This appendix outlines the laws and regulations governing companies and securities in China. The main purpose of this summary is to provide an overview of the principal laws and regulations applicable to the Company. Laws and regulations concerning Chinese taxation are elaborated in "Appendix III — Taxation and Foreign Exchange". For laws and regulations governing specifically regulating the Company's business, refer to the "Regulatory Overview" section.

I. CHINA'S LEGAL SYSTEM

China's legal system is based on the Constitution of the People's Republic of China (《中華人民共和國憲法》) (the "Constitution"). It comprises statutory laws, administrative regulations, local regulations, autonomous regulations, special regulations, departmental rules of the State Council, local government rules, laws of separate administrative regions, international treaties concluded by the Chinese government and other normative documents. Court precedents are not legally binding, yet may serve as judicial reference and guidance.

In accordance with the Constitution and the Legislation Law of the People's Republic of China (《中華人民共和國立法法》) (the "Legislation Law"), the National People's Congress (the "NPC") and its Standing Committee are authorized to exercise the legislative power of the state. The NPC has the power to enact and amend basic laws governing criminal offenses, civil affairs, state organs and other matters. The Standing Committee of the NPC enacts and amends laws other than those formulated by the NPC. When the NPC is not in session, it may partially supplement and amend laws enacted by the NPC, provided that such supplements and amendments do not contradict the basic principles of the aforementioned laws.

The State Council is the highest organ of state administration and may formulate administrative regulations in accordance with the Constitution and laws.

The people's congresses and their standing committees of provinces, autonomous regions and municipalities directly under the Central Government may formulate local regulations based on the specific conditions and practical needs of their respective administrative regions, provided that such regulations do not contradict the Constitution, laws and administrative regulations. The people's congresses and their standing committees of cities divided into districts may formulate local regulations covering urban and rural construction and management, ecological civilization development, historical and cultural preservation and grassroots governance based on local actual conditions and practical demands, provided that such regulations do not contradict the Constitution, laws, administrative regulations and local regulations of the affiliated provinces and autonomous regions. If the law provides otherwise on the formulation of local regulations by cities divided into districts, those provisions shall prevail. Local regulations of cities divided into districts must be reported to the standing committee of the people's congress of the province or autonomous region for approval before implementation.

The ministries and commissions of the State Council, the People's Bank of China, the National Audit Office, directly affiliated institutions with administrative management functions, and institutions prescribed by law, may formulate departmental rules within the scope of their respective authority, in accordance with laws and the administrative regulations, decisions, and orders of the State Council. The people's governments of provinces, autonomous regions, municipalities directly under the Central Government, cities divided into districts, and autonomous prefectures may formulate rules and regulations in accordance with laws, administrative regulations, and the local regulations of their respective provinces, autonomous regions, or municipalities directly under the Central Government.

The Constitution has the highest legal effect; no laws, administrative regulations, local regulations, autonomous regulations, separate regulations, or rules shall contradict the Constitution. Laws take precedence over administrative regulations, local regulations, and rules; administrative regulations take precedence over local regulations and rules; local regulations take precedence over the rules of local governments at the same level and lower levels.

In accordance with the Constitution and the Legislation Law, the power to interpret laws rests with the Standing Committee of the National People's Congress. According to the Resolution of the Standing Committee of the National People's Congress on 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》), adopted on June 10, 1981, issues concerning the specific application of laws and decrees in the judicial work of the courts shall be interpreted by the Supreme People's Court; issues concerning the specific application of laws and decrees in the procuratorial work of the procuratorates shall be interpreted by the Supreme People's Procuratorate; and issues concerning the specific application of other laws and decrees falling outside the scope of judicial and procuratorial work shall be interpreted by the State Council and its competent departments. The State Council and its ministries and commissions also have the authority to interpret the administrative regulations and departmental rules they promulgate. At the local level, the power to interpret provisions of local regulations is vested in the local legislative and administrative bodies that promulgated the relevant provisions.

II. CHINA'S JUDICIAL SYSTEM

According to the Constitution, the Law of Organization of the People's Courts of the People's Republic of China (2018 Revision) (《中華人民共和國人民法院組織法(2018修訂)》), and the Law of Organization of the People's Procuratorates of the People's Republic of China (2018 Revision) (《中華人民共和國人民檢察院組織法(2018修訂)》), the people's courts of China are divided into the Supreme People's Court, local people's courts at various levels, and specialized people's courts. Local people's courts at various levels are divided into three tiers: basic people's courts, intermediate people's courts, and higher people's courts. The Supreme People's Court is the highest judicial organ. It supervises the trial work of local people's courts at various levels and of specialized people's courts; higher people's courts supervise the trial work of lower people's courts.

