This Appendix sets forth the summary of certain aspects of the PRC laws and regulations which are relevant to the Company's operations and business. Laws and regulations relating to taxation in the PRC are discussed separately in "Appendix IV — Taxation and Foreign Exchange". The primary purpose of this summary is to provide potential [REDACTED] with an overview of the principal legal and regulatory requirements applicable to the Company. This summary is not intended to contain all information that is important to potential [REDACTED]. Please refer to the "Regulatory Overview" section of this Document for a discussion of the laws and regulations relevant to our business.

PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the PRC (2018 Revision) (《中華人民共和國憲法》(2018修正)(the "**Constitution**") amended by the National People's Congress (the "**NPC**") on March 11, 2018 and implemented on the same date, and is made up of written laws, administrative regulations, local regulations, autonomous regulations, separate regulations, departmental rules of the State Council, rules and regulations of local governments, laws of special administrative regions and international treaties of which the PRC government is a signatory, and other regulatory documents. Court judgments do not constitute legally binding precedents but may be used for judicial reference and guidance.

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

The State Council is the highest administrative organ of the PRC 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 requirements of their own respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people's congresses and their respective standing committees of cities with subordinate districts may enact local regulations based on their own specific circumstances and actual requirements relating to urban and rural development and management, environmental protection and the conservation of history and culture, provided that such local regulations are not in conflict with any provisions of the Constitution, laws, administrative regulations and local regulations of provinces or autonomous regions. If the laws have other provisions on the enactment of local regulations for cities with subordinate districts, such other provisions shall prevail. Local regulations for cities with subordinate districts must be reported to the people's congresses of the provinces and autonomous regions for approval before implementation.

The standing committees of the people's congresses of the provinces or autonomous regions shall review the legitimacy of the local regulations submitted for approval, and approval shall be granted within four months if they do not contravene the Constitution, laws, administrative regulations and the local regulations of the provinces or autonomous regions. The people's congresses of ethnic autonomous areas have the power to enact autonomous regulations and separate regulations in the light of the political, economic and cultural characteristics of each ethnic group in the area.

The ministries and commissions of the State Council, the PBOC, the National Audit Office, and the public institutions directly under the State Council with administrative and management functions may enact rules and regulations within the scope of their terms of reference in accordance with 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 may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of local regulations is greater than that of the rules of the local governments at or below the corresponding level. The authority of the rules enacted by the people's governments of the provinces or autonomous regions is greater than that of the rules enacted by the people's governments of the cities with subordinate districts within their respective administrative areas.

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

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the 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》) issued on June 10, 1981 and implemented on the same date, the Supreme People's Court of the PRC (the "**Supreme People's Court**") has the power to give general interpretation on questions involving the specific application of laws and decrees in court trials. The Supreme People's Procuratorate has authority to give interpretation on questions involving the specific application of laws and decrees in prosecutions conducted by procuratorates. The State Council and the competent authorities have authority to give interpretation on questions involving the specific application of other laws and decrees not relating to court trials and prosecution work.

PRC JUDICIAL SYSTEM

Under the Constitution and the PRC Law on the Organization of the People's Courts (2018 Revision) (《中華人民共和國法院組織法(2018修訂)》) amended by the SCNPC on October 26, 2018 and implemented on January 1, 2019, the PRC judicial system is made up of the Supreme People's Court, the local people's courts and other special people's courts.

Local people's courts at all levels are composed of primary people's courts, intermediate people's courts and higher people's courts. The primary people's courts may set up civil, criminal and economic tribunals. The intermediate people's court has similar structure with the primary people's court, and can set up other tribunals, such as intellectual property tribunal when necessary. Special people's courts include military courts, maritime courts, intellectual property courts, financial courts, etc. The higher level of people's court supervises the trial work of the people's court at a lower level. The people's procuratorate also has the right to exercise legal supervision over the proceedings of the people's court at the same level or at a lower level. The Supreme People's Court is the highest judicial organ in the PRC and supervises the trial work of local people's courts at all levels and special people's courts.

