THE PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the People's Republic of China (《中華人民共和國憲法》) (hereinafter referred to as the "Constitution") and is made up of written laws, administrative regulations, local regulations, separate regulations, rules and regulations of departments of the State Council, rules and regulations of local governments, autonomous regulations, special administrative region law and international treaties and other regulatory documents signed by the PRC government. Court decisions do not constitute binding precedents, although they are used for the purposes of judicial reference and guidance.

According to the Constitution and the Legislation Law of the People's Republic of China (《中華人民共和國立法法》) (hereinafter referred to as the "Legislation Law") amended by the National People's Congress (hereinafter referred to as the "NPC") and effective on 15 March 2023, the NPC and the Standing Committee of the National People's Congress (the "SCNPC") are empowered to exercise the legislative power of the state. The NPC has the power to formulate and amend basic laws governing criminal and civil matters, state organs and other matters. The SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the Constitution and laws. The people's congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people's congresses of cities divided into districts and their standing committees may formulate local regulations on matters such as urban and rural construction and management, environmental protection and historical and cultural protection based on the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of such provinces or autonomous regions. Where laws have other stipulations on matters of local regulations formulated by cities divided into districts, such stipulations shall prevail. The local regulations of cities divided into districts shall be submitted to the standing committees of the people's congresses of provinces and autonomous regions for approval before implementation. The standing committees of the people's congresses of provinces or autonomous regions shall examine the legality of local regulations submitted for approval, and such approval should be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in the light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned. The ministries, commissions, PBOC, NAO of the State Council and institutions with administrative functions directly under the State Council may formulate rules and regulations within the jurisdiction of their respective departments based on the laws and the administrative regulations, decisions and rulings of the State Council.

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

The NPC has the power to alter or annul any inappropriate laws enacted by the SCNPC, and to annul any autonomous regulations and separate regulations which have been approved by the SCNPC but which contravene the Constitution and the Legislation Law; the SCNPC has the power to annul administrative regulations that contravene the Constitution and laws, to annul local regulations that contravene the Constitution, laws and administrative regulations, and to annul autonomous regulations and separate regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the Central Government, but which contravene the Constitution and the Legislation Law; the State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments; the people's congresses of provinces, autonomous regions and municipalities directly under the Central Government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees; the standing committees of the local people's congresses have the power to annul inappropriate rules enacted by the people's governments at the corresponding level; the people's governments of provinces and autonomous regions have the power to 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 SCNPC. According to the Decision of the SCNPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) adopted by the SCNPC and effective on 10 June 1981, the Supreme People's Court shall give interpretation on questions involving the specific application of laws and decrees in court trials. The Supreme People's Procuratorate shall interpret all issues involving the specific application of laws and decrees in the procuratorial work. Interpretation of questions involving the specific application of laws and decrees in areas unrelated to judicial and procuratorial work shall be provided by the State Council and competent authorities. Where the scope of local regulations needs to be further defined or additional stipulations need to be made, the standing committees of the people's congresses of provinces, autonomous regions and municipalities directly under the Central Government which have enacted these regulations shall provide the interpretations or make the stipulations. Interpretation of questions involving the specific application of local regulations shall be provided by the competent departments of the people's governments of provinces, autonomous regions and municipalities.

THE PRC JUDICIAL SYSTEM

According to the Constitution and the Law of Organisation of the People's Courts of the People's Republic of China (《中華人民共和國人民法院組織法》) amended by the SCNPC on 26 October 2018 and effective on 1 January 2019, the PRC People's Court is made up of the Supreme People's Court, the local people's courts, and other 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 higher levels shall supervise the judicial work of those at lower levels.

According to the Constitution and the Law of Organisation of the People's Procuratorate of the People's Republic of China (《中華人民共和國人民檢察院組織法》) amended by the SCNPC on 26 October 2018 and effective on 1 January 2019, the People's Procuratorate is the law supervision organ of the state. 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 at the people's courts are final. A party may appeal against the judgment or ruling of the first instance of a local people's courts. The people's procuratorate may present a protest to the people's courts 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 the people's court at the next higher level finds any definite errors in a legally effective final judgment or ruling of the people's court at a lower level, or if the chief judge of a people's court at any level finds any definite errors in a legally effective final judgment or ruling of such court, the case can be retried according to judicial supervision procedures.