People's courts adopt a two-instance final-judgment system, meaning that a judgment or ruling at second instance by a people's court is a final judgment or ruling. Parties may appeal from a first-instance judgment or ruling by a local people's court, and a people's procuratorate may, in accordance with legal procedures, lodge a protest with the people's court at the next higher level. If, within the prescribed period, the parties have not appealed and the people's procuratorate has not lodged a protest, the judgment or ruling of that people's court is a final judgment or ruling. Judgments or rulings at second instance handed down by intermediate people's courts, higher people's courts, and the Supreme People's Court are final judgments or rulings. Judgments or rulings at first instance by the Supreme People's Court are likewise final judgments or rulings. However, if the Supreme People's Court or a higher people's court discovers that a final judgment or ruling of a lower people's court that has taken effect is clearly in error, or if the president of a people's court at any level discovers that a final judgment of that court that has taken effect is clearly in error, the case may be retried in accordance with the procedure for judicial supervision.

The Civil Procedure Law of the People's Republic of China (《中華人民共和國民事訴訟法》) (the "Civil Procedure Law of China"), promulgated on April 9, 1991 and subsequently revised in 2007, 2012, 2017, 2021 and 2023, provides for the conditions for bringing civil actions, the jurisdiction of people's courts, civil procedure, and the enforcement of civil judgments or rulings. Civil cases are generally heard by the court at the place of the defendant's domicile. Parties to a contract may expressly agree in writing on the choice of court for civil litigation, provided that the court with jurisdiction must be situated at the place of domicile of either the plaintiff or the defendant, the place of contract performance, the place of contract formation, the place where the subject matter of the action is situated, or any other place having a direct connection with the dispute. At the same time, the aforesaid choice shall under no circumstances contravene provisions concerning hierarchical jurisdiction and exclusive jurisdiction.

Foreign nationals, stateless persons, foreign enterprises, and organizations enjoy equal litigation rights and obligations with citizens, legal persons, and other organizations of the People's Republic of China when instituting or responding to lawsuits in people's courts. Where foreign nationals, stateless persons, foreign enterprises and organizations intend to engage legal counsel for litigation representation before people's courts, they must appoint lawyers practicing within the territory of the People's Republic of China. In accordance with international treaties concluded or acceded to by the People's Republic of China, or based on the principle of reciprocity, people's courts and foreign courts may request each other to serve documents, investigate and collect evidence, and conduct other acts of litigation.

Civil judgments and rulings that have taken legal effect must be performed by the parties. If any party to a civil action refuses to abide by a judgment or ruling rendered by a people's court or an award issued by a Chinese arbitral tribunal, the opposing party may file an application with the people's court for enforcement within two years. If a legally effective judgment or ruling made by a People's Court involves a judgment debtor or property located outside the territory of the People's Republic of China, the party seeking enforcement may directly apply to a competent foreign court for recognition and enforcement, or the People's Court may, in accordance with international treaties concluded or acceded to by the People's Republic of China, or based on the principle of reciprocity, request foreign courts to recognize and enforce it.

III. COMPANY LAW, ADMINISTRATIVE MEASURES FOR OVERSEAS LISTING, AND GUIDELINES FOR ARTICLES OF ASSOCIATION OF LISTED COMPANIES (《上市公司章程指引》)

Joint stock limited companies incorporated in China and listed on the Stock Exchange of Hong Kong are primarily subject to the following laws and regulations:

The Company Law of the People's Republic of China (《中華人民共和國公司法》) ("Company Law"), adopted by the Fifth Session of the Standing Committee of the Eighth National People's Congress on December 29, 1993, came into effect on July 1, 1994, and was subsequently amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023. The latest revised version shall enter into force on July 1, 2024.

The Trial Administrative Measures of 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》) ("Administrative Measures for Overseas Listing") and the five supporting guidelines promulgated by the China Securities Regulatory Commission ("CSRC") on February 17, 2023 came into force on March 31, 2023. They apply to both direct and indirect overseas share subscriptions and listings by domestic companies, and set out the filing-based administration measures and regulatory requirements for the overseas issuance and listing of securities by domestic enterprises.