The people's courts implement the two-instance final trial system, the judgment or ruling of second instance of the people's court shall be the final judgment and ruling. A party who is dissatisfied with the judgment or ruling of the first instance of the local people's court may file an appeal. The people's procuratorate may file a protest with the people's court at the next higher level in accordance with the procedures prescribed by law. If the party does not file an appeal and the people's procuratorate does not protest within the prescribed time limit, the judgment or ruling of the people's court shall be final. The judgments and rulings of second instance made by the intermediate people's courts, the higher people's courts and the Supreme People's Court, and the judgments and rulings of first instance handed down by the Supreme People's Court shall be final judgments and rulings. However, if the Supreme People's Court or the local people's court at a higher level finds that the effective judgment or ruling of the people's court at the lower level is indeed erroneous, or the presiding judge of the people's court at any level finds that the effective judgment or ruling of the people's court at the same level is indeed erroneous, a retrial may be conducted in accordance with the judicial supervision procedures.

The Civil Procedure Law of the PRC (2023 Revision) (《中華人民共和國民事訴訟法(2023年修正)》) (the "**Civil Procedure Law**"), which was adopted by the SCNPC on March 8, 1982, latest amended on September 1, 2023 and implemented on January 1, 2024, sets forth the criteria for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a judicial court with competent jurisdiction to hear civil actions arising from disputes on contracts or disputes on property, equity interest or other assets, provided that the judicial court must be located at the place directly related to the dispute, such as the place of residence of the plaintiff or defendant, the place of performance or the place of execution of the contract, or the place where the object of the civil action is located. However, under any circumstances, the choice of court must not contravene the provisions regarding different jurisdictions and exclusive jurisdiction.

A foreign national or a stateless person or a foreign-invested enterprise or a foreign organization that files a lawsuit or defends a case in the people's court shall enjoy the same rights and bear the same obligations of litigation as a citizen or legal person or other organization of the PRC. If a judicial court of a foreign country limits the litigation rights of PRC citizens and enterprises, the PRC courts may impose the same limitations to the citizens and enterprises of that foreign country. If a foreign individual, a stateless person, a foreign-invested enterprise or a foreign organization that files a lawsuit or defends a case in the people's court needs to engage a lawyer, he/she/it should employ a PRC lawyer. According to the international treaties or principles of reciprocity signed or joined by the PRC, the people's courts and the foreign courts may request each other to deliver documents, conduct investigations and collect evidence or take other actions on behalf of the other side. If any request from a foreign court may give rise to infringement on the sovereignty, security or public interest of the PRC, the people's court should refuse the request.

All parties to the litigation must enforce legally effective civil judgments and rulings. If either party to a civil action refuses to enforce a judgment or ruling made by a people's court of the PRC or an award made by an arbitral tribunal, the other party may apply to the people's court for enforcement within two years. The application for suspension or interruption of the enforcement period shall comply with the provisions on suspension or interruption of the limitation period under applicable laws.

A party seeking to enforce an effective judgment or ruling of a people's court against a party who is not personally within the PRC or whose property is not within the PRC, may apply to a foreign court with competent jurisdiction over the case for recognition and enforcement of the judgment or ruling. If the PRC has signed or joined an international treaty with the relevant foreign country under which foreign judgment or ruling may be recognized and enforced, or if the judgment or ruling satisfies the required conditions after review by the court according to the principle of reciprocity, unless subject to other exceptions, the people's court may recognize and enforce the foreign judgment and ruling according to the enforcement procedure of the PRC, but except the people's court finds that the recognition or enforcement of such judgment or ruling will result in violation of the basic legal principles of the PRC, its sovereignty or security or against social and public interest.

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

A joint stock limited company established in the PRC seeking for listing on the HKSE is mainly subject to the following laws and regulations of the PRC.

