This Appendix contains a summary of laws and regulations on companies and securities in the PRC. The principal objective of this summary is to provide potential [**REDACTED**] with an overview of the principal laws and regulations applicable to us. This summary is with no intention to include all the information which may be important to the potential [**REDACTED**]. For discussion of laws and regulations specifically governing the business of the Company, see the section headed "Regulatory Overview".

PRC LEGAL SYSTEM

The legal system of the People's Republic of China is based on the Constitution of the PRC (《中華人民共和國憲法》) (hereinafter referred to as the "Constitution") and is made up of written laws, administrative regulations, local regulations, separate regulations, autonomous regulations, departmental rules, rules of local governments, laws of the special administrative regions, international treaties of which the PRC government is a signatory, and other normative documents. Court verdicts do not constitute binding precedents. However, they may be used as judicial reference and guidance.

Pursuant to the Constitution and the Legislation Law of the PRC (hereinafter referred to as the "Legislation Law"), which was promulgated on March 15, 2000 and last amended on March 13, 2023, the NPC and the Standing Committee of the NPC shall exercise the legislative power of the State in accordance with the Constitution. The NPC has the power to formulate and amend basic laws governing civil and criminal matters, state organs and other matters. The Standing Committee of the NPC 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 State Council is the highest organ of the PRC administration and has the power to formulate administrative regulations based on the Constitution and laws. The people's congresses of provinces, autonomous regions and municipalities directly under the Central Government 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 ministries and commissions of the State Council, PBOC, National Audit Office, organs endowed with administrative functions directly under the State Council and the organizations prescribed by laws may, in accordance with the laws as well as the administrative regulations, decisions and orders of the State Council and within the limits of their power, formulate departmental rules. The people's governments of the provinces, autonomous regions, and municipalities directly under the central government and the cities divided into districts or autonomous prefectures may enact rules of local governments, in accordance with relevant laws, administrative regulations and the local regulations of their respective provinces, autonomous regions or municipalities. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned.

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 city divided into districts or autonomous prefecture within the administrative areas of the provinces and the autonomous regions.

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

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the Standing Committee of the NPC. According to the Decision of the Standing Committee of the National People's Congress 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》) promulgated on June 10, 1981 and effective on the same day, the Supreme People's Court of the PRC (hereinafter referred to as 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 State Council and its ministries and commissions are also vested with the power to give interpretation of the administrative regulations and departmental rules which they have promulgated. At the regional level, the power to give interpretations of the local laws and regulations as well as administrative rules is vested in the regional legislative and administrative organs which promulgate such laws, regulations and rules.

THE PRC JUDICIAL SYSTEM

According to the Constitution and the Law of Organization of the People's Courts of the PRC (《中華人民共和國人民法院組織法》) last amended by the Standing Committee of the NPC on October 26, 2018 and implemented on January 1, 2019, the people's courts are made up of the Supreme People's Court, the local people's courts, and special people's courts.

The local people's courts are comprised of the basic people's courts, the intermediate people's courts and the higher people's courts. The higher level people's courts supervise the basic and intermediate people's courts. The Supreme People's Court is the highest judicial body in the PRC. It supervises the judicial administration of the people's courts at all levels.

The people's procuratorates are the law supervision organs of the state. The Supreme People's Procuratorate shall be the highest procuratorial organ. The Supreme People's Procuratorate shall direct the work of the local people's procuratorates at all levels and of the special people's procuratorates; the people's procuratorates at higher levels shall direct the work of those at lower levels. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of people's courts at the same level and lower levels.

The people's courts employ a two-tier appellate system, and judgments or rulings of the second instance at the people's courts are final. A party may appeal against the judgment or ruling of the first instance of a local people's court. The people's procuratorate may present a protest to the people's courts at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people's procuratorate within the stipulated period, the judgments or rulings of the people's courts are final. Judgments or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court and those of the first instance of the Supreme People's Court are final. However, if the Supreme People's Court or the people's court at the higher level finds any definite errors in a legally effective final judgment or ruling of the people's court at a lower level, or if the chief judge of a people's court at any level finds any definite errors in a legally effective final judgment or ruling of such court, the case can be retried according to judicial supervision procedures.