In accordance with the Administrative Measures for Overseas Listing and the supporting guideline entitled Guidelines for the Application of Regulatory Rules — Overseas Offering and Listing No. 1 (《監管規則適用指引 — 境外發行上市類第1號》), domestic enterprises that directly issue and list overseas shall comply with the relevant provisions of the Administrative Measures for Overseas Listing. They shall also, with reference to the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) (Guidelines for Articles of Association), promulgated by the CSRC on December 16, 1997 and most recently revised on March 28, 2025, and other relevant CSRC regulations on corporate governance, formulate their articles of association and regulate corporate governance.

Incorporation

A joint stock limited company is an enterprise legal person incorporated in China in accordance with the Company Law, having independent legal-person property and enjoying legal-person property rights. The company is liable for its own debts to the extent of all its assets, and the shareholders are liable to the company to the extent of their subscribed shares.

A company may be established by initiation or fundraising. A company shall have a minimum of one but not more than 200 promoters, more than half of whom shall have their domicile within the territory of China. Where a company is established by promotion, the registered capital shall be the total share capital subscribed by all promoters as registered with the company registration authority. Where a joint stock limited company is established by fundraising, the shares to be subscribed by the promoters shall be not less than thirty-five per cent of the total number of shares to be issued upon the company's establishment as stipulated in the articles of association; provided that where laws or administrative regulations provide otherwise, such provisions shall prevail.

Where a joint stock limited company is established by fundraising, the promoters shall convene the company's inaugural meeting within thirty days of the date on which the capital contributions for the shares to be issued upon the company's establishment have been fully paid. The promoters shall notify each subscriber of the date of the inaugural meeting or make a public announcement fifteen days before the meeting. The inaugural meeting may be held only if subscribers holding more than half of the voting rights are present. The board of directors shall apply to the company registration authority for registration of the company's establishment within thirty days after the conclusion of the inaugural meeting. Upon approval of the registration and issuance of a business license by the relevant company registration authority, the company is formally established and acquires legal personality.

Share Capital

Promoters may contribute capital in currencies or non-monetary assets that can be appraised with monetary value and lawfully transferred, such as in kind, intellectual property rights, land use rights, stock rights or creditor's rights; except for assets which are prohibited from being contributed as capital by the laws or administrative regulations. Where non-monetary assets are contributed, the contributed assets shall be assessed and the assets verified in accordance with laws or administrative regulations on valuation, and shall not be overvalued or undervalued.

The capital of a company is divided into shares. A company shall, in accordance with its articles of association, adopt either par value shares or no-par value shares for all of its shares. Where par value shares are adopted, each share shall be of equal amount. The issue of shares shall be conducted in accordance with the principles of fairness and impartiality, and each share of the same class shall carry equal rights. Shares of the same class issued in the same issue shall be subject to identical issue conditions and price per share; any subscriber (whether a body corporate or an individual) shall pay the same price per share. The issue price of par value shares may be at par or above par, but shall not be below par.

Increase in Share Capital

Pursuant to the Company Law, where a company proposes to increase its capital by issuing new shares, such increase shall be subject to approval by the shareholders' meeting. In addition, the Securities Law of the People's Republic of China (《中華人民共和國證券法》) (the "Securities Law") stipulates the following conditions for a company to issue new shares by way of public offering:

(1) it has a sound and well-functioning organizational structure;

(2) it has the ability to continue as a going concern;

(3) its financial statements for the last three years have been issued with unqualified audit reports;

(4) neither the issuer nor its controlling shareholder or actual controller has committed any criminal offence involving corruption, bribery, embezzlement of property, misappropriation of property or disruption of the socialist market economic order in the last three years; and

(5) other conditions as may be prescribed by the securities regulatory authority under the State Council with the approval of the State Council.

After the new shares issued by the company have been fully paid up, the company shall apply to the company registration authority for registration of the change and publish an announcement.

Reduction of Share Capital

A company shall reduce its registered capital in accordance with the following procedures prescribed by the Company Law:

(1) The company shall prepare a balance sheet and a list of assets;

(2) The shareholders' meeting shall pass a resolution to reduce the registered capital;

(3) The company shall notify its creditors within 10 days of the resolution to reduce its registered capital, and shall publish an announcement in a newspaper or on the National Enterprise Credit Information Publicity System within 30 days after making the resolution;

(4) The creditors of the company may, within 30 days after receipt of the notice, or within 45 days after the date of the announcement if they have not received the notice, require the company to repay its debts or provide relevant guarantees; and

(5) The company shall apply to the company registration authority for registration of the change.

Repurchase of Shares

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

(1) reduction of its registered capital;

(2) merger with another company that holds its shares;

(3) use of its shares to implement an employee stock ownership plan or an equity incentive plan;

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

(5) use of shares for the conversion of corporate bonds issued by a listed company that are convertible into stock; and

(6) where necessary for a listed company to maintain corporate value and shareholders' interests.

