which are relevant to the Company's operations and business. Laws and regulations relating to taxation in the PRC are discussed separately in "Appendix III—Taxation and Foreign Exchange" to this document. This Appendix also contains a summary of laws and regulatory provisions of the PRC Company Law. The principal objective of this summary is to provide **[REDACTED]** *with an overview of the principal laws and regulatory provisions applicable to the Company. This summary is not intended to include all the information which is important to the* **[REDACTED]**. *For the discussion of laws and regulations which are relevant to the Company's business, please see section headed "Regulatory Overview" in this document.*

I. 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》) (hereinafter referred to as the "**Constitution**") and is made up of written laws, administrative regulations, local regulations, autonomous regulations, separate regulations, rules and regulations of ministries of the State Council, rules and regulations of local governments, laws of special administrative regions and international treaties of which the PRC government is a signatory and other regulatory documents. Court judgments do not constitute legally binding precedents, although they are used for the purposes of 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》) (hereinafter referred to as the "**Legislation Law**"), the NPC and the SCNPC are authorized 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 and to supplement and amend parts of the 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 is the highest organ of state administration and has the power to formulate administrative regulations based on the Constitution and laws.

The people's congresses of the 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, such local regulations shall comply with provisions of the Constitution, laws or administrative regulations. The people's congresses of cities divided into districts and their respective standing committees may formulate local regulations on aspects such as urban and rural construction and management, environmental protection and historical and cultural protection based on the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. If laws provide otherwise on the matters concerning formulation of local regulations by cities divided into districts, such laws shall prevail. Such local regulations of cities divided into districts 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 shall examine the legality of local regulations submitted for approval and such approval should be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of the provinces or autonomous regions concerned. Where, during the examination for approval of local regulations of cities divided into districts by the standing committees of the people's congresses of the provinces or autonomous regions, conflicts are identified with the rules of the people's governments of the respective provinces or autonomous regions, the standing committees of the people's congresses of provinces or autonomous regions shall resolve the issue. 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 and commissions of the State Council, the PBOC, the National Audit Office of the PRC and the subordinate institutions with administrative functions directly under the State Council may formulate rules and regulations within the scope of authorization of the respective departments based on the laws and administrative regulations and the decisions and orders of the State Council. Provisions of departmental rules should be the matters related to the enforcement of the laws and administrative regulations and the decisions and orders of the State Council. The people's governments of the provinces, autonomous regions, municipalities directly under the central government and cities or autonomous prefectures divided into districts may formulate rules and regulations based on the laws, administrative regulations and local regulations of such provinces, autonomous regions and municipalities.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations and separate regulations and rules may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of 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 or autonomous prefectures divided into districts 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 Standing Committee and to annul any autonomous regulations or separate regulations which have been approved by its Standing Committee but which contravene the Constitution or the Legislation Law. The Standing Committee of the NPC has the power to annul any administrative regulations that contravene the Constitution and laws, to annul any local regulations that contravene the Constitution, laws or administrative regulations and to annul any autonomous regulations or local 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 departmental 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.

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the Standing Committee of the NPC. Pursuant to the Resolution of the Standing Committee of the NPC Providing an Improved Interpretation of the Law (《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》) implemented on June 10, 1981, issues related to further clarification or supplement of laws should be interpreted or provided by the Standing Committee of the NPC, 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 a prosecution process of a procuratorate should be interpreted by the Supreme People's Procuratorate. If there is any disagreement in principle between interpretations of Supreme People's Court and the Supreme People's Procuratorate, such issues shall be reported to the Standing Committee of the NPC for interpretation or judgment. The other issues related to laws other than the abovementioned should be interpreted by the State Council and the competent authorities. The State Council and its ministries and commissions are also vested with the power to give interpretations of the administrative regulations and departmental rules which they have promulgated. At the regional level, the power to interpret local laws is vested in the regional legislative and administrative authorities which promulgate such laws.

II. THE PRC JUDICIAL SYSTEM

According to the Constitution and the Organic Law of People's Courts of the PRC (《中華人民共和國人民法院組織法》) promulgated by the NPC on July 5, 1979, last amended on October 26, 2018 and became effective on January 1, 2019, the judicial system in the PRC is made up of the Supreme People's Court, local people's courts and special people's courts.

The local people's courts are comprised of the primary people's courts, the intermediate people's courts and the higher people's courts. 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 body in the PRC. It supervises the judicial administration of the people's courts at all levels.

The people's courts apply a two-tier appellate system, i.e., 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 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 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 those of the first instance of the Supreme People's Court are final. However, if the Supreme People's Court finds some definite errors in a legally effective judgment, ruling or mediation agreement of the people's court at any level, or if the people's court at a higher level finds such errors in a legally effective judgment, ruling or conciliation statement of the people's court at a lower level, it has the authority to review the case itself or to direct the lower-level people's court to conduct a retrial. If the chief judge of all levels of people's courts finds some definite errors in a legally effective judgment, ruling or conciliation statement and considers 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 PRC (《中華人民共和國民事訴訟法》) (hereinafter referred to as the "PRC Civil Procedure Law"), which was adopted on April 9, 1991 and amended in 2007, 2012, 2017, 2021 and 2023, with the latest version effective on January 1, 2024, sets forth the criteria 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 ruling. All parties to a civil action conducted within the PRC must abide by the PRC Civil Procedure Law. A civil case is generally heard by the court located in the defendant's place of 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 places directly connected with the disputes, such as the plaintiff's or the defendant's place of domicile, the place where the contract is executed or signed or the place where the object of the action is located. However, such choice may not in any circumstances contravene the regulations of hierarchical jurisdiction and exclusive jurisdiction.