The Company Law of the PRC (the "**Company Law**") was approved by the Fifth Meeting of the Eighth Session of the SCNPC on December 29, 1993, and implemented on July 1, 1994, and was amended respectively on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023. The latest amended Company Law came into effect on July 1, 2024.

The Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) (the "**Overseas Listing Trial Measures**") and its five explanatory guidelines promulgated by the CSRC on February 17, 2023 came into effect on March 31, 2023, which are applicable to direct and indirect overseas listing of domestic companies. According to the Guidelines for the Applications of Regulatory Rules — Overseas Offering and Listing Category No. 1 (《監管規則適用指引—境外發行上市類第1號》) promulgated by the CSRC on February 17, 2023 and implemented on the same date, domestic companies seeking for direct overseas offering and listing shall formulate the articles of association according to the Guidelines for Articles of Association for Listed Companies (《上市公司章程指引》) (the "**Guidelines for Articles of Association**") and other relevant provisions of CSRC on corporate governance.

Set out below is a summary of the provisions of the Company Law, the Overseas Listing Trial Measures and the Guidelines for Articles of Association applicable to the Company.

General

A joint stock limited company refers to an enterprise legal person incorporated under the Company Law with independent legal person properties and entitlements to such legal person properties. The liability of its shareholders is limited to the amount of shares held by them and the company is liable to its creditors for an amount equal to the total value of its assets.

Incorporation

A joint stock limited company may be incorporated by promotion or public 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 PRC. Companies incorporated by promotion are companies with the total number of shares entirely subscribed for by the promoters. Where companies are incorporated by subscription, the promoters are required to subscribe for part of the total number of shares of a company, and the remaining shares can be offered to the public or specific persons. If companies are incorporated by subscription, the promoters are required to subscribe for not less than 35% of the total number of shares of a company unless otherwise stipulated by laws and administrative regulations.

The promoters must convene an inaugural meeting within 30 days after the issued shares have been fully paid up, and must give notice to all subscribers or make an announcement of the date of the inaugural meeting 15 days before the meeting. The inaugural meeting may be convened only with the presence of promoters or subscribers representing at least half of the shares in the company. At the inaugural meeting, matters including the adoption of articles of association and the election of members of the board of directors of the company will be dealt with.

Within 30 days after the conclusion of the inaugural meeting, the board of directors must apply to the registration authority for registration of the establishment of the joint stock limited company. 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. Joint stock limited companies established by the subscription method shall file with the company registration authority, for recordation, the approval for the share offering issued by the securities administration department of the State Council.

Share capital

According to the Company Law, a shareholder may contribute capital in cash or in kind or in consideration of non-monetary properties such as intellectual property rights, land use right, equity interests or creditor's rights of debts that can be valued in currency and may be transferred in accordance with the law.

Domestic enterprises that are listed overseas may raise funds and distribute dividends in foreign currencies or in RMB according to the Overseas Listing Trial Measures.

All issue of shares of a joint stock limited company shall be on an equal and equitable basis. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. The share offering price may be equal to or greater than nominal value, but shall not be less than nominal value.

A company that seeks to offer and list securities in overseas markets, is required to fulfill the filing procedure with the CSRC and report relevant information. Where an issuer submits an application for initial public offering to competent overseas regulators, filing application with the CSRC shall be submitted within three business days thereafter. Subsequent securities offering of an issuer in the same overseas market where it has previously offered and listed securities shall be filed with the CSRC within three business days after the offering is completed. Subsequent securities offering and listing of an issuer in other overseas markets shall be filed as initial public offering.

Under the Company Law, a joint stock limited company shall maintain a shareholder register which sets forth the following matters: (1) the name and domicile of each shareholder; (2) the class and quantity of subscribed shares for each shareholder; (3) for stocks issued in paper form, the serial numbers of stocks; (4) the date on which each shareholder acquired the shares.