Where a company acquires its own shares for the reasons specified in items (1) and (2) above, the acquisition must be approved by a resolution of the shareholders meeting. If a company acquires its own shares for the circumstances specified in items (3), (5) and (6) above, it may do so pursuant to a resolution adopted by the board of directors at a meeting at which at least two-thirds of the directors are present, in accordance with its articles of association or under authorization of the shareholders meeting.

After a company acquires its own shares in accordance with the above provisions, the shares must be canceled within 10 days after the acquisition in the case of item (1); transferred or canceled within six months in the case of items (2) and (4); and in the case of items (3), (5) and (6), the aggregate number of shares held by the company may not exceed 10% of the company's total issued shares, and such shares must be transferred or canceled within three years. If a listed company acquires its own shares, it must fulfill its disclosure obligations under the Securities Law. A company may not accept its own shares as the subject of pledges.

Transfer of Shares

Shares held by shareholders may be transferred in accordance with law. Under the Company Law, a shareholder transferring shares must do so on a lawfully established securities exchange or in such other manner as may be prescribed by the State Council. A transfer of registered shares by a shareholder must be effected by endorsement or in such other manner as may be prescribed by law or administrative regulation. Upon transfer of registered shares, the company must record the name and address of the transferee in the shareholder register. No change registration in the shareholder register shall be made within 20 days prior to a shareholders' meeting or within 5 days prior to the base date for the company's dividend distribution.

Pursuant to the Company Law, shares issued by a company prior to its public offering may not be transferred within one year from the date on which the company's shares begin trading on the Stock Exchange. However, where laws, administrative regulations, or the securities regulatory authority under the State Council provide otherwise regarding the transfer of shares held by shareholders or actual controllers of a listed company, such provisions shall govern. Directors, supervisors, and senior officers of the company must report to the company their shareholdings and any changes therein. Such persons may not transfer more than 25% of the total shares they hold in the company in any year during their term of office. In addition, they may not transfer shares held by them in the company within one year from the listing date of the company's shares on the Stock Exchange, or within six months after leaving office. The company's articles of association may impose other restrictions on the transfer of shares held by directors, supervisors, and senior officers.

Pursuant to the Administrative Measures for Overseas Listing, if a domestic enterprise directly issues and lists securities overseas, shareholders holding its unlisted domestic shares who apply to convert such unlisted domestic shares into overseas-listed shares for listing and trading on an overseas exchange must comply with applicable CSRC regulations and entrust the domestic enterprise to file with the CSRC.

Shareholders

Pursuant to the Company Law and the Guidance for Articles of Association of Listed Companies, shareholders' rights include:

(1) the right to receive returns on assets, participate in major decisions, and select the management;

(2) the right to petition a court to revoke any resolution of the shareholders' meeting or or a meeting of the board of directors that has been convened or whose voting has been conducted in violation of laws, administrative regulations, or the articles of association, or any resolution whose content violates laws, administrative regulations, or the articles of association. Such petitions must be filed within 60 days of the adoption of the resolution;

(3) the right to legally transfer their shares;

(4) the right to attend shareholders' meetings in person or by proxy and to exercise voting rights;

(5) the right to inspect and copy the articles of association, shareholder register, minutes of shareholders' meetings, board resolutions, supervisory board resolutions, and financial reports, and to make suggestions or inquiries with respect to the company's operations;

(6) the right to receive dividends in proportion to their shareholdings;

(7) the right to participate in the distribution of the company's remaining assets in proportion to their shareholdings upon the company's liquidation; and

(8) any other rights of shareholders provided by law, administrative regulations, other normative documents, and the articles of association.

Shareholders are obligated to comply with the articles of association, pay the subscription monies in respect of the shares subscribed for, be liable to the company only to the extent of their subscribed shares, and fulfill any other obligations of shareholders provided by the articles of association. Pursuant to the Administrative Measures for Overseas Listing, a domestic enterprise that issues and lists securities overseas must file with the CSRC in accordance with these Measures, submitting filing reports, legal opinions, and other relevant materials, and provide a true, accurate, and complete explanation of shareholder information and other matters.