A foreign individual, a person without nationality, a foreign enterprise or organization is given the same litigation rights and obligations as a Chinese citizen or legal person. Should a foreign court limit the litigation rights of citizens, a legal person and other organizations of the PRC, the PRC court may apply the same limitations to the civil litigation rights to citizens, enterprises and organizations of such foreign country. A foreign individual, a person without nationality, a foreign enterprise and organization must engage a PRC lawyer in case he or it needs to engage a lawyer for the purpose of initiating actions or defending against litigations at the people's court. According to the international treaties to which the PRC is a signatory or participant or according to the principle of reciprocity, a people's court of the PRC and a foreign court may request each other to serve documents, conduct investigation and collect evidence and conduct other actions on its behalf. A people's court of the PRC shall not accommodate any request made by a foreign court which will result in the violation of sovereignty, security or public interests of the PRC.

All parties to a civil action shall perform the legally effective judgments and rulings. If any party to a civil action refuses to abide by 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 the enforcement of the same within two years subject to application for postponed enforcement or revocation. If a party fails to satisfy within the stipulated period a judgment which the court has granted an enforcement approval, the court may, upon the application of the other party, mandatorily enforce the judgment.

A party seeking to enforce a judgment or ruling of a people's court against another party who is not or whose asset is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of such judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people's court in accordance with the PRC enforcement procedures if the PRC has entered into or acceded to international treaties with the relevant foreign country, which provided for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination according to the principle of reciprocity, unless the people's court considers that the recognition or enforcement of such judgment or ruling would violate the basic legal principles of the PRC, its sovereignty or national security, or against the social and public interest.

III. THE COMPANY LAW, THE ADMINISTRATIVE MEASURES FOR DOMESTIC LISTING, AND THE GUIDELINES FOR THE ARTICLES OF ASSOCIATION OF LISTED COMPANIES

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

The Company Law of the PRC (《中華人民共和國公司法》) (hereinafter referred to as the "**Company Law**"), was adopted by the Fifth Standing Committee Meeting of the Eighth NPC on December 29, 1993 and came into effect on July 1, 1994 and was amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023. The latest revised Company Law came into effect on July 1, 2024.

The Trial Measures for the Administration of Overseas Issuance and Listing of Securities by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) (hereinafter referred to as the "**Administrative Measures for Overseas Listing**") and its five interpretative guidelines promulgated by the CSRC on February 17, 2023 came into effect on March 31, 2023 and were applicable to the direct and indirect overseas share subscription and listing of domestic companies.

According to the Administrative Measures for Overseas Listing and its interpretative guidelines, where a domestic company directly offering and listing overseas, it shall formulate its articles of association in line with the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》), in place of the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (《到境外上市公司章程必備條款》) which ceased to apply from March 31, 2023. The Guidelines for Articles of Association were promulgated by the CSRC on December 16, 1997 and last amended on March 28, 2025.

The main elements of the above provisions are summarized below:

1. General Provisions

A joint stock limited company is an enterprise legal person incorporated in China According to the Company Law, whose registered capital is divided into shares. The liability of the company is limited to the total amount of all assets it owns and the liability of its shareholders is limited to the extent of the shares they subscribe for. A company shall conduct its business in accordance with laws and regulations, observe social ethics and business ethics, act in good faith and be subject to government and public oversight.

2. Incorporation

A joint stock limited company may be established either by promotion or share offer. A joint stock limited company shall be incorporated by no fewer than one but no more than 200 promoters, a majority of whom shall have residence within the PRC.

For companies incorporated by way of promotion, the promoters shall fully subscribe for the shares that shall be issued at the time of the incorporation of the company as provided under the articles of association. For companies incorporated by way of share offer, the promoters shall subscribe for no less than 35% of the shares that shall be issued at the time of the incorporation of the company as provided under the articles of association; provided that, if laws and administrative regulations provide otherwise, such provisions shall prevail.

The promoters of a joint stock limited company established by share offer shall convene an inaugural meeting of the company within 30 days from the date on which the shares to be issued upon the establishment of the company have been fully paid up. The promoters shall notify the subscribers of the date of the meeting or make an announcement 15 days prior to the date of the inaugural meeting. The inaugural meeting may be convened only with the presence of subscribers representing at least half of the voting rights of the company. The board of directors shall authorize a representative to apply for registration of the establishment with the company registration authority within 30 days after the conclusion of the inaugural meeting.

The company is formally established and acquires legal person status after the business license has been issued by the relevant registration authority. The date of issuance of the company's business license is the date of incorporation.