The Civil Procedure Law of the People's Republic of China (《中華人民共和國民事訴訟法》) (hereinafter referred to as the "PRC Civil Procedure Law") adopted by the SCNPC on 1 September 2023 and effective on 1 January 2024 sets out 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 PRC Civil Procedure Law. Civil cases are generally heard by the courts where the defendants are located. The court of jurisdiction in a civil action may be chosen by express agreement between the parties, provided that the court is located at a place that has direct connection with the dispute, such as the plaintiff's or the defendant's place of domicile, the place where the contract is performed or signed or the object of the action is located. However, the choice of the court cannot be in conflict with the regulations of different jurisdictions and exclusive jurisdictions in any case.

A foreign individual, a person without nationality, a foreign-invested enterprise or a foreign organisation must have the same litigation rights and obligations as a PRC citizen, legal person or other organisations when initiating or defending any proceedings at a people's court. If a foreign court limits the litigation rights of PRC citizens and enterprises, the PRC court may apply the same limitations to the citizens and enterprises of such foreign country. A foreign individual, a person without nationality, a foreign-invested enterprise or a foreign organisation 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 or the principle of reciprocity signed or acceded to by the PRC, the people's court and foreign courts may require each other to act on their behalf to serve documents, conduct investigations, collect evidence and take other actions on behalf of each other. If the 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 the request.

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 order 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 within two years. Suspension or disruption of the time limit for applying for such enforcement shall comply with the provisions of the applicable law concerning the suspension or disruption of the time-barring of actions.

When a party applies to a people's court for enforcing an effective judgment or ruling by a people's court against a party who is not located within the territory of the PRC or whose property is not within the PRC, the party may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognised and enforced by the people's court according to the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination according to the principle of reciprocity, unless the people's court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security, or for reasons of social and public interests.

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

A joint stock limited company incorporated in the PRC seeking a list on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Stock Exchange") is mainly subject to the following laws and regulations of the PRC:

The Company Law of the People's Republic of China (《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 29 December 1993 and came into effect on 1 July 1994, and was amended on 25 December 1999, 28 August 2004, 27 October 2005, 28 December 2013, 26 October 2018 and 29 December 2023, respectively. The latest amended Company Law came into effect on 1 July 2024.

The Trial Measures for the Administration on 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》) (the "Trial Measures") and five supporting guidelines were promulgated by the CSRC on 17 February 2023 and came into effect on 31 March 2023. The Trial Measures apply to the direct or indirect subscription for and listing of overseas shares by domestic companies.

According to the Trial Measures and the explanatory guidelines thereof, where a domestic company directly issues shares and lists overseas, it shall formulate its articles of association in accordance with the Guidelines on the Articles of Association of Listed Companies (《上市公司章程指引》) (the "Guidelines on AoA") in substitution for 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》) that lapsed on 31 March 2023. The Guidelines on AoA were promulgated by the CSRC on 16 December 1997, and were latest amended on 28 March 2025.

Set out below is a summary of the major provisions of the Company Law and the Guidelines on the Articles of Association of Listed Companies which are applicable to the Company.

General Provisions

"A joint stock limited company" refers to a corporate legal person incorporated under the Company Law. The liability of its shareholders is limited to the extent of the shares held by them and the liability of a company is limited to the full value of all the property owned by it.

A company must conduct its business in accordance with laws and regulations as well as public and commercial ethics, subject to the supervision of the government and the public. A company must conduct its business while fully considering the interests of stakeholders such as employees and consumers as well as public interests such as ecological and environmental protection, and assuming social responsibilities. The state encourages companies to participate in social welfare activities and publish social responsibility reports.

Incorporation

A joint stock limited company may be incorporated by promotion or subscription. A joint stock limited company may be incorporated by a minimum of one but not more than 200 promoters, and at least half of the promoters must have residence within the People's Republic of China.

The promoters of a joint stock limited company incorporated by subscription shall convene the company's inaugural meeting within 30 days from the date of full payment of the shares to be issued at the time of establishment. The promoter shall notify all subscribers of the meeting date or make an announcement 15 days before the inaugural meeting. The inaugural meeting shall be attended by subscribers holding more than half of the voting rights. The convening and voting procedures for the inaugural meeting of a joint stock limited company incorporated by promotion shall be stipulated in the articles of association or the agreement of the promoters.

The following authorities shall be exercised by the inaugural meeting of the company:

(i) reviewing promoters' report on organisation of the company;

(ii) approving the articles of association;

(iii) electing directors and supervisors;

(iv) auditing the establishment expenses of the company;

(v) auditing the amount of promoters' non-monetary properties as capital contribution;

(vi) resolving to reject the establishment of the company on the occurrence of force majeure or substantial change in the conditions of operation which directly affect the establishment of the company.

The aforesaid matters shall be resolved by more than half of the votes to be casted by subscribers presented at the inaugural meeting.