The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》) (hereinafter referred to the "Civil Procedure Law"), last amended by the Standing Committee of the NPC on September 1, 2023 and becoming effective on January 1, 2024, sets forth the requirements for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Civil cases are generally heard by the courts where the defendants are located. The court of jurisdiction in a civil action may be chosen by the written agreement between the parties, provided that the court is located at a place that has direct connection with the dispute, such as the plaintiff's or the defendant's place of domicile, the place where the contract is performed or signed or the object of the action is located. However, such choice cannot be in conflict with the regulations regarding the level jurisdictions and exclusive jurisdictions in any case.

A foreign individual, a person without nationality, a foreign enterprise and a foreign organization that institute or respond to proceedings in a people's court are given the same litigation rights and obligations as a PRC citizen, a legal person and other organizations. Should a foreign court limit the civil litigation rights of PRC citizens, legal persons and other organizations, any people's court of China shall apply the same limitations to the citizens, enterprises and organizations of such foreign country. A foreign individual, a person without nationality, a foreign enterprise or a foreign organization must engage a lawyer within the PRC if such person needs to engage a lawyer in initiating or defending any proceedings at a people's court. In accordance with the international treaties to which the PRC is a signatory or a participant or according to the principle of reciprocity, a people's court and a foreign court may request each other to serve documents, conduct investigation, collect evidence and conduct other actions on its behalf. A people's court shall not accommodate any request made by a foreign court which will result in the violation of sovereignty, security or social and public interests of the PRC.

All parties must comply with legally effective civil judgments and rulings. If any party to a civil action refuses to comply with a judgment or ruling made by a people's court or an award made by an arbitration tribunal, the other party may apply to the people's court for enforcement within two years. Suspension or disruption of the time limit for applying for such enforcement shall comply with the provisions of the applicable law concerning the suspension or disruption of the time-barring of actions.

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

THE COMPANY LAW OF PRC, OVERSEAS LISTING TRIAL MEASURES AND GUIDELINES FOR ARTICLES OF ASSOCIATION OF LISTED COMPANIES

A joint stock limited company (hereinafter referred to a "joint stock company" or a "company") established in the PRC seeking a listing on the Hong Kong Stock Exchange is mainly subject to the following laws and regulations of the PRC:

The Company Law which was last amended by the Standing Committee of the NPC on December 29, 2023 and came into effect 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》) (the "Overseas Listing Trial Measures") and its five supporting guidelines were promulgated by the CSRC on February 17, 2023 and became effective on March 31, 2023.

Pursuant to the Overseas Listing Trial Measures and its supporting guidelines, where a domestic company directly conducts offering and listing overseas, it shall formulate its articles of association with reference to the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》), which was last amended by the CSRC on March 28, 2025 and became effective on the same day and other relevant provisions on corporate governance to regulate corporate governance.

Set out below is a summary of the main provisions of the Company Law of PRC, the Overseas Listing Trial Measures and the Guidelines for Articles of Association of Listed Companies.

General Provisions

A Joint stock company means a corporate legal person incorporated within the territory of China under the Company Law, whose registered capital is divided into equal shares. The company shall bear liabilities with its entire properties., and the shareholders of the Company shall bear liabilities for the Company to the extent of the shares they subscribed for.

A company shall conduct its business in accordance with laws and regulations, observe social ethics and business ethics, act in good faith, and be subject to government and public oversight.

It may invest in other enterprises. Where any law provides that a company shall not become a capital contributor who has the joint liabilities associated with the debts of the invested enterprises, such provision shall prevail.

Incorporation

A joint stock company may be incorporated by promotion or public subscription.

To incorporate a joint stock company by promotion, there must be more than one but not more than 200 promoters, with at least half having residences within the PRC.

For a joint stock company incorporated by promotion, the timing and voting procedures for the inaugural meeting are determined by the company's articles of association or the promoters' agreement.