Increase of share capital

According to the Company Law, when the joint stock limited company issues new shares, resolutions shall be passed by a shareholders' meeting, approving the class and number of the new shares, the issuing price of the new shares, the commencement and ending dates for the new shares and the class and number of new shares to be issued to existing shareholders. Additionally, if a company intends to make public offering of shares, it is required to complete the registration with the securities regulatory authority of the State Council and announce the document.

Reduction of share capital

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

- it shall prepare a balance sheet and a property list;
- the reduction of registered capital shall be approved by a shareholders' meeting;
- it shall inform its creditors within 10 days and publish an announcement of the reduction in the newspaper or the National Enterprise Credit Information Publicity System within 30 days after the approval of resolution of reducing registered capital;
- creditors may require the company to pay its debts or provide corresponding guarantees within 30 days after receiving the notice, or within 45 days of the public announcement if no notice has been received;
- it shall apply to the relevant administration of industry and commerce for the registration of the reduction in registered capital.

Repurchase of shares

According to the Company Law, a joint stock limited company may not purchase its own shares other than for one of the following purposes: (i) to reduce its registered capital, (ii) to merge with another company that holds its shares, (iii) to acquire its shares for employee stock ownership plans or equity incentives, (iv) to purchase its shares from shareholders who are against the resolution regarding the merger or division with other companies at a shareholders' meeting and require the company to acquire the shares held by them, (v) to use shares for conversion of convertible corporate bonds issued by a listed company, and (vi) to maintain corporate value and protect shareholders' rights and interests of a listed company when necessary.

The purchase of shares on the grounds set out in (i) to (ii) above shall be subject to approval by a resolution of a shareholders' meeting. The purchase of shares on the grounds set out in (iii), (v) and (vi) above may be subject to approval by a resolution of a board meeting attended by two-thirds of the directors, in accordance with the company's articles of association or the authorization of the shareholders' meeting.

Following the purchase of shares in accordance with the foregoing, such shares shall be canceled within 10 days from the date of purchase in the case of (i) above and transferred or canceled within six months in the case of (ii) or (iv) above. Shares acquired in accordance with (iii), (v) and (vi) above shall not exceed 10% of the total number of the company's issued shares, and such shares shall be transferred or canceled within three years.

Repurchase of its own shares by a listed company shall perform the obligation of information disclosure in accordance with the Securities Law of the PRC (《中華人民共和國證券法》) (the "**Securities Law**"). A listed company repurchasing its own shares under any of the circumstances set forth in items (iii), (v) and (vi) shall carry out such acquisition in a public and centralized manner. The company shall not accept its own shares as the subject of a pledge.

Transfer of shares

Shares held by shareholders may be transferred in accordance with the relevant laws and regulations. Under the Company Law, shares issued by a joint stock limited company prior to the public issuance of shares shall not be transferred within one year from the date on which the shares are listed and traded on a stock exchange. Directors and the senior management shall declare to the company their shareholdings in the company and any changes of such shareholdings. They shall not transfer more than 25% of all the shares they hold in the company annually during their tenure. They shall not transfer the shares they hold within one year from the date on which the company's shares are listed and traded on a stock exchange, nor within six months after their resignation from their positions with the company.

Shareholders

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

- receiving dividends and other forms of distributions in proportion to their shareholding;
- requesting, convening, presiding over, participating in or entrust a proxy to attend shareholders' meetings and exercising corresponding rights to vote;
- supervising the business operations of the company, making recommendations or raising questions;
- the transfer, donation or pledge of their shares in accordance with laws, administrative regulations and the articles of association;
- reviewing and copying the articles of association, register of shareholders, minutes of shareholders' meetings, resolutions of board meeting, and financial and accounting reports; eligible shareholders may review the company's accounting books and accounting vouchers;
- in the event of the winding-up or liquidation of a company, participating in the distribution of remaining property of a company in proportion to the number of shares held;
- requiring the company to purchase their shares if the shareholder votes against the company merger or division resolution passed by the shareholders' meeting; and
- other rights conferred by laws, administrative regulations, departmental rules or the articles of association.