The board of directors shall authorise representatives to apply for establishment registration with the company registration authority within 30 days after the conclusion of the company's inaugural meeting. A company is formally established and has the status of a legal person after the business licence has been issued by the relevant registration authority.

Registered Shares

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

The Trial Measures stipulate that domestic enterprises that seek to list overseas may raise funds and distribute dividends in foreign currency or Renminbi.

According to the Trial Measures, for domestic enterprises that seek to directly conduct overseas offering and listing, shareholders holding their domestic unlisted shares who apply to convert such shares into overseas listed shares and circulate them on overseas trading venues shall comply with relevant regulations of the CSRC and entrust domestic enterprises to file with the CSRC. The domestic unlisted shares referred to in the preceding paragraph represent shares issued by domestic enterprises but not listed or traded on domestic trading venues. The domestic unlisted shares shall be registered and deposited centrally with the domestic securities registration and settlement institutions. The registration and settlement arrangements for overseas listed shares shall be subject to the regulations of overseas markets.

Under the Company Law, a company shall issue shares in registered form. A joint stock limited company shall make a register of shareholders and keep it in the company. The register of shareholders shall contain the following items:

(i) the name and domicile of a shareholder;

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

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

(iv) date of receipt or loss of shareholder status.

Issuance of Shares

All shares of a joint stock limited company shall be issued on the principles of fairness and equality, and shall rank pari passu in all respects with the shares of the same class. Each share of the same class shall be issued under the same conditions and at the same price in each issuance. The issue price of shares of a joint stock limited company can be either equals to or higher than the nominal value, but shall not be lower than the nominal value.

Where a domestic enterprise seeks to conduct overseas offering and listing, the issuer shall, according to the Trial Measures, file with the CSRC, submit a filing report, legal opinion and other relevant materials, and provide truthful, accurate and complete information on the shareholders. Where a domestic enterprise seeks to directly conduct overseas offering and listing, the issuer shall file with the CSRC. Where a domestic enterprise seeks to indirectly conduct overseas offering and listing, the issuer shall designate a major domestic operating entity, which shall file with the CSRC as the domestic responsible entity.

Increase in Share Capital

Under the Company Law, in the case of a company issuing new shares, resolutions shall be passed at the general meeting in respect of the following matters:

(i) the class and number of new shares;

(ii) the issue price of the new shares;

(iii) the commencement and end dates for the issuance of new shares;

(iv) the class and number of the new shares to be issued to existing shareholders;

(v) in the case of issuing non-par value shares, the amount of proceeds from the new share issuance to be included in the registered capital.

A company may issue new shares and determine the pricing plan in accordance with the company's business and financial situation.

If the board is authorised by the articles of association or the general meeting to decide on the issuance of new shares, the resolution made by the board shall be passed by more than two-thirds of all directors.

A company may, according to its articles of association, issue the following class shares, which have different rights from those of the ordinary shares:

(i) shares with priority or inferior rights to profits or remaining property in distribution;

(ii) shares with more or less voting rights per share than those of the ordinary shares;

(iii) shares whose transfer is subject to the consent of the company and other restrictions;

(iv) other class shares provided by the State Council.

A company making a public offering of shares shall not issue any of the class shares as prescribed in items (ii) and (iii), except those issued prior to the public offering.

Where the company issues the class shares specified in item (ii) above, the voting rights of each class share shall be equal to those of each ordinary share for the election and change of supervisors or members of the audit committee.

Reduction of Share Capital

A company reducing its registered capital shall prepare a balance sheet and a list of properties. A company shall inform its creditors within 10 days, and publish an announcement in the newspaper or the National Enterprise Credit Information Publicity System within 30 days, after the resolution on the reduction of share capital is approved at the general meeting; The creditors shall have the right to require a company to repay its debts or provide corresponding guarantees within 30 days after receiving the notice or within 45 days after the announcement if the creditors have not received the notice.

A company reducing its registered capital shall decrease shareholders' contributions or shares on a pro rata basis, except as otherwise stipulated by law, agreed upon by all shareholders in the case of a limited liability company, or stipulated in the articles of association in the case of a joint stock limited company.

Share Buy-Back

Under the Company Law, a company shall not purchase its own shares, except under any of the following circumstances:

(i) reducing the registered capital of the company;

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

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

(iv) demanding the company to acquire the shares held by them with respect to shareholders voting against any resolution adopted at the general meeting on the merger or division of the company;

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

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

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

Following the purchase of its shares by a company, such shares shall be cancelled within 10 days from the date of buy-back in the case of item (i) above; such shares shall be transferred or cancelled within six months in the case of items (ii) and (iv) above; the total number of shares of a company held by itself shall not exceed 10% of its total issued shares, and such shares shall be transferred or cancelled within three years in the case of items (iii), (v) and (vi) above.