3. Share Capital

According to the Company Law, shareholders may make capital contributions in cash, or with non-monetary asset that may be valued in money and legally transferred, such as contribution in kind or with intellectual property rights, land use rights, equity interests or creditors' rights. According to the Administrative Measures for Overseas Listing, domestic enterprises may raise funds and distribute dividends in foreign exchange or RMB in connection with their overseas listings.

According to the Administrative Measures for Overseas Listing, shareholders of unlisted domestic shares of a domestic company that is directly listed in an overseas offering and applies to convert those shares into shares listed and traded on an overseas trading venue shall comply with the relevant regulations issued by the CSRC and authorize the domestic company to make filings with the CSRC on their behalf. Domestic unlisted shares as mentioned above refer to shares issued by domestic enterprises but yet listed or traded on domestic stock exchanges. Domestic unlisted shares shall be registered and deposited with domestic securities registration and clearing institutions. The registration and settlement arrangements of overseas listed shares shall be subject to the provisions of overseas listing places.

A joint stock limited company shall prepare and maintain a register of shareholders at the company. The register of shareholders shall set out the following particulars: (1) the name and domicile of each shareholder; (2) the class and number of shares subscribed by each shareholder; (3) for shares issued in paper form, the serial number of the share certificate; (4) the date on which each shareholder acquired the shares.

A joint stock limited company shall keep its articles of association, register of shareholders, minutes of the general meeting, minutes of the board meeting, minutes of meeting of supervisory committee, financial and accounting reports and a register of bondholders.

4. Issue of Shares

All shares issued by a joint stock limited company shall follow the principles of equality and fairness. The same class of shares shall carry equal rights. Shares of the same class under the same offering must be issued on the same terms and at the same price. A joint stock limited company may issue its shares at par value or at a premium, but shall not issue shares at a price lower than the par value. Shares with par value issued by the company shall be registered shares. After the subscription monies that a company making offering of shares has been paid up, a public announcement shall be made accordingly.

Domestic enterprises issuing and listing overseas shall file with the CSRC in accordance with the provisions of the Administrative Measures for Overseas Listing, submitting the filing report, legal opinion and other relevant information and provide truthful, accurate and complete disclosure of shareholder information and other circumstances. Where a domestic enterprise conducts a direct offering and listing overseas, the issuer shall file with the CSRC. Where a domestic enterprise conducts an indirect overseas listing, the issuer shall designate the primary domestic business entity as the domestic responsible person and make a filing with the CSRC.

5. Increase in Share Capital

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

6. Reduction of share capital

A company shall reduce its registered capital in accordance with the following procedures prescribed by the Company Law: (1) prepare a balance sheet and an inventory of assets; (2) a company makes a resolution at the general meeting to reduce its registered capital; (3) a company shall notify creditors within 10 days from the date on which the general meeting adopts the resolution on the reduction of registered capital and make an announcement in newspapers or on the National Enterprise Credit Information Publicity System within 30 days; (4) the creditors shall have the right to require a company to settle its debts or provide corresponding guarantees within 30 days after receiving the notice or within 45 days after the announcement if the creditors have not received the notice; (5) the company shall complete the change registration with the company registration authority.

When reducing its registered capital, the company shall reduce its capital contribution or shares in proportion to capital contributions or shares held by shareholders, unless otherwise provided by law, otherwise agreed upon by all shareholders of a limited liability company, or otherwise stipulated in the articles of association of a joint stock limited company.

7. Repurchase of Shares

According to the Company Law, a company shall not repurchase its own shares except under any of the following circumstances: (1) to reduce its registered share capital; (2) to merge with another company holding shares of the Company; (3) to grant its shares for carrying out employee share ownership plans or equity incentive; (4) to request to the company to acquire the shares from shareholders who vote against any resolution adopted at the general meeting on the merger or division of the company; (5) to apply shares for conversion into corporate bonds issued by the company which is convertible to stock; (6) necessary for a listed company to maintain its company value and protect its shareholders' rights.

Where a company repurchases its own shares under circumstances specified in items (1) and (2) above, such repurchase shall be approved by resolution of the general meeting; where a company repurchases its own shares under circumstances specified in items (3), (5) and (6) of the preceding paragraph, such repurchase may be approved by resolution of a board meeting attended by two-thirds or more of the directors in accordance with the articles of association or authorization by the general meeting.

After a company repurchases its own shares in accordance with paragraph 1 of this Article, in respect of circumstance (1), the shares shall be cancelled within 10 days from the date of repurchase; in respect of circumstances (2) and (4), the shares shall be transferred or cancelled within six months; in respect of circumstances (3), (5) and (6), the total number of the Company's shares held by the Company shall not exceed 10% of the total number of issued shares of the Company and shall be transferred or cancelled within three years.

If a listed company repurchases its own shares, it shall fulfil information disclosure obligations in accordance with the provisions of the Securities Law of the PRC. If a listed company repurchases its own shares under circumstances specified in items (3), (5) and (6) of paragraph 1 of this Article, such repurchase shall be conducted through public centralized trading.