The obligations of a shareholder of a company include:

- compliance with laws, administrative regulations and the articles of association;
- paying full monies based on the shares they have subscribed for;
- not withdrawing their shares unless otherwise provided for by laws and administrative regulations;
- not abusing the shareholders' rights to harm the interests of the company or other shareholders; not abusing the company's independent legal person status and the limited liabilities of the shareholders to harm the interests of the company's creditors; and
- other duties as required by laws, administrative regulations, departmental rules or the articles of association.

Shareholders' meetings

The shareholders' meeting is the organ of authority of the company, which exercises its powers in accordance with the Company Law.

Under the Company Law and the Guidelines for Articles of Association, the shareholders' meeting exercises the following principal powers:

- the election and removal of directors, and decisions on matters relating to the remuneration of directors;
- approving the reports of the board of directors;
- approving the plans for profit distribution and loss make-up of the company;
- making resolutions on the increase or decrease of the registered capital of the company;
- making resolutions on the issuance of corporate bond;
- making resolutions on the merger, division, dissolution, liquidation or change of the form of the company;
- amending the articles of association of the company; and
- other powers as provided for in the articles of association.

Shareholders' annual meetings are required to be held once every year. Under the Company Law and the Guidelines for Articles of Association, an extraordinary shareholders' meeting is required to be held within two months after the occurrence of any of the following:

- 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;
- when the unrecovered losses of a company amount to one-third of the total share capital;
- shareholders individually or jointly holding 10% or more of the company's shares request;
- when deemed necessary by the board of directors;

- the audit committee proposes to convene a meeting; or
- other circumstances as provided for in the articles of association.

Under the Company Law and the Guidelines for Articles of Association, shareholders' meetings shall be convened by the board of directors, and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or does not perform his/her duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his/her duties, a director nominated by more than half of directors shall preside over the meeting.

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

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

Under the Company Law, shareholders present at shareholders' meeting have one vote for each share they hold, save that shares held by the company are not entitled to any voting rights.

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

Pursuant to the Company Law, resolutions of the shareholders' meeting shall be adopted by more than half of the voting rights held by the shareholders present at the meeting. However, matters relating to merger, division or dissolution of the company, increase or reduction of registered capital, change of corporate form or amendments to the articles of association must be approved by more than two-thirds of the voting rights held by the shareholders present at the meeting.

Board of directors

Under the Company Law, a joint stock limited company shall have a board of directors, which consists of more than 3 members. In a joint stock limited company with more than 300 employees, unless a board of supervisors is established in accordance with the law and includes employee representatives, the board of directors shall include employee representatives among its members, employee representatives shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. The term 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. If a director's term expires and a re-election is not conducted in a timely manner, or if the resignation of directors causes the number of directors to fall below the quorum, the director shall continue to perform his/her duties in accordance with laws, administrative regulations and the articles of association until a duly elected director takes office.

Under the Company Law and the Guidelines for Articles of Association, the board of directors mainly exercises the following powers:

- convening shareholders' meetings and reporting to them;
- implementing the resolutions of the shareholders' meetings;
- deciding on the company's business plans and investment plans;
- formulating the plans for profit distribution and loss make-up of the company;
- formulating plans for the increase or decrease of the registered capital of the company and the issuance of corporate bond;
- formulating proposals for merger, division, dissolution or change of corporate form;
- determining the internal management structure of the company;
- determining the appointment or dismissal of the company's managers and their remuneration; determining the appointment or dismissal of the company's deputy managers and head of finance and their remunerations according to the nomination of the managers;
- formulating the basic management system of the company; and
- other powers as required by the articles of association or approved by the shareholders' meeting.