Transfer of Shares

Shares held by a shareholder may be transferred according to the law. Under the Company Law, shareholders of a joint stock limited company may transfer their shares to other shareholders, or to parties other than shareholders; where there are restrictions on share transfers in the articles of association, the transfer shall be carried out pursuant thereto. A shareholder should effect a transfer of shares on trading venues established according to the law or by any other means as required by the State Council. Shares may be transferred by endorsement of shareholders or by other means stipulated by laws or administrative regulations. After the transfer, a company shall record the name and address of the transferee in the register of shareholders. No changes in the share register shall be effected during a period of 20 days prior to the convening of a general meeting or 5 days prior to the base date for a company's distribution of dividends. Where there are separate provisions by law, administrative regulations or securities regulatory authorities under the State Council on changes in the share register of listed companies, those provisions shall prevail.

Under the Company Law, shares issued prior to the company's public issuance of shares shall not be transferred within one year from the date on which the company's shares are listed and commenced trading on a stock exchange. Where there are separate provisions by law, administrative regulations or securities regulatory authorities under the State Council on the transfer of shares of a listed company by its shareholders or de facto controllers, those provisions to shall prevail. Directors, supervisors and senior management of a company shall declare to the company their shareholdings in the company and any changes thereof. They shall not transfer more than 25% of all the shares they hold in the company annually during their tenure determined at the time of appointment. They shall not transfer the shares they hold within one year from the date on which the company's shares are listed and commenced trading on a stock exchange, nor within six months after their resignation from their positions with the company. The articles of association may set out other restrictive provisions in respect of the transfer of shares in the company held by its directors, supervisors and senior management.

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

Shareholders

Under the Company Law and the Guidelines on AoA, the rights of shareholders holding ordinary shares of a company include:

(i) to receive distribution of dividends and other forms of benefits in proportion to the number of shares held;

(ii) to request to call, convene, preside over, attend or appoint a shareholder proxy to attend the general meeting and exercise voting rights at such meeting according to the laws;

(iii) to supervise the operation of the company and submit proposals or inquiries;

(iv) to transfer, donate or pledge the shares held in accordance with the laws, administrative regulations and the articles of association;

(v) to review and copy the articles of association, register of shareholders, minutes of general meetings, resolutions of board meetings, financial and accounting reports. A qualified shareholder may inspect the accounting books and vouchers of the company;

(vi) to participate in the distribution of the remaining assets of the company according to the proportion of shares held upon the company's termination or liquidation;

(vii) to demand the company to acquire the shares held by them with respect to shareholders voting against any resolution adopted at the general meeting on the merger or division of the company;

(viii) other rights conferred by the laws, administrative regulations, departmental rules and the articles of association.

The obligations of shareholders holding ordinary shares of a company include:

(i) to comply with the laws, administrative regulations and the articles of association;

(ii) to pay subscription money according to the number of shares subscribed and the method of subscription;

(iii) not to withdraw their share capital unless otherwise prescribed by laws and regulations;

(iv) not to abuse their shareholders' rights to damage the interests of the company or other shareholders; not to abuse the independent legal person status of the company and the limited liability of shareholders to damage the interests of the company's creditors;

(v) other obligations conferred by laws, administrative regulations and the articles of association.

General Meetings

Under the Company Law, the general meeting of a joint stock limited company is made up of all shareholders. The general meeting is the organ of authority of a company, which exercises the following functions and powers:

(i) to elect and replace directors and supervisors and to decide on matters relating to the remuneration of directors and supervisors;

(ii) to consider and approve reports of the board of directors;

(iii) to consider and approve reports of the supervisory committee;

(iv) to consider and approve a company's profit distribution plans and loss recovery plans;

(v) to resolve on the increase or reduction of a company's registered capital;

(vi) to resolve on the issuance of corporate bonds;

(vii) to resolve on the merger, division, dissolution, liquidation or change of corporate form of a company;

(viii) to amend the articles of association;

(ix) other functions and powers specified in provision of the articles of association.

The general meeting may authorise the board of directors to make resolutions on the issuance of corporate bonds.

Under the Company Law, annual general meetings are required to be held once every year. An extraordinary general meeting is required to be held within two months after the occurrence of any of the following circumstances:

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

(ii) when the unrecovered losses of a company amount to one-third of the total paid-up share capital;

(iii) as requested by shareholders individually or jointly holding more than 10% of the company's shares;

(iv) when deemed necessary by the board of directors;

(v) when the supervisory committee proposes to convene the meeting;

(vi) other circumstances as stipulated in the articles of association.