A company shall not accept its own shares as the subject of a pledge.

8. Transfer of Shares

Shares held by a shareholder may be transferred according to the law.

According to the Company Law, transfer of shares by shareholders shall be carried out at a legally established stock exchange or in other ways stipulated by the State Council. Registered shares may be transferred by endorsement of shareholders or by other means stipulated by laws or administrative regulations. Upon the transfer, the company shall record the name and address of the transferee in its register of shareholders. No changes of registration in the register of shareholders described above shall be effected during a period of 20 days prior to convening a general meeting or 5 days prior to the record date for the purpose of determining entitlements to dividend distributions. If the laws, administrative regulations or the securities regulatory authorities under the State Council provide otherwise for the registration of changes in the register of shareholders of a listed company, such provisions shall prevail.

According to the Company Law, shares issued by a company prior to the public issuance of shares shall not be transferred within one year from the date on which the shares of a company are listed and traded on a stock exchange. The directors and senior management of the company shall declare to the company the shares they hold and the changes thereof. They shall not transfer more than 25% of all the shares they hold in the company annually during their tenure. The shares of the company held by directors, supervisors and senior management shall not be transferred within 1 year as of the listing date of the shares of the company. The shares of the company held by them shall not be transferred within six months after their resignation.

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

9. Shareholders

According to the Company Law and the Guidelines for the Articles of Association of Listed Companies, shareholders of ordinary shares of a company have the following rights: (1) to receive dividends and other forms of distribution in proportion to their shareholdings; (2) to attend or appoint a proxy to attend general meetings and exercise voting rights; to supervise and manage the company's business operations and make suggestions or raise inquiries; (3) to transfer shares in accordance with the provisions of laws, administrative regulations and the articles of association; (4) to inspect the articles of association, register of shareholders, corporate bond stubs, minutes of general meetings, resolutions of board meetings, resolutions of supervisory committee meetings and financial and accounting reports and to make suggestions or raise inquiries regarding the company's operations; (5) to participate in the distribution of the company's residual assets in proportion to their shareholdings when the company is dissolved or liquidated; (6) other rights conferred by laws, administrative regulations and the articles of association.

The obligations of a shareholder of ordinary shares of a company include: (1) to comply with the articles of association; (2) to pay the subscription amount in accordance with the number of shares subscribed and the method of subscription; (3) not to abuse shareholders' rights to the detriment of the company or other shareholders; not to abuse the independent legal person status of the company and the limited liability of shareholders to the detriment of the company's creditors; (4) other obligations as prescribed by laws, administrative regulations and the articles of association.

10. General Meeting

The general meeting is the company's organ of authority. The general meeting shall exercise the following functions and powers: (1) to elect and replace directors and supervisors and to decide on matters concerning the remuneration of directors and supervisors; (2) to review and approve the report of the board of directors; (3) to review and approve the report of the supervisory committee; (4) to review and approve the company's profit distribution plan and plan for making up losses; (5) to pass resolutions on increase or reduction of the company's registered capital; (6) to pass resolutions on issuance of corporate bonds by the company; (7) to pass resolutions on merger, division, dissolution, liquidation or change of corporate form of the company; (8) to amend the articles of association; (9) other functions and powers as prescribed by the articles of association.

An annual general meeting shall be held once every year. An extraordinary general meeting shall be convened within two months under any of the following circumstances: (1) the number of directors is less than two-thirds of the number prescribed by this Law or specified in the articles of association; (2) the unrecovered losses of the company amount to one-third of the total share capital; (3) upon request by shareholders who individually or collectively hold 10% or more of the company's shares; (4) the board of directors considers it necessary; (5) proposed by the supervisory committee; (6) other circumstances as prescribed by the articles of association.

General meetings shall be convened by the board of directors and presided over by the chairman of the board; where the chairman is unable to perform or fails to perform his/her duties, the vice chairman shall preside; where the vice chairman is unable to perform or fails to perform his/her duties, a director jointly elected by more than half of the directors shall preside.

Where the board of directors is unable to perform or fails to perform its duty to convene general meetings, the supervisory committee shall promptly convene and preside over such meetings; where the supervisory committee fails to convene and preside, shareholders who individually or collectively hold 10% or more of the company's shares for 90 days or more consecutively may unilaterally convene and preside over general meeting.

Where shareholders who individually or collectively hold 10% or more of the company's shares request the convening of an extraordinary general meeting, the board of directors and supervisory committee shall, within 10 days from the date of receipt of the request, make a decision on whether to convene an extraordinary general meeting and provide a written reply to the shareholders.

A notice of general meeting stating the date and venue thereof and the matters to be considered thereat shall be given to all shareholders 20 days before the meeting; a notice of extraordinary general meeting shall be given to all shareholders 15 days prior to the meeting.