Board meetings

Under the Company Law and the Guidelines for Articles of Association, meetings of the board of directors of a joint stock limited company shall be convened at least twice a year. Notice of meeting shall be given to all directors 10 days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of voting rights, more than one-third of the directors or the audit committee. Meetings of the board of directors shall be held only if more than half of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors. Each director shall have one vote for resolutions to be approved by the board of directors.

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

Qualification of directors

The Company Law provides that the following persons may not serve as a director:

- a person without or with limited civil capacity;
- a person who has been sentenced to any criminal penalty due to an offence of corruption, bribery, encroachment of property, misappropriation of property, or disrupting the order of the socialist market economy, or has been deprived of political rights due to a crime, where a

five-year period has not elapsed since the date of completion of the sentence; if he/she is pronounced for suspension of sentence, a two-year period has not elapsed since the expiration of the suspension period;

- 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;
- a person who was a legal representative of a company or enterprise which had its business license 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 license of the company or enterprise or the order for closure; or
- a person being listed as one of "dishonest persons subject to enforcement" by the people's court due to his/her failure to pay off a relatively large amount of due debts.

In addition, the Guidelines for Articles of Association further stipulates other circumstances under which a person may not serve as a director of a company, including: (1) a person who has been subjected to a securities market ban by the CSRC and whose ban period has not yet expired; or (2) a person who has been publicly identified by a stock exchange as unsuitable to serve as directors or senior management of a listed company, and whose disqualification period has not yet expired.

Audit committee

According to the Company Law, a joint stock limited company may, in accordance with its articles of association, establish an audit committee composed of directors within its board of directors to exercise the powers and functions of the board of supervisors and may choose not to have a board of supervisors or any supervisor. The audit committee shall consist of three or more members. More than half of its members shall not hold any position in the company other than serving as directors, nor shall they have any relationship with the company that may affect their independent and objective judgment. Any employee representative on the board of directors of a company can serve as a member of the audit committee.

Senior management

According to the Company Law, a joint stock limited company shall have a manager who is appointed or dismissed by the board of directors. The manager is responsible to the board of directors and exercises his/her powers in accordance with the articles of association of the company or the authorization of the board of directors. The manager shall attend meetings of the board of directors in a non-voting capacity.

According to the Company Law, senior management refers to the manager, deputy manager(s), person-in-charge of finance, board secretary and other persons as stipulated in the articles of association.

Duties of directors and senior management

Directors and senior management of the company are required under the Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company. Directors and senior management are prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating the company's properties. Directors and senior management are prohibited from:

- embezzling the company's property or misappropriating of the company's capital;
- depositing the company's capital into accounts under his/her own name or the name of other individuals;
- giving bribes or accepting any other illegal proceeds by taking advantage of their power;
- accept and possess commissions paid by a third party for transactions conducted with the company;
- disclosing confidential information of the company without authorization;
- other acts in violation of their fiduciary duty to the company.

Income generated by directors or senior management in violation of the aforementioned shall be returned to the company.

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

Finance and accounting

Under the Company Law, a company shall establish financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council and shall at the end of each financial year prepare a financial and accounting report which shall be audited by an accounting firm as required by law.

When distributing the after-tax profits of the current year, a company shall allocate 10% of the profits to the company's statutory reserve. The company can no longer withdraw statutory reserve fund if it has accumulated to more than 50% of the registered capital. If the statutory reserve fund of the company is insufficient to make up for the losses of the previous years, the profits of the current year shall be used to make up for the losses before making allocations to the statutory reserve. After the company has made an allocation to the statutory reserve fund from its after-tax profit, it may also make an allocation to the discretionary reserve fund from its after-tax profit upon a resolution of the shareholders' meeting.

A joint stock limited company shall distribute profits in proportion to the shares held by its shareholders, unless it is otherwise provided in the articles of association. Shares held by the company itself shall not be entitled to profits distribution.

The premium over the nominal value of the shares of a joint stock limited company from the issue of shares and other incomes required by the financial department of the State Council to be treated as the capital reserve fund shall be accounted for as the capital reserve fund of the company.