General 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 not performing 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 directors shall preside over the meeting.

Where the board of directors is incapable of performing or is not performing its duties to convene the general meeting, the supervisory committee shall convene and preside over the general meeting in a timely manner. If the supervisory committee fails to convene and preside over the general meeting, shareholders individually or in aggregate holding 10% or more of the company's shares for 90 days or more consecutively may unilaterally convene and preside over the general meeting.

Where shareholders individually or in aggregate holding 10% or more of the company's shares request the convening of an extraordinary general meeting, the board of directors and the supervisory committee shall decide on whether to convene an extraordinary general meeting within 10 days from the date of receipt of the request and reply to the shareholders in writing.

Notice of general 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 before the meeting. A notice of extraordinary general meeting shall be given to all shareholders 15 days prior to the meeting.

Under the Company Law, a shareholder may entrust a proxy to attend a general meeting. The proxy shall present a written power of attorney issued by the shareholder to the company and shall exercise the voting rights within the scope of authorisation. There is no specific provision in the Company Law regarding the number of shareholders constituting a quorum at a general meeting.

Under the Company Law, shareholders other than those holding class shares present at a general meeting have one vote for each share they hold. Shares held by the company are not entitled to any voting rights.

The cumulative voting system may be adopted for the election of directors and supervisors at the general meeting in accordance with the provisions of the articles of association or the resolutions of the general meeting. Under the accumulative voting system, each share shall have the same number of voting rights as the number of directors or supervisors to be elected at the general meeting, and shareholders may consolidate their voting rights when casting a vote.

Under the Company Law, resolutions on amendments to the articles of association, increase or reduction of registered capital, as well as merger, division or dissolution of a company or change of corporate form must be approved by shareholders present at the meeting holding more than two-thirds of the voting rights.

Directors and Board of Directors

Under the Company Law, a joint stock limited company shall have a board of directors, which shall consist of more than three members. The term of office of a director shall be stipulated in the articles of association, but each term of office shall not exceed three years. Directors may serve consecutive terms if re-elected.

Meetings of the board of directors shall be convened at least twice a year. All directors and supervisors shall be noticed 10 days before every meeting. The board exercises the following functions and powers:

(i) to convene general meetings and report its work to the general meetings;

(ii) to implement the resolutions of the general meetings;

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

(iv) to formulate the company's profit distribution plans and loss recovery plans;

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

(vi) to formulate plans for merger, division, dissolution or change of corporate form of the company;

(vii) to decide on the internal management structure of the company;

(viii) to decide on the appointment or dismissal of the manager of the company and their remuneration, and to decide on the appointment or dismissal of the deputy manager and financial officer of the company based on the nomination of the manager as well as remuneration;

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

(x) other functions and powers specified in the articles of association or conferred by the general meeting.

Under the Company Law, a person may not serve as a director, supervisor or member of senior management of a company if he/she is:

(i) a person without civil capacity or with restricted civil capacity;

(ii) a person who has been sentenced to criminal punishment due to corruption, bribery, infringement of property, misappropriation of property or destruction of the socialist market economic order, or a person who has been deprived of his/her political rights due to a crime, where less than five years have elapsed since the date of completion of the sentence, or a person who has been given a suspended sentence, where less than two years have lapsed since the expiration date of the probation period;

(iii) a person who was a director, factory manager or manager of a company or enterprise which 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 insolvency and liquidation of such company or enterprise;

(iv) a person who was the legal representative of a company or enterprise which had its business licence revoked due to violation of the law and had been closed down by order, and who was personally liable, where less than three years have elapsed since the date of the revocation of the business licence and close-down of the company or enterprise;

(v) a person who was listed as a defaulter by a people's court due to failure to repay a significant amount of due debts.

Where a company elects or appoints directors and supervisors or designates members of senior management to which any of the above circumstances applies, such election, appointment or designation shall be invalid.

A director, supervisor or member of senior management to which any of the above circumstances applies during his/her term of office shall be released of his/her duties by the company.

The board of directors shall appoint a chairman who shall be elected with approval of more than half of all the directors.

Audit Committee

Under the Company Law, a joint stock limited company shall have a supervisory committee composed of not less than three members. The supervisory committee shall comprise shareholder representatives and an appropriate proportion of the company's employee representatives, of which the proportion of employee representatives shall not be less than one-third and the specific proportion shall be stipulated in the articles of association. Employee representatives of the supervisory committee shall be democratically elected by the company's employees at the employee representative assembly, employee general meeting or otherwise. Directors or senior management may not act concurrently as supervisors.