Shareholders who individually or collectively hold 1% or more of the company's shares may submit interim proposals in writing to the board of directors 10 days before the general meeting is held. The interim proposals shall have clear subjects for discussion and specific issues for resolution. The board of directors shall notify other shareholders within two days after receipt of the proposals and submit such interim proposals to the general meeting for consideration; except where the interim proposals violate the provisions of laws, administrative regulations or the articles of association, or do not fall within the scope of functions and powers of the general meeting. The company shall not increase the shareholding ratio of shareholders who submit interim proposals.

A company that publicly issues shares shall give notice as prescribed in the preceding two paragraphs by way of announcement. The general meeting shall not pass resolutions on matters not specified in the notice. When shareholders attend a general meeting, each share held shall have one vote, except for shareholders of class shares. The company's shares held by the company are not entitled to any voting rights. Resolutions of the general meeting shall be passed by more than half of the voting rights held by shareholders present at the meeting. Resolutions of the general meeting on amendments to the articles of association, increase or reduction of registered capital and merger, division, dissolution or change of corporate form of the company shall be passed by two-thirds or more of the voting rights held by shareholders present at the meeting.

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

According to the Company Law, shareholders present at a general meeting have one vote for each share they hold, except for shareholders of class shares. The company has no voting right for the shares of the company it holds.

According to the Company Law, resolutions approved by the general meeting require affirmative votes representing more than half of the voting rights represented by shareholders attending the general meeting. Matters relating to merger, division or dissolution of the company, increase or reduction of registered capital, change of corporate form or amendments to the articles of association must be approved by two-thirds or more of the voting rights held by shareholders present at the meeting.

11. Board of Directors

According to the provisions of the Company Law, a joint stock limited company shall establish a board of directors with not less than three members. The term of office of directors shall be specified in the articles of association, but each term shall not exceed three years. Upon expiry of the term of office, directors may serve consecutive terms if re-elected.

The board of directors shall have one chairman and may have vice chairmen. The chairman and vice chairmen shall be elected by more than half of all directors at the board of directors. The chairman shall convene and preside over board meetings and supervise the implementation of resolutions of the board of directors. The vice chairman shall assist the chairman in his/her work. Where the chairman is unable to perform or fails to perform his/her duties, the vice chairman shall perform such duties; where the vice chairman is unable to perform or fails to perform his/her duties, a director jointly elected by more than half of the directors shall perform such duties.

The board of directors shall exercise the following functions and powers: (1) to convene general meetings and report its work to the general meeting; (2) to implement resolutions of the general meeting; (3) to decide on the company's business plans and investment proposals; (4) to formulate the company's profit distribution plan and plan for making up losses; (5) to formulate plans for increase or reduction of the company's registered capital and for issuance of corporate bonds; (6) to formulate plans for merger, division, dissolution or change of corporate form of the company; (7) to decide on the establishment of the company's internal management organizations; (8) to decide on the appointment or dismissal of the company's manager and matters concerning his/her remuneration and to decide on the appointment or dismissal of the company's deputy managers and financial controller and matters concerning their remuneration based on the manager's nomination; (9) to formulate the company's basic management system; (10) other functions and powers as prescribed by the articles of association or granted by the general meeting. Restrictions on the functions and powers of the board of directors under the articles of association shall not be asserted against bona fide third parties.

The board of directors shall hold at least two meetings each year and all directors and supervisors shall be notified 10 days before each meeting is held. Shareholders representing 10% or more of the voting rights, one-third or more of the directors, or the supervisory committee may propose to convene an interim board meeting. The chairman shall convene and preside over a board meeting within 10 days from receipt of the proposal. When the board of directors convenes an interim meeting, the manner and time limit for notice to convene the board of directors may be separately determined.

Directors shall bear responsibility for resolutions of the board of directors. If a resolution of the board of directors violates laws, administrative regulations, the articles of association or resolutions of the general meeting and causes serious losses to the company, directors who participated in the resolution shall bear liability for compensation to the company; directors who are proved to have expressed dissent at the time of voting and such dissent is recorded in the minutes of the meeting may be exempted from such liability.

A joint stock limited company that is relatively small in scale or has a relatively small number of shareholders may have one supervisor instead of establishing a supervisory committee, who shall exercise the functions and powers of the supervisory committee as prescribed by this Law. A joint stock limited company may establish an audit committee composed of directors in the board of directors in accordance with the provisions of the articles of association to exercise the functions and powers of the supervisory committee as prescribed by this Law, without establishing a supervisory committee or having supervisors.

12. Manager and Senior Management

According to the relevant provisions of the Company Law, a joint stock limited company shall have a manager whose appointment or dismissal shall be decided by the board of directors. The manager shall be responsible to the board of directors and shall exercise his/her functions and powers in accordance with the provisions of the articles of association or authorization by the board of directors. The manager shall attend board meetings as a non-voting participant. The board of directors of the Company may decide that a member of the board of directors shall concurrently serve as manager.

According to the provisions of the Company Law, senior management refers to the company's manager, deputy managers, financial controller, the board secretary of a listed company and other persons as stipulated in the articles of association.