Shareholders' Meeting

The shareholders' meeting is the company's organ of power and exercises powers in accordance with the relevant provisions of the Company Law. The shareholders' meeting may exercise the following powers:

(1) to elect and replace directors and supervisors, and determine their compensation;

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

(3) to review and approve reports of the board of supervisors;

(4) to review and approve the company's profit distribution plans and loss recovery plans;

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

(6) to decide on the issue of corporate bonds;

(7) to decide on the company's merger, division, dissolution, liquidation, or change in corporate form;

(8) to amend the company's articles of association; and

(9) other powers provided in the company's articles of association.

In accordance with the Company Law and the Guidelines for Articles of Association, a shareholders' meeting must be held annually. An extraordinary general meeting must be convened within two months if any of the following occurs:

(1) the number of directors is less than the number prescribed by law or two-thirds of the number prescribed by the company's articles of association;

(2) the company's unrecovered losses equal or exceed one-third of its total paid-in capital;

(3) shareholders holding, individually or in aggregate, 10% or more of the company's shares request that an extraordinary general meeting be convened;

(4) the board of directors determines that it is necessary;

(5) the board of supervisors requests the convening of the meeting; or

(6) other circumstances provided in the company's articles of association.

Shareholders' meetings shall be convened by the board of directors and presided over by the chairman of the board. If the board of directors is unable or fails to perform its duty to convene a shareholders' meeting, the board of supervisors shall promptly convene and preside over the meeting; if the board of supervisors fails to convene and preside over the meeting, shareholders who have held, individually or in aggregate, 10% or more of the company's shares for 90 consecutive days or more may themselves convene and preside over the meeting.

In accordance with the Company Law, notice of the time, place and matters to be considered at a shareholders' meeting shall be given to all shareholders 20 days prior to the meeting. Notice of an extraordinary general meeting shall be given to all shareholders 15 days prior to the meeting. Shareholders holding, individually or in aggregate, 1% or more of the company's shares may submit an interim proposal in writing to the board of directors 10 days before a shareholders meeting; the board of directors shall notify the other shareholders within two days after receiving the proposal and submit the proposal to the shareholders' meeting for consideration. A shareholders' meeting may not decide on matters not specified in the notice.

According to the Company Law, each share held by a shareholder (excluding holders of class of shares) attending a shareholders meeting carries one vote; however, shares held by the company in itself carry no voting rights. The passing of any resolution at the shareholders' meeting requires affirmative votes of shareholders representing more than half of the voting rights held by the shareholders who attend the meeting. However, shareholders' meeting resolutions to amend the company's articles of association, increase or decrease the registered capital, or merge, divide, dissolve, or change the corporate form of the company require affirmative votes of shareholders representing more than two-thirds of the voting rights held by the shareholders who attend the meeting. Shareholders may attend shareholders meetings by proxy, and the proxy shall specify the scope of the voting rights to be exercised.

Board of Directors

A company must establish a board of directors consisting of at least three members. The term of office of a director is prescribed by the articles of association, but may not exceed three years per term. Upon expiration of a director's term, the director may be re-elected and serve consecutive terms.

According to the Company Law, the board of directors may exercise the following powers:

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

(2) to implement resolutions of shareholders' meetings;

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

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

(5) to formulate plans for the company to increase or decrease its registered capital and to issue corporate bonds;

(6) to formulate plans for the company's merger, division, dissolution, or change in corporate form;

(7) to decide on the establishment of the company's internal management bodies;

(8) to decide on the appointment or removal of the company manager and the manager's compensation, and, based on the manager's nomination, to decide on the appointment or removal of deputy managers and the financial officer and their compensation;

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

(10) other powers provided in the company's articles of association or granted by the shareholders' meeting.

The board of directors shall hold at least two meetings each year. Notice of each meeting must be given to all directors and supervisors ten days prior to the meeting. Shareholders representing one-tenth of the voting rights, one-third of the directors, or the board of supervisors may propose that an extraordinary general meeting of the board of directors be convened. A meeting of the board of directors may be held only if a majority of the directors are present. Resolutions of the board of directors must be approved by a majority of all directors. Each director shall have one vote when voting on board resolutions.

If a resolution of the board of directors violates any law, administrative regulation, articles of association, or resolution of the shareholders meeting, and causes serious losses to the company, the directors who participated in that resolution are liable to compensate the company. However, if it is proven that a director dissented from the resolution when voting on it and such dissent was recorded in the minutes, that director may be exempt from liability for that resolution.

A joint stock limited company may, in accordance with its articles of association, establish an audit committee within the board of directors consisting of directors to exercise the powers of the board of supervisors under the Company Law, without establishing a board of supervisors or supervisors. The audit committee consists of at least three members. A majority of the members may not hold any position in the company other than as a director, and may not have any relationship with the company that could affect their independent and objective judgment.