The reserve fund of the company shall be used to make up losses of the company, expand the production and operation of the company or increase the capital of the company. Where the reserve fund of a company is used for making up losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions. When the statutory reserve fund is converted to increase registered capital, the balance of the statutory 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. Its assets shall not be deposited in any accounts opened in the name of any individual.

Appointment and dismissal of accounting firms

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

Amendments to articles of association

Amendments to the articles of association by a company must be made in accordance with the procedures set out in the articles of association. Where a change in registered items of a company involves an amendment to its articles of association, the amended articles of association shall be submitted to the relevant authorities in accordance with applicable laws.

Dissolution and liquidation

According to the Company Law, a company shall be dissolved for the following reason: (i) the term of its operations set down in the articles of association has expired or other events of dissolution specified in the articles of association have occurred, (ii) the shareholders' meeting have resolved to dissolve the company, (iii) the company is dissolved by reason of merger or division, (iv) the business licence is revoked, or the company is ordered to close down or be dissolved, or (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 total shareholders' 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.

In the event of (i) and (ii) above, provided that the company has not yet distributed its assets to shareholders, it may continue to exist by amending its articles of association. The amendment of the articles of association in accordance with provisions set out above shall be approved by the shareholders representing more than two-thirds of the rights to vote or by the shareholders present at the shareholders' meeting with more than two-thirds of the rights to vote.

Where the company is dissolved in the circumstances described in sub-paragraphs (i), (ii), (iv), or (v) above, it shall be liquidated. The directors, who are the persons obligated to carry out the liquidation, shall form a liquidation committee within 15 days from the date of occurrence of the cause of dissolution. The liquidation committee shall be composed of the directors, unless it is otherwise provided for in the articles of association or it is otherwise elected by the shareholders' meeting. The persons obligated to carry out liquidation shall be liable for compensation if they fail to fulfill their obligations of liquidation in a timely manner resulting in any loss to the company or the creditors.

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

- to liquidate the company's property and respectively prepare balance sheet and list of property;
- to notify creditors by notice or public announcement;
- to deal with the outstanding business of the company involved in the liquidation;
- to pay all outstanding taxes and taxes arising in the course of liquidation;
- to liquidate claims and debts;
- to distribute the remaining property of the company after paying off debts; and
- to participate in civil litigations on behalf of the company.

The liquidation group shall notify the company's creditors within 10 days after its establishment and issue public notices in newspapers or on the National Enterprise Credit Information Publicity System within 60 days. The creditors shall file their proofs of claim with the liquidation committee within 30 days as of the receipt of the notice or within 45 days as of the issuance of the public announcement in the case of failing to receive such notice.

After payment of liquidation expenses, salaries of employees, social insurance premiums, statutory compensations, outstanding taxes, and settlement of debts of the company, the remaining properties of the company shall be distributed in proportion to the shares held by the shareholders.

During the liquidation period, the company shall continue to exist but shall not carry out any business activities unrelated to the liquidation. No property of the company shall be distributed to shareholders until it is settled in accordance with the preceding paragraph.

If the liquidation committee, having thoroughly examined the company's assets and having prepared a balance sheet and an inventory of assets, discovers that the company's assets are insufficient to pay its debts in full, it shall file an application to a people's court for bankruptcy liquidation. After the people's court accepts the application for bankruptcy, the liquidation committee shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report to be submitted to the shareholders' meeting or the people's court for confirmation, and submit to the company registration authority to apply for cancellation of the company's registration.

The members of the liquidation committee performing their duties of liquidation bear the duties of loyalty and diligence. Any member of the liquidation committee who neglects to fulfill his/her liquidation duties resulting in any loss to the company shall be liable for compensation, and any member of the liquidation committee who cause any loss to any creditor due to his/her intentional or gross negligence shall be liable for compensation.