13. Duties of Directors and Senior Management

According to the provisions of the Company Law, directors and senior management shall comply with laws, administrative regulations and the articles of association. Directors and senior management owe a fiduciary duty to the company, shall take measures to avoid conflicts between their own interests and the interests of the company and shall not use their powers to obtain improper benefits. Directors and senior management have an obligation of diligence to the company and shall exercise reasonable care that is normally expected of managers in the best interests of the Company when performing their duties.

A person under any of the following circumstances shall not serve as a director or senior management of the company: (1) having no capacity for civil conduct or limited capacity for civil conduct; (2) a person who has been sentenced to criminal penalty for corruption, bribery, infringement of asset, misappropriation of asset or sabotaging the order of socialist market economy, or who has been deprived of his political rights due to criminal offense, where less than five years have elapsed since the deprivation lapsed or a period of two years has not yet elapsed since the date of expiration of the probation period in case of probation; (3) a person who is a former director, factory manager or manager of a company or enterprise which has been put 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 completion of the insolvent liquidation of the company or enterprise; (4) a person who is a former legal representative of a company or enterprise, the business license of which was revoked or such company or enterprise was ordered to shut down due to violation of law and such person is personally liable for such consequences, where less than three years have elapsed since the date of the revocation of business license of such company or enterprise or such business had been ordered to shut down; (5) a person who has a relatively large amount of debt which has become overdue and is listed as a dishonest person subject to enforcement by the people's court. If directors or supervisors are elected or appointed, or senior management are engaged in violation of the provisions of the preceding paragraph, such election, appointment or engagement shall be invalid. If a director or senior management falls under any of the circumstances set out in the first paragraph of this Article during his/her tenure, the company shall remove him/her from office.

Directors and senior management shall not engage in any of the following conduct: (1) misappropriating the company's assets or misappropriating the company's funds; (2) opening accounts in his/her own name or in the name of other individuals to deposit the company's funds; (3) accepting bribes or other illegal income by taking advantage of his/her position; (4) accepting commissions from others' transactions with the company as his/her own; (5) disclosing the company's secrets without authorization; (6) other acts that violates the fiduciary duty to the company.

If directors or senior management directly or indirectly enter into contracts or conduct transactions with the Company, they shall report to the board of directors or the general meeting on matters relating to the entering into of contracts or the conduct of transactions and obtain approval by resolution of the board of directors or the general meeting in accordance with the provisions of the articles of association. The provisions of the preceding paragraph shall apply where close relatives of directors or senior management, enterprises directly or indirectly controlled by directors, senior management or their close relatives and connected persons having other connected relationships with directors or senior management enter into contracts or conduct transactions with the company.

Directors and senior management shall not take advantage of their positions to seek business opportunities belonging to the company for themselves or others. However, this shall not apply under any of the following circumstances: (1) they have reported to the board of directors or the general meeting and obtained approval by resolution of the board of directors or the general meeting in accordance with the provisions of the articles of association; (2) the company cannot exploit such business opportunity in accordance with the provisions of laws, administrative regulations or the articles of association.

Without reporting to the board of directors or the general meeting and obtaining approval by resolution of the board of directors or the general meeting in accordance with the provisions of the articles of association, directors and senior management shall not operate on their own account or operate for others any business of the same type as the business operated by the company in which they serve. If directors or senior management perform their duties in violation of the provisions of laws, administrative regulations or the articles of association and cause losses to the company, they shall bear liability for compensation. If directors or senior management cause damage to others when performing their duties, the company shall bear liability for compensation; where the directors or senior management acted with intent or gross negligence, they shall also bear liability for compensation.

14. Finance and Accounting

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

When a company distributes after-tax profits for the current year, it shall appropriate 10% of the profits to the company's statutory reserve. Where the cumulative statutory reserve of the company amounts to 50% or more of the company's registered capital, no further appropriation is required. If the company's statutory reserve is insufficient to make up losses from prior years, current year profits shall first be used to make up the losses before appropriating the statutory reserve in accordance with the provisions of the preceding paragraph. After appropriating the statutory reserve from after-tax profits, the company may, upon resolution of the general meeting, also appropriate discretionary reserve from after-tax profits.

After making up losses and appropriating reserves, the remaining after-tax profits shall be distributed by a limited liability company in proportion to the actual capital contributions paid by shareholders, except where all shareholders agree not to distribute profits in proportion to their capital contributions; and shall be distributed by a joint stock limited company in proportion to the shareholdings held by shareholders, unless otherwise stipulated in the articles of association. The company shall not be entitled to any distribution of profits in respect of shares held by it.

A joint stock limited company may distribute profits in proportion to the number of shares held by its shareholders, except for profit distributions that are not in proportion to the number of shares held in accordance with the provisions of the articles of association of the joint stock limited company.

The premium over the nominal value of the shares of a joint stock limited company from the issue of shares, the amount of share proceeds from the issuance of no-par shares that have not been credited to the registered capital and other incomes required by the financial department of the State Council to be treated as the capital reserve shall be accounted for as the capital reserve of the company.

The reserve of the company shall be used to make up losses of the company, expand the production and operation of the company or increase the capital of the company. Where the reserve of a company is used for making up losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions. When the statutory reserve is converted to increase registered capital, the balance of the statutory reserve shall not be less than 25% of the registered capital before such conversion.