Manager and Senior Management

In accordance with the relevant provisions of the Company Law, a company must have a manager, who is appointed or removed by the board of directors. The manager is responsible to the board of directors and exercises his or her powers in accordance with the company's articles of association or as authorized by the board of directors. The manager shall attend board meetings as a non-voting member. In accordance with the relevant provisions of the Company Law, senior management means the manager, deputy managers, financial officer, the board secretary of a listed company, and other personnel provided for in the articles of association.

Duties of Directors and Senior Management

According to the Company Law, directors and senior management must comply with applicable laws, administrative regulations, and the articles of association, and owe the company duties of loyalty and care. They must avoid conflicts between their personal interests and the interests of the company, and may not use their positions to obtain improper benefits.

Directors and senior management shall not:

(1) embezzle company property or misappropriate company funds;

(2) deposit company funds in accounts opened in their own name or in the names of other individuals;

(3) use their positions to engage in bribery or to accept other illegal income;

(4) accept commissions from transactions with the company for their own benefit;

(5) disclose company secrets without authorization; or

(6) engage in other acts that violate their duty of loyalty to the company.

Finance and Accounting

In accordance with the Company Law, a company must establish its financial and accounting systems in accordance with laws, administrative regulations, and the regulations of the finance department of the State Council. The company must prepare financial reports at the end of each fiscal year and have them audited by an accounting firm in accordance with law. The company's financial accounting reports must be made available at the company 20 days before the annual shareholders' meeting for inspection by shareholders. A joint stock limited company that publicly issues shares must publish its financial accounting reports.

When distributing annual after-tax profits, the company must allocate 10% of its after-tax profits to its statutory common reserve fund. However, once the cumulative amount of the statutory surplus reserve exceeds 50% of the company's registered capital, no further allocation is required. If the company's statutory common reserve fund is insufficient to offset losses from prior years, the company must use current-year profits to offset such losses before making any allocation to the statutory surplus reserve. After allocating to the statutory common reserve fund from after-tax profits, the company may, by resolution of the shareholders meeting, make further appropriations to discretionary common reserve fund from after-tax profits. After offsetting losses and making appropriations to discretionary surplus reserves, the remaining after-tax profits must be distributed in proportion to shareholdings, unless otherwise provided in the articles of association. Shares held by the company itself are not entitled to any distribution of profits.

The company's common reserve fund must be used to offset the company's losses, expand the company's business operations, or increase the company's capital. When the statutory common reserve fund is converted to capital, the remaining balance of that reserve must not be less than 25% of the company's registered capital before the conversion. The company may not maintain accounting books other than the statutory accounting books. Company assets may not be deposited in any account opened in the name of any individual.

Appointment and Removal of Auditors

According to the Company Law, the appointment and removal of the accounting firm engaged to conduct the company's audit are determined by the shareholders meeting, the board of directors, or the board of supervisors, as provided in the articles of association. When the shareholders' meeting, board of directors, or board of supervisors votes on the removal of an accounting firm, the company shall permit the accounting firm to state its views. The company shall provide the accounting firm it has engaged with true and complete accounting vouchers, accounting books, financial reports, and other accounting materials, and may not refuse to provide, conceal, or misrepresent such materials.

Profit Distribution

According to the Company Law, a company may not distribute profits before offsetting losses and allocating to its statutory common reserve fund. Additionally, according to the Administrative Measures for Overseas Listing, domestic enterprises that issue and list securities overseas may raise funds and distribute dividends in foreign currency or Renminbi.

Amendment of the Articles of Association

According to the Company Law, all resolutions of the shareholders meeting to amend the company's articles of association require affirmative votes of shareholders representing more than two-thirds of the voting rights held by the shareholders who attend the meeting. According to the Guidelines for Articles of Association, if an amendment to the articles of association approved by the shareholders meeting requires approval by a competent authority, it must be submitted to that authority for approval; if the amendment involves company registration matters, the company must apply for change registration in accordance with law.

Dissolution and Liquidation

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

(1) expiration of the business term or occurrence of other dissolution events provided in the company's articles of association;

(2) resolution of the shareholders' meeting to dissolve the company;

(3) dissolution required due to merger or division;

(4) revocation of the company's business license by operation of law, or the company being ordered to close or be dissolved; or

(5) serious difficulties in the company's operation and management, where the company's continued existence would cause significant losses to shareholder interests and such difficulties cannot be resolved through other means, and shareholders holding more than 10% of the company's total voting rights may petition the People's Court to dissolve the company.