If a company fails to apply to the company registration authority for deregistration within three years from the date its business license was revoked, or it was ordered to close down, or it was dissolved, the company registration authority may issue a public announcement through the National Enterprise Credit Information Publicity System for a period of not less than 60 days. If there is no objection after the expiration of the announcement period, the company registration authority may cancel the registration of the company, but the liabilities of the company's original shareholders and liquidation obligors are not affected.

Overseas listing

Pursuant to the Overseas Listing Trial Measures, an issuer that conducts an overseas initial public offering and listing, or conducts an offering and listing in another overseas market after an overseas offering and listing shall file a record with the CSRC within three business days after the relevant application is submitted. Subsequent securities offering of an issuer in the same overseas market where it has previously offered and listed securities shall be filed with the CSRC within three business days after the offering is completed. Moreover, where the filing documents are complete and in compliance with stipulated requirements, the CSRC will, within twenty business days after receiving the filing documents, conclude the filing procedure and publish the filing results on the its website. Where the filing documents are incomplete or do not conform to stipulated requirements, the CSRC shall request supplementation and amendment thereto within five business days after receiving the filing documents. The issuer shall then complete supplementation and amendment within thirty business days.

Loss of share certificates

If a registered share certificate is stolen, lost, or destroyed, the shareholder may, in accordance with the publicity and summons procedures stipulated in the Civil Procedure Law, apply to the people's court for a declaration that such share certificate is invalid. After the people's court declares the share certificate invalid, the shareholder may apply to the company for a replacement share certificate.

Merger and division

According to the Company Law, in the case of a merger, the merging parties shall sign a merger agreement and prepare a balance sheet and a property inventory. The company shall, within ten days after adopting the merger resolution, notify its creditors, and shall make a public announcement in a newspaper or through the National Enterprise Credit Information Publicity System within thirty days. Creditors may, within thirty days after receiving the notice, or within forty-five days after the announcement if they did not receive the notice, request the company to settle outstanding debts or provide appropriate guarantees.

In case of a division, the company's assets shall be divided accordingly. The debts of the company which have accrued before the division shall be jointly borne by the divided companies, except where a written agreement concluded between the company and its creditors before the division concerning the settlement of debts provides otherwise.

Changes in registration resulting from a merger or division shall be made with the relevant registration authority in accordance with the law. Where a company is dissolved or a new company is established, deregistration or registration of the company shall be completed in accordance with the law.

SECURITIES LAW AND REGULATIONS

The PRC has promulgated a number of regulations that relate to the issue and trading of shares and disclosure of information. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by the PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities-related statistics and conducting relevant research and analysis. In April 1998, the State Council consolidated the two departments and reformed the CSRC.

The Securities Law was promulgated by the SCNPC on December 29, 1998, latest amended on December 28, 2019 and implemented on March 1, 2020. The Securities Law provides a series of provisions regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities in the PRC, and comprehensively regulates activities in the PRC securities market. The 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.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The Arbitration Law of the PRC (《中華人民共和國仲裁法》) (the "**Arbitration Law**"),which was promulgated by the SCNPC on August 31, 1994, latest amended on September 12, 2025 and implemented on March 1, 2026, applies to economic disputes involving foreign parties, provided that the parties have entered into a written agreement to submit the dispute to an arbitration committee established in accordance with the Arbitration Law. Where the parties have reached an arbitration agreement and one of them files a lawsuit with a people's court, the people's court will refuse to handle the case, unless the arbitration agreement is 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 procedural irregularity (including irregularity in the composition of the arbitration committee or the making of an award on matters beyond the scope of the arbitration agreement or the jurisdiction of the arbitration commission).

A party seeking to enforce an arbitral award of the PRC arbitration commission against a party who, or whose property, is not within the PRC, may apply to a foreign court with jurisdiction over the case for recognition and enforcement. Similarly, an arbitral award made by a foreign arbitration commission may be recognized and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC.

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