The supervisory committee exercises the following powers:

(i) to examine the company's financial affairs;

(ii) to supervise the directors and senior management in their performance of duties and to propose the removal of directors and senior management who have violated laws, administrative regulations, the articles of association or resolutions of general meetings;

(iii) to demand rectification by a director or senior management when the acts of such persons are harmful to the company's interest;

(iv) to propose the convening of extraordinary general meetings, and to convene and preside over general meetings when the board of directors fails to perform the duty of convening and presiding over general meetings under the Company Law;

(v) to submit proposals to the general meeting;

(vi) to initiate legal proceedings against directors and senior management in accordance with the Company Law;

(vii) other functions and powers specified in the articles of association.

The board of directors of the company shall constitute an audit committee, which shall perform the statutory duties and authorities of a supervisory board as stipulated under the Company Law.

The audit committee shall consist of three or more members, and a majority of the members shall not hold any position in the company other than that director, and shall not have any relationship with the company that may affect their independent and objective judgment. Employee representatives of the company's board of directors may be members of the audit committee.

Resolutions made by the audit committee shall be passed by a majority of the members of the audit committee.

Voting on resolutions of the audit committee shall be on a "one person, one vote" basis.

The deliberation methods and voting procedures of the audit committee shall be stipulated in the articles of association, except as otherwise provided in the law.

The company may establish other committees under the board of directors in accordance with the provisions of the articles of association.

Managers and Senior Management

Under the Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. The manager is accountable to the board of directors and exercises the powers according to the articles of association or the authorisation of the board of directors. The manager shall attend board meetings.

Under the Company Law, senior management refers to the manager, deputy manager, financial controller, secretary to the board of directors and other personnel as stipulated in the articles of association of the company.

Finance and Accounting

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

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

When distributing each year's after-tax profits, the company shall set aside 10% of its profits into its statutory reserve. The company can cease to do so if it has accumulated to more than 50% of the registered capital. If the statutory reserve of the company is insufficient to make up for the losses of the previous years, the current year profits shall be used to make up for the losses before making allocations to the statutory reserve in accordance with the preceding paragraph. After the company has made an allocation to the statutory reserve from its after-tax profit, it may also make an allocation to the discretionary reserve from its after-tax profit upon a resolution of the general meeting.

The remaining after-tax profits after making up losses and allocation of reserve shall be distributed to shareholders in proportion to their paid-up contribution in the case of a limited liability company, unless otherwise agreed among all shareholders, or in proportion to their shareholding in the case of a joint stock limited company, unless otherwise stipulated in the articles of association.

The company shall not be entitled to any distribution of profits in respect of its own shares held by it.

The premium received through issuance of shares at prices above par value, the amount of capital obtained from the issuance of non-par value shares that is not included in the registered capital, and other items required by the financial department of the State Council to be allocated to the capital reserve shall be allocated to the company's capital reserve.

The company's reserve 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 using a company's reserves to cover its losses, any discretionary reserve and statutory reserve shall first be used to cover such losses; if there is still a shortfall, the capital reserve may be used in accordance with regulations. Upon the conversion of statutory reserve into an increase in registered capital, the balance of such reserve 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.

Appointment and Dismissal of Accounting Firms

Under the Company Law, the engagement or dismissal of an accounting firm responsible for the company's auditing shall be determined by the 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, the board of directors or the supervisory committee of the company conduct a vote on the dismissal of the accounting firm.

The company shall 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.

According to the Guidelines on the Articles of Association of Listed Companies, a company shall engage an accounting firm which is qualified with the Securities Law to provide services including the audit of financial statements, the verification of net assets and other relevant consultancy services. The term of engagement is one year and may be extended.

Profit Distribution

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

Dissolution and Liquidation

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

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

(ii) the general meeting resolves to dissolve the company;

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

(iv) the business licence is revoked or the company is ordered to be closed or revoked in accordance with laws;

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

Where the company is dissolved in accordance with item (i) above and has not distributed any property to shareholders, it may carry on its existence by amending its articles of association or by a resolution of the general meeting, which must be approved by the shareholders present at the general meeting holding more than two-thirds of the voting rights. Where the company is dissolved pursuant to item (i), (ii), (iv) and (v) above, a liquidation committee shall be established and the liquidation shall commence within 15 days after the occurrence of an event of dissolution. The liquidation committee shall be composed of directors, unless otherwise stipulated in the articles of association or appointed by a resolution of the general meeting. If a liquidation committee is not established within the prescribed period or fails to proceed with liquidation after establishment, any stakeholders may apply to the people's court to designate relevant individuals to form a liquidation committee for the liquidation. The people's court should accept such application and form a liquidation committee to conduct liquidation in a timely manner.