If a company is dissolved due to the circumstances in item (1) or (2) above and has not yet distributed assets to shareholders, it may continue to exist by amending its articles of association or by resolution of the shareholders meeting. Any amendment to the articles of association under the foregoing provisions must be approved by more than two-thirds of the voting rights held by shareholders in attendance at the shareholders meeting.

If a company is dissolved due to the circumstances in items (1), (2), (4), or (5) above, a liquidation committee must be formed within 15 days after the occurrence of the cause for dissolution to commence liquidation. Liquidation committee members must be directors, unless the articles of association provide otherwise or the shareholders meeting resolves to select other persons. If a liquidation committee is not established within the required period, interested parties may apply to the People's Court to designate persons to form a liquidation committee.

The liquidation committee may exercise the following powers during the liquidation:

(1) to take stock of the company's assets and prepare a balance sheet and an inventory of assets;

(2) to notify creditors and issue public notices;

(3) to deal with the Company's outstanding business in relation to the liquidation;

(4) to settle outstanding taxes and taxes incurred during the liquidation process;

(5) to settle the company's claims and debts;

(6) to distribute the company's remaining assets after payment of its debts; and

(7) to represent the Company in civil litigation activities.

The remaining assets of the company after payment of liquidation expenses, employee wages, social insurance premiums, statutory compensation, outstanding taxes, and company debts shall be distributed in proportion to the shares held by shareholders. Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report, submit it to the shareholders meeting or the People's Court for confirmation, file it with the company registration authority, apply for cancellation of the company's registration, and publish a notice of the company's termination.

Overseas Listing

According to the Administrative Measures for Overseas Listing, if a domestic enterprise submits an application for an initial public offering to a competent overseas regulatory authority or an overseas stock exchange, the issuer must file with the CSRC within 3 working days after submitting the application documents. An overseas issuance or listing is prohibited if any of the following circumstances applies:

(1) laws, administrative regulations, or relevant national provisions explicitly prohibit listing for financing;

(2) the relevant departments of the State Council have determined upon lawful review that the overseas issuance or listing may endanger national security;

(3) the domestic enterprise, or its controlling shareholder or actual controller, has committed a criminal offense involving corruption, bribery, embezzlement of property, misappropriation of property, or disruption of the socialist market economic order within the past 3 years;

(4) the domestic enterprise is under lawful investigation for suspected criminal conduct or material violations of laws or regulations, and no conclusive determination has been reached; or

(5) there is a material dispute over title to the equity held by the controlling shareholder or by shareholders under the control of the controlling shareholder or actual controller.

If any of the following major events occurs after a domestic enterprise issues and lists securities overseas, the enterprise must report the relevant particulars to the CSRC within 3 working days after the occurrence and public announcement of the event: a change of control; becoming subject to investigations, penalties, or other measures by overseas securities regulatory authorities or relevant departments; a change in listing status or transfer to a different listing board; or voluntary or mandatory termination of listing.

Lost Share Certificates

In the event of theft, loss, or destruction of registered shares, a shareholder may petition the People's Court to declare such shares void in accordance with the public summons procedure under the Civil Procedure Law of China. After the People's Court declares such shares void, the shareholder may apply to the company for a reissue of the share certificates.

Merger and Division

According to the Company Law, if companies merge, a merger agreement shall be signed, and the relevant companies must prepare their respective balance sheets and asset lists. The companies must notify their respective creditors within 10 days after adoption of the merger resolution, and publish a notice of the merger in a newspaper within 30 days. Creditors may, within 30 days after receipt of the notice or within 45 days after the date of the public notice if they have not received the notice, require the companies to pay outstanding debts or provide corresponding security. In a merger, the claims and debts of the merging parties are assumed by the surviving company or the newly formed company.

If a company divides, its assets must be divided accordingly, and the company must prepare a balance sheet and an inventory of assets. If a resolution for division is adopted, the company must notify all of its creditors within 10 days after adoption of the resolution, and publish a notice of the division in a newspaper within 30 days. Liabilities of the company existing prior to the division (unless the company and its creditors have entered into a written agreement on the settlement of pre-division debts) must be jointly assumed by the companies resulting from the division. Changes in registration items resulting from a merger or division must be filed with the relevant administration for industry and commerce.