A company shall not maintain any accounting books other than its statutory accounting books.

15. Appointment and Dismissal of Accounting Firms

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

If a listed company has established an audit committee within the board of directors, the following matters shall require approval by a majority of all audit committee members before being resolved by the board of directors: (1) engagement or dismissal of an accounting firm to undertake the company's audit business; (2) appointment or dismissal of the financial controller; (3) disclosure of financial and accounting reports; (4) other matters as prescribed by the securities regulatory authority of the State Council.

The Guidelines for the Articles of Association provide that the company shall guarantee to provide true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting materials to the engaged accounting firm and shall not refuse, conceal or misrepresent. The audit fees payable to an accounting firm shall be decided by the general meeting.

16. Profit Distribution

Where a company distributes profits to shareholders in violation of the Company Law, the shareholders shall return the profits distributed in violation of the provisions to the company; where losses are caused to the company, the shareholders, as well as the responsible directors and senior management shall bear liability for compensation.

17. Amendments to the Articles of Association

According to the Company Law, a resolution at a general meeting regarding any amendment to the articles of association shall be passed by more than two-thirds of the shareholders with voting rights who attend the meeting. The Mandatory Provisions provides that the company may amend the articles of association in accordance with provisions of law, administrative regulations and the articles of association. The amendment to the articles of association involving content of the Mandatory Provisions will only be effective upon approval of the company approval authority and the securities regulatory authority, both as authorized by the State Council, while any amendment to the articles of association involving matters of company registration shall be registered with the relevant authority in accordance with applicable laws.

18. Dissolution and Liquidation

According to the Company Law, a company shall be dissolved for the following reasons: (1) the term of business stipulated in the articles of association has expired or other events of dissolution specified in the articles of association have occurred; (2) a resolution on dissolution is adopted by the general meeting; (3) dissolution is required due to the merger or division of the company; (4) the business license is revoked, or the company is ordered to be closed down or is deregistered in accordance with the law; (5) where the company encounters serious difficulties in its operation and management and its continued existence will cause significant losses to the interests of shareholders and where the issue cannot be resolved through other means, shareholders holding more than 10% of the total shareholders' voting rights of the company may request the people's court to dissolve the company. The people's court shall dissolve the company in accordance with the provisions.

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

If the company is dissolved under items (1), (2), (4) or (5) above, it shall be liquidated. Directors shall be the liquidation obligors of the company and a liquidation group shall be established within 15 days from the date on which the grounds for dissolution occur. The liquidation group shall comprise the directors, unless the articles of association provide otherwise or it is resolved at a general meeting to elect another person(s). If the liquidation obligors fail to fulfill their liquidation obligations in a timely manner and cause losses to the company or creditors, they shall bear the liability for compensation.

If the Company fails to establish a liquidation group to carry out liquidation after the expiry of the time limit or fails to carry out liquidation after establishing the liquidation group, the interested parties can apply to the people's court for appointing relevant officers to establish the liquidation group to carry out the liquidation. The people's court shall accept such application and timely designate a liquidation group to carry out the liquidation.

The liquidation group shall exercise the following functions and powers during the liquidation period: (1) to liquidate the company's assets and separately prepare a balance sheet and an inventory of assets; (2) to notify and make announcements to creditors; (3) to handle the company's unfinished business relating to the liquidation; (4) to pay outstanding taxes and taxes arising during the liquidation process; (5) to liquidate claims and debts; (6) to distribute the company's remaining assets after settling debts; (7) to represent the company in civil proceedings.

The liquidation group shall notify creditors within 10 days from the date of its formation and make an announcement in newspapers or on the National Enterprise Credit Information Publicity System within 60 days. Creditors shall declare their claims to the liquidation group within 30 days from the date of receipt of the notice, or within 45 days from the date of the announcement if no notice is received.

After liquidating the company's assets and preparing a balance sheet and an inventory of assets, the liquidation group shall formulate a liquidation plan and submit it to the general meeting or the people's court for confirmation. After the company's assets have been used to pay liquidation expenses, employees' wages, social insurance premiums and statutory compensation, to pay outstanding taxes and to settle the company's debts, the remaining assets shall be distributed by a limited liability company in proportion to the shareholders' capital contributions and by a joint stock limited company in proportion to the shareholdings held by shareholders. During the liquidation period, the company shall continue to exist but shall not engage in business activities unrelated to the liquidation. The company's assets shall not be distributed to shareholders before they have been applied in accordance with the provisions of the preceding paragraph.

After liquidating the company's assets and preparing a balance sheet and an inventory of assets, if the liquidation group discovers that the company's assets are insufficient to settle debts, it shall apply to the people's court for bankruptcy liquidation in accordance with the law. After the people's court accepts the bankruptcy application, the liquidation group shall hand over liquidation matters to the administrator designated by the people's court.

Members of the liquidation group shall owe fiduciary duties and duties of diligence when performing liquidation duties. If members of the liquidation group fail to diligently perform liquidation duties and cause losses to the company, or cause losses to creditors due to intentional misconduct or gross negligence, they shall be liable for compensation.