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

(i) to liquidate the company's properties and respectively prepare a balance sheet and a list of properties;

(ii) to notify creditors by notice or public announcement;

(iii) to deal with the outstanding business of the company involved in the liquidation;

(iv) to pay all outstanding taxes and taxes arising in the course of liquidation;

(v) to liquidate claims and debts;

(vi) to allocate the remaining properties of the company after paying off debts;

(vii) to participate in civil litigations on behalf of the company.

Upon liquidation of the company's properties and the preparation of the balance sheet and list of properties, the liquidation committee shall draw up a liquidation plan and submit this plan to the general meeting or the people's court for confirmation. The company's remaining properties, after payment of liquidation expenses, employee wages, social insurance fees and statutory compensation, outstanding taxes and the company's debts, shall be distributed to shareholders in proportion to their contribution in the case of a limited liability company or their shareholding in the case of a joint stock limited company.

The company shall continue its existence during the liquidation period, although it cannot conduct operating activities that are not related to the liquidation. The company's properties shall not be distributed to shareholders before repayments are made in accordance with the requirements described above.

Upon liquidation of the company's properties and the preparation of the balance sheet and list of properties, if the liquidation committee becomes aware that the company does not have sufficient assets to meet its liabilities, it must apply to the people's court for a bankruptcy liquidation. After the people's court accepts the bankruptcy application, the liquidation committee shall hand over liquidation affairs to the administrator designated by the people's court.

Upon completion of the liquidation, the liquidation committee shall submit a liquidation report to the general meeting or the people's court for verification. Thereafter, the report shall be submitted to the company registration authority for deregistration of the company.

If the company has not incurred any debts during its subsistence, or has settled all its debts, it may, with the undertaking of all shareholders, deregister the company through the simplified procedure in accordance with relevant regulations. To deregister through the simplified procedure, the company shall publish a notice on the National Enterprise Credit Information Publicity System for a period of at least 20 days. If there is no objection after the publication period, the company may apply to the company registration authority for deregistration within 20 days.

Members of the liquidation committee shall fulfil liquidation responsibilities with a duty of loyalty and diligence. Any member of the liquidation committee who neglects his/her liquidation responsibilities and causes losses to the company shall be liable for compensation; if losses are caused to any creditor due to intent or gross negligence, such member shall be liable for compensation.

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 the public offering of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking research and analysis. On 29 March 1998, the State Council consolidated the above two departments and reformed the CSRC.

The Provisional Regulations Concerning the Issue and Trading of Shares (《股票發行與交易管理暫行條例》) promulgated by the State Council and effective on 22 April 1993 provide the application and approval procedures for the public issuance of shares, trading in shares, the acquisition of listed companies, the deposit, settlement and transfer of listed shares, the disclosure of information with respect to a listed company, investigation and penalties and dispute arbitration.

The Regulations of the State Council Concerning the 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》), which were promulgated by the State Council and came into effect on 25 December 1995, mainly provide for the issue, subscription, trading and payment of dividends of domestic listed foreign shares and disclosure of information of joint stock limited companies with domestic listed foreign shares.

The Securities Law of the People's Republic of China (《中華人民共和國證券法》) (hereinafter referred to as the "PRC Securities Law"), which was amended by the Standing Committee of the NPC on 28 December 2019 and came into effect on 1 March 2020, provides a series of provisions regulating, among other things, the issue and trading of securities, takeovers by listed companies, stock exchanges, securities companies and the duties and responsibilities of securities regulatory authorities under the State Council in the PRC, and comprehensively regulates activities in the PRC securities market. The PRC Securities Law provides that a domestic enterprise must comply with the relevant provisions of the State Council in issuing securities directly or indirectly outside the PRC or listing and trading its securities outside the PRC. Currently, the issue and trading of foreign issued shares are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

OVERSEAS LISTING

On 17 February 2023, the CSRC released several regulations regarding the management of filings for overseas offerings and listings by domestic companies, including the Trial Measures for the Administration on Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "Overseas Listing Trial Measures"), together with 5 supporting guidelines (together with the Overseas Listing Trial Measures, the "Overseas Listing Regulations"). Under Overseas Listing Regulations, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to file the required documents with the CSRC within three working days after its application for overseas listing is submitted.

On 24 February 2023, the CSRC and three other relevant government authorities jointly promulgated the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》), or the Provision on Confidentiality. Pursuant to the Provision on Confidentiality, where a domestic enterprise provides or publicly discloses any document or material involving state secrets and working secrets of state agencies to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, it shall report to the competent department with the examination and approval authority for approval in accordance with the law, and submit to the secrecy administration department of the same level for filing. The working papers formed within the territory of the PRC by the securities companies and securities service agencies that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of the PRC, and cross-border transfer shall go through the examination and approval formalities in accordance with the relevant provisions of the state.