For a joint stock company incorporated by public subscription, the inaugural meeting must be convened within 30 days from the date of full payment of the shares to be issued at the time of incorporation. The promoters are required to notify all subscribers or make a public announcement of the meeting date at least fifteen days before inaugural meeting. The inaugural meeting can only be held if more than half of the subscribers with voting rights are present. The functions and powers of the inaugural meeting shall include (i) reviewing the report on organization of the company by the promoters; (ii) approving the articles of association; (iii) electing members of directors and Supervisors; (iv) reviewing incorporation expenses for the company; (v) reviewing the valuations of the non-monetary property contributed by the promoters; (vi) making the resolution to reject the incorporation of company on the occurrence of force majeure or a substantial change in the conditions of operation which directly affect the incorporation of the company. The resolutions made at the inaugural meeting about the matters within the scope of its functions and powers shall be adopted by more than half of the voting rights the subscribers present at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the representative authorized by the board of directors shall apply to the registration authority for registration of the incorporation of the joint stock company.

Share Capital

The promoters may make a capital contribution in currencies, or non-monetary assets such as in kind or intellectual property rights, land use rights, stock rights and creditor's rights which can be appraised with monetary value and transferred lawfully. Non-monetary property used for capital contributions shall be evaluated and verified, and shall not be overvalued or undervalued.

Allotment and Issue of Shares

The issuance of shares shall be conducted in a fair and equitable manner, and each share of the same class shall enjoy the same rights. For shares issued at the same time and within the same class, the issue terms and price per share must be the same; the same price shall be paid for each share subscribed for by any subscriber.

Domestic enterprises issued and listed overseas shall file with the CSRC in accordance with the Overseas Listing Trial Measures, submit filing reports, legal opinions and other relevant materials, and truthfully, accurately and completely explain shareholder information and other information.

Increase in Share Capital

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

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law: (i) a company shall prepare a balance sheet and a property list; (ii) a company shall make a resolution at the general meeting to reduce its registered capital; (iii) a company shall inform its creditors within 10 days and publish an announcement in newspapers or the National Enterprise Credit Information Publicity System within 30 days after the approval of resolution of reducing registered capital at the general meeting; (iv) the creditors shall have the right to require a company to repay its debts or provide corresponding guarantees within 30 days after receiving the notice or within 45 days after the announcement if the creditors have not received the notice; (v) when a company reduces its registered capital, it shall register the change with a company registration authority in accordance with the law.

When a company reduces its registered capital, it must reduce the amount of capital contribution or shares in proportion to the capital contribution or shares held by the shareholders, unless otherwise prescribed by any law, or otherwise specified in the articles of association of a joint stock company.

If a company is still in a loss position after covering losses in accordance with the relevant provisions of the Company Law, it may reduce the registered capital to cover the losses. If the registered capital is reduced to cover the losses, the Company shall not make any distribution to the shareholders, nor shall it exempt the shareholders from the obligations to make capital contributions or pay up the amounts of shares. Where the registered capital is reduced in accordance with the preceding paragraph, the provisions of paragraph (iii) and paragraph (iv) of the preceding Article shall not shall not apply, but it shall be announced in the newspapers or the National Enterprise Credit Information Publicity System within 30 days from the date on which the general meeting made a resolution to reduce the registered capital. After a company reduces its registered capital in accordance with the provisions of the preceding paragraph, it shall not distribute profits until the cumulative amount of the statutory reserve and the discretionary reserve reaches 50% of its registered capital.

If the registered capital is reduced in violation of the provisions of the Company Law, the shareholders shall return the funds they have received, and the shareholders shall restore the capital contributions to the original state if their capital contributions are reduced or exempted; if losses are caused to the company, the shareholders and directors, supervisors, and senior management members who are held accountable for the losses shall be liable for compensation.