Financial Assistance for the Acquisition of Shares

Under the Company Law and the Guidelines for Articles of Association, a company (including its subsidiaries) may not provide any financial assistance in the form of gifts, advances, guarantees, indemnities, or loans to any person purchasing or intending to purchase the company's shares, except where the company implements an employee stock ownership plan. For the benefit of the company, and by resolution of the shareholders meeting or by resolution of the board of directors as authorized by the shareholders meeting or provided in the articles of association, the company may provide financial assistance to enable others to acquire shares in the company or its parent company; provided that the aggregate amount of such financial assistance may not exceed 10% of the total issued share capital. The board of directors may adopt such a resolution only with the approval of more than two-thirds of all directors.

IV. SECURITIES LAWS, REGULATIONS, AND THE REGULATORY SYSTEM IN CHINA

China has promulgated a series of regulations relating to the issuance and trading of shares and information disclosure. In October 1992, the State Council established the Securities Commission and the China Securities Regulatory Commission (CSRC). In April 1998, the State Council merged these two agencies and reorganized the CSRC.

On April 22, 1993, the State Council promulgated the Interim Regulations on the Administration of Share Issuance and Trading, which prescribed the application and approval procedures for public offerings, the issuance and trading of shares, acquisitions of listed companies, the custody, clearing and transfer of shares, information disclosure by listed companies, investigations, penalties, and dispute resolution.

The Securities Law became effective on July 1, 1999, and was subsequently amended on August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014, and December 28, 2019. The most recent amendments took effect on March 1, 2020. The Securities Law is China's first nationwide securities law, comprehensively regulating securities market activities in China. It is divided into 14 chapters and 226 articles, covering securities issuance and trading, acquisitions of listed companies, stock exchanges, securities companies, securities registration and clearing institutions, and the duties of securities regulatory bodies. Article 224 of the Securities Law provides that domestic enterprises issuing shares overseas directly or indirectly, or listing their shares for trading overseas, must comply with the relevant regulations of the State Council. Currently, the issuance and trading of overseas-issued securities (including shares) are primarily regulated by regulations and rules promulgated by the State Council and the CSRC.

V. ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The Standing Committee of the National People's Congress adopted the Arbitration Law of the People's Republic of China (《中華人民共和國仲裁法》) (the "Arbitration Law") on August 31, 1994. The Law took effect on September 1, 1995, and was most recently amended on September 12, 2025. The Arbitration Law applies to, among other things, economic disputes involving foreign parties where the parties have entered into a written agreement to submit the matter to an arbitration commission constituted under the Arbitration Law. If the parties have agreed to arbitration for the resolution of disputes and one party brings an action in a People's Court, the court must decline to accept the case unless the arbitration agreement is invalid.

In accordance with the Arbitration Law and the Civil Procedure Law of China, arbitration follows a system of single-award finality, and an arbitral award is binding on the parties. If a party fails to comply with an arbitral award, the other party may apply to a People's Court for enforcement of the award. However, a People's Court may refuse to enforce an arbitral award if the arbitral procedure violates the law (including but not limited to irregularities in the composition of the arbitration commission, the award exceeding the scope of the arbitration agreement, or the arbitration commission lacking jurisdiction).

Where a party seeks to enforce an award of a Chinese foreign-related arbitration institution, and the party against whom enforcement is sought or its property is outside China, the applicant may apply to a competent foreign court for recognition and enforcement of the award. Likewise, Chinese courts may recognize and enforce arbitral awards rendered by overseas arbitration institutions under the principle of reciprocity or any international convention to which China is a party.

The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the “NewYork Convention”) adopted on June 10, 1958, pursuant to a resolution passed by the SCNPC on December 2, 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 recognized and enforced by other parties thereto subject to their rights to refuse recognition and enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of that state. Upon China’s accession to the Convention, the Standing Committee of the National People’s Congress made the following declarations: (1) China will apply the Convention to the recognition and enforcement of arbitral awards made in the territory of other parties only on the basis of reciprocity; and (2) the New York Convention applies only to disputes arising from contractual or non-contractual commercial legal relationships as recognized under Chinese law.

An agreement on the mutual enforcement of arbitral awards has been reached between Hong Kong and the Supreme People’s Court. The Supreme People’s Court adopted the Arrangement on Reciprocal 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》) on June 18, 1999, which took effect on February 1, 2000. The Supreme People’s Court issued the Supplementary Arrangement on Reciprocal 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 November 26, 2020, which took effect on November 27, 2020. Under this arrangement, awards rendered by Mainland arbitration institutions may be enforced in Hong Kong, and awards rendered by Hong Kong arbitration institutions may be enforced in the Mainland. If a court in the Mainland determines that enforcement in the Mainland of an award rendered by a Hong Kong arbitration institution would violate the public policy of the Mainland, the court may refuse to enforce the award.