FULL CIRCULATION OF H SHARES

Pursuant to the Guidelines on Application for "Full Circulation" of Domestic Unlisted Shares of H-share Companies (2023 Amendment) (《H股公司境內未上市股份申請「全流通」業務指引(2023修正)》), or the Guidelines on "Full Circulation", promulgated and implemented by the CSRC on 14 November 2019 and amended on 10 August 2023, shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment and industry regulation are met. After domestic unlisted shares are listed and circulated on the Stock Exchange, they may not be transferred back to China.

According to the Notes on the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《關於<境內企業境外發行證券和上市管理試行辦法>的說明》), the New Regulations Filing aims to strengthen institutional inclusiveness and deepen opening-up, and lays out "full circulation" arrangements. For the overseas offering and listing by a domestic company, holders of its domestic unlisted shares are allowed after filing to convert such domestic unlisted shares into overseas listed shares and circulate them on overseas trading venues.

According to the Overseas Listing Trial Measures, "full circulation" represents the shareholders of domestic unlisted shares of domestic companies, which directly offer and list securities in overseas markets, converting its domestic unlisted shares into overseas listed shares circulating in overseas markets. Shareholders of domestic unlisted shares shall authorise the domestic company to file the "full circulation" application with the CSRC by filing materials on key compliance issues, including whether the "full circulation" has fulfilled adequate internal decision-making procedures, necessary internal approvals and authorisations, and whether the "full circulation" involves approval or filing procedures set out in the laws, regulations and policies for state-owned asset administration, industry supervision and foreign investment, and if so, whether such approval or filing procedures have been performed.

According to the Measures for Implementation of H-share "Full Circulation" Business (《H股「全流通」業務實施細則》), or the Measures for Implementation, promulgated by the China Securities Depository and Clearing Corporation Limited, or the CSDC, and Shenzhen Stock Exchange, or the SZSE, on 31 December 2019, the businesses of cross-border transfer registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of participants, services of nominal holders, etc. in relation to the H-share "full circulation business", are subject to the Measures for Implementation. Where there is no provision in the Measures for Implementation, it shall be handled with reference to other business rules of the CSDC and China Securities Depository and Clearing (Hong Kong) Company Limited, or the CSDC (Hong Kong), and SZSE.

In order to fully promote the reform of H-share "full circulation" and clarify the business arrangement and procedures for the relevant shares' registration, custody, settlement and delivery, the CSDC promulgated the Circular on Issuing the Guide to the Programme for Full Circulation of H Shares (《關於發佈<H股「全流通」業務指南>的通知》) on 7 February 2020, which specifies the business preparation, account arrangement, cross-border transfer registration and overseas centralised custody, etc.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The Arbitration Law of the People's Republic of China (《中華人民共和國仲裁法》) (the "Arbitration Law") was adopted by the Standing Committee of the NPC on 31 August 1994, became effective on 1 September 1995 and was amended on 27 August 2009 and 1 September 2017 and last amended on 12 September 2025 and effective on 1 March 2026. Under the Arbitration Law. Where the parties have by agreement provided arbitration as the method for dispute resolution, the people's court will refuse to handle the case except when the arbitration agreement is declared invalid or otherwise provided by law.

Under the Arbitration Law and the Civil Procedure 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. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any irregularity on the procedures or composition of arbitrators specified by law or the award exceeds the scope of the arbitration agreement or is beyond the jurisdiction of the arbitration commission.

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

An arrangement was reached between Hong Kong and the Supreme People's Court for the mutual enforcement of arbitral awards. On 18 June 1999, the Supreme People's Court adopted the Arrangements of the Supreme People's Court on the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的安排》), which became effective on 1 February 2000, and promulgated the Supplemental Arrangement of the Supreme People's Court for the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《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》) on 26 December 2020. In accordance with these arrangement, awards made by PRC arbitral authorities under the Arbitration Law can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC.

JUDICIAL JUDGMENT AND ITS ENFORCEMENT

On 14 July 2006, the Supreme People's Court of the PRC and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (《關於內地輿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 2006 Arrangement). Under the 2006 Arrangement, where any designated PRC court or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil or commercial case under a choice of court agreement in writing, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the judgment. On 18 January 2019, the Supreme People's Court of the PRC and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "2019 Arrangement"), which seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in wider range of civil and commercial matters between the PRC court and Hong Kong court. The 2006 Arrangement was superseded upon the effectiveness of the 2019 Arrangement on 29 January 2024.