Repurchase of Shares

Under the Company Law, a company shall not acquire its own shares, except for any following circumstances: (i) reducing the registered capital of the company; (ii) merging with other companies that hold the shares of the company; (iii) using the shares for employee stock ownership plans or equity incentives; (iv) requesting the company to repurchase its shares from shareholders who object to resolutions made at the general meeting concerning merger or division of the company; (v) using the shares for the conversion of convertible corporate bonds issued by the company; (vi) as required for maintenance of the corporate value and shareholders' rights and interests of a listed company. The acquisition of shares of a company for reasons specified in the case of (i) to (ii) above shall be subject to the resolution of the general meeting; the purchase of shares of a company for reasons specified in the case of (iii), (v) and (vi) above shall be subject to the resolution of the Board meeting attended by more than two-thirds of the directors in accordance with the articles of association or the authorization from the general meeting.

Following the acquisition of a company's shares by a company in accordance with the above provisions, such shares shall be canceled within 10 days from the date of acquisition in the case of item (i) above; such shares shall be transferred or canceled within six months in the case of items (ii) and (iv) above; the total numbers of shares of the Company held by a company shall not exceed 10% of the total issued shares of the Company, and shall be transferred or canceled within 3 years in the case of items (iii), (v) and (vi) above.

Transfer of Shares

Shares held by a shareholder may be transferred according to the Company Law. A shareholder of a joint stock company should transfer of his/her/its shares through a legally established stock exchange or by any other means as required by the State Council. Shares may be transferred by endorsement of shareholders or by other means stipulated by laws or administrative regulations. After the transfer, a company shall record the name and domicile of the transferee in the register of shareholders. The shareholder register shall not be changed during a period of twenty days prior to the convening of the general meeting or five days prior to the record date for a company's distribution of dividends. If any law, administrative regulation, or any provision by the securities regulatory authority of the State Council specifies otherwise for the modification of the register of shareholders of a listed company, such provisions should prevail.

Under the Company Law, shares issued by a company prior to the public offering of shares shall not be transferred within one year from the date on which the shares of a company are listed and traded on a stock exchange. The directors, supervisors and senior management members of a company should declare to the company the shares they hold and the changes thereof. During the term of office as determined when they assume the posts, the shares transferred each year should not exceed 25% of the total shares they hold of a company. Shares of a company held by its directors, supervisors and senior management shall not be transferred within one year from the date on which the shares of a company are listed and traded on a stock exchange, nor within half a year after their resignation from their positions with a company.

Where the shares are pledged within the time limit for transfer prescribed by laws or administrative regulations, the pledgee may not exercise the pledge right within the time limit for transfer.

Shareholders

Under the Company Law and the Guidelines for Articles of Association of Listed Companies, the rights of shareholders of ordinary shares of a joint stock company include:

(1) to receive dividends and other forms of benefit distribution in proportion to the number of shares they hold;

(2) to lawfully require, convene, preside over, attend or appoint proxies to attend the general meeting and exercise corresponding voting rights;

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

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

(5) to inspect and copy the articles of association, the register of shareholders, minutes of general meetings, resolutions of board meetings, financial and accounting reports; and (for shareholders who meet the relevant requirements) to inspect the company's accounting books and vouchers;

(6) upon termination or liquidation of the company, to participate in the distribution of the remaining assets of the company in proportion to the number of shares they hold;

(7) to require the company to repurchase their shares by shareholders who disagree with the resolutions for the merger and division of the company made at the general meetings;

(8) other rights provided by laws, administrative regulations, departmental rules or the articles of association.

The obligations of shareholders of ordinary shares of a joint stock company include:

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

(2) to pay subscription monies according to the shares subscribed for and the method of subscription;

(3) not to withdraw their share capital unless required by laws and regulations;

(4) not to abuse their shareholders' rights to jeopardize the interests of the company or other shareholders; and not to abuse the status of the company as an independent legal person and the limited liability of shareholders to jeopardize the interests of the creditors of the company;

(5) other obligations imposed by laws, administrative regulations and the articles of association.