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

19. Merger and Division

A company merger may be conducted by way of merger by absorption or merger by establishment of a new company.

Where a company merges with another company in which it holds 90% or more of the equity interest, the company being merged does not require a resolution of the general meeting, but shall notify other shareholders, who shall have the right to request the company to acquire their equity interests or shares at a reasonable price. If the price paid for a company merger does not exceed 10% of the company's net assets, no resolution of the general meeting is required; however, this shall not apply where the articles of association provide otherwise. If a company merges in accordance with the provisions of the preceding two paragraphs without a resolution of the general meeting, such merger shall be approved by resolution of the board of directors.

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. The companies shall within 10 days of the date of passing the resolution approving the merger notify their respective creditors and publicly announce the merger in newspapers or the National Enterprise Credit Information Publicity System within 30 days. A creditor may, within 30 days of receipt of the notification, or within 45 days of the date of the announcement if he/she has not received the notification, request the company to settle any outstanding debts or provide relevant guarantees.

In case of a merger, the claims and debts of the merging parties shall be assumed by the surviving or the new company after the merger.

20. Suspension and Termination of Listing

Where listed securities fall under the delisting circumstances stipulated by the stock exchange, the stock exchange shall terminate their listing and trading in accordance with the business rules. Where the stock exchange decides to terminate the listing and trading of securities, it shall promptly announce and file with the securities regulatory authority of the State Council.

According to the Administrative Measures for Overseas Listing, if an issuer voluntarily terminates its listing or is subject to compulsory termination of its listing, it shall report the details to the CSRC within 3 working days from the date of occurrence and announcement of the relevant matters. If the issuer is not allowed to issue and list overseas, it shall suspend or terminate the issuance and listing overseas and promptly report to the CSRC and the relevant competent authorities of the State Council.

IV. SECURITIES LAWS AND REGULATIONS

The PRC has promulgated a series of regulations that relate to the issue and trading of the shares and disclosure of information. In October 1992, the State Council established the Securities Committee and 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 offers of securities by Chinese companies in the Chinese Mainland or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking research and analysis. On March 29, 1998, the State Council merged the above-mentioned two departments and restructured the CSRC.

The Provisional Regulations on the Administration of Share Issuance and Trading (《股票發行與交易管理暫行條例》) promulgated by the State Council and implemented on April 22, 1993 set out the application and approval procedures for public issuance of shares, the trading of shares, the acquisition of listed companies, the custody, clearing and transfer of listed shares, information disclosure by listed companies, investigation and penalties and arbitration of disputes.

The Regulations of the State Council on Domestic Listing of Foreign Shares of Joint Stock Limited Companies promulgated by the State Council and implemented on December 25, 1995 primarily set out the issuance, subscription, trading and dividend payment of domestically-listed foreign shares and information disclosure by joint stock limited companies possessing domestically-listed foreign shares.

The Securities Law came into effect on July 1, 1999 and was revised on August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014 and December 28, 2019 and the latest revised Securities Law was implemented on March 1, 2020. The Securities Law is the first national securities law in the PRC to fully regulate the activities in 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 administration authorities. Article 224 of the Securities Law provides that a domestic enterprise shall comply with the relevant requirements set out by the State Council when it directly or indirectly issues securities or lists its securities outside the PRC. 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.

V. ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The Arbitration Law of the PRC (《中華人民共和國仲裁法》) (hereinafter referred to as the "**Arbitration Law**") was enacted by the SCNPC on August 31, 1994 and came into effect on September 1, 1995 and was last amended on September 1, 2017 and implemented on January 1, 2018. The Arbitration Law applies to foreign economic disputes where the parties have entered into a written agreement to submit the matter to arbitration before an arbitration commission constituted in accordance with the Arbitration Law. Before the China Arbitration Association formulates its arbitration rules, the arbitration commission may formulate provisional arbitration rules in accordance with the relevant provisions of the Arbitration Law and the Civil Procedure Law of the PRC. Where the parties choose to resolve disputes through arbitration, a people's court shall not accept any lawsuit brought before it by one party.

According to the Arbitration Law, the arbitration award shall be final and binding on the parties to the arbitration. If one of the parties fails to comply with the award, the other party to the award may apply to the People's Court to enforce the arbitral decision in accordance with the Civil Procedure Law of the PRC. The people's court may refuse to enforce an arbitral award made by the arbitration commission if there is a violation of law in the arbitration procedures (including the composition of the arbitration commission or the procedure of the arbitration being in violation of the statutory procedure, or the matters to be awarded not falling within the scope of the arbitration agreement or the arbitration commission not having the authority to arbitrate). Where one party seeks to enforce an arbitral award of a foreign-related arbitration commission against the other party and the person against whom the award is to be enforced or whose asset is not located in the territory of the PRC, the party shall apply directly to a foreign court of competent jurisdiction for recognition and enforcement. Similarly, the people's court may recognize and enforce arbitral awards made by foreign arbitration institutions in accordance with the principle of reciprocity or any international treaty signed or acceded to by the PRC.

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