General Meetings

Under the Company Law, the general meeting of a joint stock company consists of all shareholders. The general meeting is the organ of authority of a company, which exercises the following functions and powers: (i) to elect and replace directors and supervisors and to decide on matters relating to the remuneration of directors and supervisors; (ii) to examine and approve reports of the board; (iii) to examine and approve reports of the supervisory committee; (iv) to examine and approve the company's profit distribution plans and loss recovery plans; (v) to resolve on the increase or reduction of the company's registered capital; (vi) to resolve on the issuance of corporate bonds; (vii) to resolve on the merger, division, dissolution, liquidation or change of corporate form of the company; (viii) to amend the articles of association; (ix) other functions and powers specified in provision of the articles of association.

Under the Company Law, the annual general meetings are required to be held once every year. An extraordinary general meeting is required to be held within two months after the occurrence of any of the following circumstances: (i) the number of directors is less than the number stipulated in the Company Law or less than two-thirds of the number specified in the articles of association; (ii) when the unrecovered losses of a company amount to one-third of the total share capital; (iii) the shareholder(s) individually or jointly holding 10% or more of the company's shares request; (iv) the board of directors considers it necessary; (v) the supervisory committee proposes to convene the meeting; (vi) other circumstances as stipulated in the articles of association.

The general meeting shall be convened by the board, and presided over by the chairman of the board. In the event that the chairman of the board is incapable of performing or not performing his/her duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his/her duties, a director nominated by more than half of directors shall preside over the meeting.

If the board of directors is incapable of performing or is not performing its duties to convene the general meeting, the supervisory committee should convene and preside over the general meeting in a timely manner. If the supervisory committee fails to convene and preside over the general meeting, the shareholder(s) individually or jointly holding 10% or more of the company's shares for more than 90 consecutive days may convene and preside over the general meeting on their own.

If the shareholder(s) who individually or jointly hold more than 10% of the shares of the company request to convene an extraordinary general meeting, the board of directors and the supervisory committee should, within 10 days after the receipt of such request, decide whether to hold an extraordinary general meeting and reply to the shareholders in writing.

Notice of general meeting shall state the time and venue of and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. A notice of extraordinary general meeting shall be given to all shareholders 15 days prior to the meeting.

The shareholder(s) who individually or jointly hold more than 1% of the company's shares may put forward interim proposals and submit them to the board of directors in writing 10 days before the general meeting. The board of directors shall notify other shareholders within 2 days after receiving the proposal, and submit the interim proposal to the general meeting for consideration.

Under the Company Law, a shareholder may entrust a proxy to attend a general meeting, and it should clarify the matters, power and time limit of the proxy. The proxy shall present a power of attorney issued by the shareholder to a company and shall exercise his/her voting rights within the scope of authorization.

Under the Company Law, shareholders present at a general meeting have one vote for each share they hold, except the shareholders of classified shares. However, shares of the company held by the company itself are not entitled to any voting rights.

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

Under the Company Law and the Guidelines for Articles of Association of Listed Companies, the passing of any resolution requires affirmative votes of shareholders representing more than half of the voting rights represented by the shareholders who attend the general meeting. Matters relating to merger, division or dissolution of a 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 company should have a board of directors, which consists of more than three members. The term of office of a director shall be stipulated in the articles of association, but each term of office shall not exceed three years. Directors may serve consecutive terms if re-elected.

Board meetings shall be convened at least twice a year. All directors and supervisors shall be notified 10 days before the meeting for every meeting. The board of directors exercises the following functions and powers: (i) to convene general meetings and report its work to general meetings; (ii) to implement the resolutions of the general meeting; (iii) to decide on a company's business plans and investment plans; (iv) to formulate a company's profit distribution plan and loss recovery plan; (v) to formulate proposals for the increase or reduction of a company's registered capital and the issue of corporate bonds; (vi) to formulate plans for merger, division, dissolution or change of corporate form of a company; (vii) to decide on the internal management structure of a company; (viii) to decide on the appointment or dismissal of the manager of a company and his/her remuneration; to decide on the appointment or dismissal of the deputy manager and the person-in-charge of finance of a company based on the nomination of the manager and as well as remuneration; (ix) to formulate a company's basic management system; (x) other functions and powers specified in the articles of association or granted by the general meeting.

No board meeting shall be held unless attended by a majority of directors. If a director is unable to attend a board meeting for any reason, he/she may appoint another director by a written power of attorney specifying the scope of the authorization for another director to attend the meeting on his/her behalf. 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 shall be 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.

Under the Company Law, a person may not serve as a director of a company if he/she is: (i) a person without capacity or with restricted capacity for civil conduct; (ii) a person who has been sentenced to any criminal penalty due to an offense 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; (iii) a person who was a director, factory director or manager of a company or enterprise which has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise; (iv) a person who was 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; and (v) 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.

The board of directors shall have one chairman, who shall be elected by more than half of all the directors. The chairman of the board of directors shall exercise the following functions and powers (including but not limited to): (i) to preside over general meetings and convene and preside over board meetings; (ii) to examine the implementation of resolutions of the board of directors; (iii) to exercise other powers conferred by the board of directors.

Supervisory Committee

A joint stock company may, as stipulated in its articles of association, establish an audit committee within the board of directors composed of directors to exercise the functions and powers prescribed for the supervisory committee by the Company Law, without establishing a supervisory committee.

A joint stock company with a smaller scale or fewer shareholders may appoint one supervisor without establishing a supervisory committee to exercise the functions and powers prescribed for the supervisory committee by the Company Law.

Except for the above two special circumstances, a joint stock company shall establish a supervisory committee, with no less than three members. The supervisory committee shall comprise representatives of the shareholders and an appropriate proportion of representatives of the employees of the company. The actual proportion shall be stipulated in the articles of association, provided that the proportion of representatives of the employees shall not be less than one third of the supervisors. Representatives of the employees of the company in the supervisory committee shall be democratically elected by the employees at the employees' representative assembly, employees' meeting or otherwise. The directors and senior management may not act concurrently as supervisors.

The supervisory committee shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman of the supervisory committee are elected with approval of more than half of all the supervisors. The chairman of the supervisory committee shall convene and preside over the meetings of the supervisory committee. In the event that the chairman of the supervisory committee is incapable of performing or not performing his/her duties, the vice chairman of the supervisory committee shall convene and preside over the meeting of the supervisory committee. In the event that the vice chairman of the supervisory committee is incapable of performing or not performing his/her duties, a supervisor nominated by more than half of the supervisors shall convene and preside over the meeting of the supervisory committee.

Each term of office of a supervisor is three years and he or she may serve consecutive terms if reelected. A supervisor shall continue to perform his/her duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office, or if the resignation of a supervisor results in the number of supervisors being less than the quorum.

The supervisory committee shall hold at least one meeting every six months. According to the Company Law, a resolution of the supervisory committee shall be passed by more than half of all the supervisors.

The supervisory committee exercises the following functions and powers: (i) to examine the company's financial affairs; (ii) to supervise the directors and senior management members in their performance of their duties and to propose the removal of directors and senior management members who have violated laws, administrative regulations, the articles of association or resolutions of general meetings; (iii) when the acts of directors and senior management members are harmful to the company's interests, to require their correction of those acts; (iv) to propose the convening of extraordinary general meetings, and to convene and preside over general meetings when the board of directors fails to perform the duty of convening and presiding over general meetings under the Company Law; (v) to submit proposals to the general meeting; (vi) to initiate legal proceedings against directors and senior management members in accordance with the Company Law; (vii) other functions and powers specified in the articles of association.

Supervisors may be present at board meetings and make inquiries or proposals in respect of the resolutions of the board of directors. The supervisory committee may investigate any irregularities identified in the operations of the company and, when necessary, may engage an accounting firm to assist its work at the cost of the company.

According to the Guidelines for Articles of Association of Listed Companies, the board of directors of a company shall establish an audit committee, which shall exercise the powers and functions of the supervisory committee as stipulated in the Company Law.

Managers and Senior Management Members

Under the Company Law, a company should have managers who shall be appointed or removed by the board of directors. Managers shall be accountable to the board of directors, and exercise functions and powers according to the articles of association or the authorization of the board of directors. Managers shall attend board meetings.

According to the Company Law, senior management members shall refer to the managers, deputy managers, the person-in-charge of finance, secretary of the board of a listed company and other personnel as stipulated in the articles of association.

Directors, supervisors and senior management members of a company are required under the Company Law to comply with the relevant laws, regulations and the articles of association, and owe duties of loyalty and diligence to the company. Directors, supervisors and senior management members are prohibited from: (i) embezzling the company's property or misappropriating the company's funds; (ii) depositing the company's funds into accounts under their own names or the names of other individuals; (iii) accepting bribes or any other illegal proceeds by taking advantage of their powers; (iv) accepting and possessing commissions paid by others for transactions conducted with the company; (v) disclosing the company's secrets without authorization; or (vi) other acts in violation of their duties of loyalty to the company.

If any director, supervisor or senior management members directly or indirectly concludes a contract or conducts a transaction with the company, he/she should report the matters relating to the conclusion of the contract or transaction to the board of directors or general meeting, subject to the approval of the board of directors or general meeting according to the articles of association. The above-mentioned provisions shall apply if any near relatives of the directors, supervisors or senior management members, or any of the enterprises directly or indirectly controlled by the directors, supervisors or senior management members or any of their near relatives, or any of the related persons with any other related relationship with the directors, supervisors or senior management members, concludes a contract or conducts a transaction with the company.

Neither directors, supervisors nor senior management members may take advantage of their positions to seek any business opportunity that belongs to the company for themselves or any other person, except under one of the following circumstances: (i) where they have reported the matter to the board of directors or the general meeting and the matter has been approved by a resolution of the board of directors or the general meeting according to the articles of association; or (ii) where the company cannot make use of the business opportunity as stipulated by laws, administrative regulations or the articles of association.

Where any director, supervisor or senior management member fails to report to the board of directors or the general meeting and obtains approval by a resolution of the board of directors or the general meeting according to the articles of association, he/she may not engage in any business that is similar to that of the company where he/she serves for himself/herself or for any other person.

A director, supervisor or senior management member who contravenes any laws, administrative regulations or the articles of association in the performance of his/her duties, thus causing any loss to the company, shall assume compensation liabilities.

Directors shall, in accordance with laws, administrative regulations and the articles of association, owe diligence duties to the company. In performing their duties, they shall exercise the reasonable care that shall be generally possessed by a manager for the best interests of the company. Directors shall owe the following diligence duties to the company: (i) shall exercise the rights conferred by the company with due discretion, care and diligence to ensure the business operations of the company comply with the state's laws, administrative regulations and requirements of the state's economic policies, not exceeding the scope of business specified in the company's business license; (ii) shall treat all shareholders impartially; (iii) master the operation and management conditions of the company in time; (iv) shall sign the written confirmation opinions for the regular reports of the company, to ensure that the information disclosed by the company is true, accurate and complete; (v) shall honestly provide the audit committee with relevant information and data, and not interfere with the audit committee in performing its duties and powers; (vi) shall fulfill other diligence duties as stipulated by laws, administrative regulations, departmental rules and the articles of association.

Minority Shareholders' Derivative Actions

Under the Company Law, if a director or a senior management member, in the performance of his/her duties, violates any laws, regulations or the articles of association, causing losses to the company, the shareholders may initiate legal proceedings. The shareholder(s) individually or jointly holding over 1% of the company's shares for more than 180 consecutive days shall have the right to request the supervisory committee in writing to initiate legal proceedings before the people's court. If a supervisor, in the performance of his/her duties, violates any laws, regulations or the articles of association, causing losses to the company, the shareholder(s) individually or jointly holding over 1% of the company's shares for more than 180 consecutive days shall have the right to request the board of directors in writing to initiate legal proceedings before the people's court.

The above-mentioned shareholders may initiate legal proceedings before the people's court directly in their own names for the benefit of the company, in the event that the supervisory committee or the board of directors refuses to initiate legal proceedings after receiving the aforesaid written request of shareholders, or fails to initiate such legal proceedings within 30 days on which such request is received, or in case of emergency where failure to initiate such legal proceedings immediately will result in irreparable damage to the company's interest.

Finance and Accounting

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

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

When distributing the current year's after-tax profits, the company shall allocate 10% of its after-tax profits to its statutory reserve fund. Further appropriations are not required, if its statutory reserve fund has accumulated to 50% of its registered capital.

If the statutory reserve fund of the company is insufficient to make up for the losses of the previous years, the current year's profits shall be used to make up for the losses before making allocations to the statutory reserve fund in accordance with the above-mentioned provisions.

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 general meeting.

A joint stock company may distribute profits in proportion to the number of shares held by its shareholders, unless otherwise provided by the articles of association.

The premium obtained by a company from issuing shares at an issue price higher than the nominal value of the shares, the amount of share proceeds from the issuance of no-par shares that have not been credited to the registered capital and other items required by the financial authority under the State Council to be included in the capital reserve fund shall be accounted for as the capital reserve fund of the company.

The reserve fund of a company shall be used to make up losses of the company, expand the production and operation of the company or increase the registered capital of the company. The discretionary reserve fund and statutory reserve fund shall be used first to make up the company's losses; if losses still cannot be made up, the capital reserve fund can be used according to the provisions. When the statutory reserve fund is converted to registered capital, the balance of the statutory reserve fund shall not be less than 25% of the registered capital before such conversion.

The company shall not set up other account books except for the statutory account books. The company' funds shall not be deposited in any account opened in the name of any individual.

Appointment and Dismissal of an Accounting Firm

Pursuant to the Company Law, the appointment or dismissal of an accounting firm responsible for a company's auditing shall be determined by the general meeting, the board of directors or the supervisory committee in accordance with the articles of association. The accounting firm shall be allowed to state its opinions when the general meeting, the board of directors or the supervisory committee votes on the dismissal of the accounting firm. The company shall provide true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting materials to the engaged accounting firm, and shall not refuse, conceal or make false statements.

Profits Distribution

Under the Company Law, the remaining profits after tax after a company has made up its losses and allocated to its reserve fund may be distributed to its shareholders in proportion to their shareholdings unless otherwise provided by the articles of association.

No profits shall be distributed in respect of the company's shares held by the company.

Amendment to the Articles of Association

Any amendment to the articles of association of a company must be in accordance with the procedures in the company's articles of association. Where any amendment involves the registered particulars of the company, the procedures for change registration shall be handled with the registration authority. According to the Company Law, resolutions on amendments to the articles of association at the general meeting shall be approved by more than two-thirds of the voting rights held by the shareholders present at the general meeting.

According to the Guidelines for Articles of Association of Listed Companies, a company shall amend its articles of association under any of the following circumstances: (i) subsequent to the amendments to the Company Law or the relevant laws and administrative regulations, the matters stipulated in the articles of association are in conflict with the provisions of the amended laws and administrative regulations; (ii) changes in the state of the company are inconsistent with the matters stipulated in the articles of association; and (iii) the general meeting has resolved to amend the articles of association.

Dissolution and Liquidation

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

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

Where the company is dissolved in accordance with items (i) and (ii) above, it may carry on its existence by amending its articles of association or upon a resolution of the general meeting, which must be approved by more than two-thirds of the voting rights held by the shareholders present at the general meeting. Where the company is dissolved pursuant to items (i), (ii), (iv) or (v) above, it shall be liquidated. The directors, who are the liquidation obligors of the company, shall form a liquidation committee to carry out liquidation within 15 days from the date of occurrence of the cause of dissolution. The liquidation committee shall be composed of directors, unless the articles of association stipulate otherwise or it is resolved to elect other person(s) at the general meeting. The liquidation obligors shall be liable for compensation if they fail to fulfill their obligations of liquidation in a timely manner, and thus any loss is caused to the company or the creditors.

If the liquidation committee fails to be formed within the time limit or fails to carry out the liquidation after its formation, any interested party may request the people's court to designate relevant persons to form a liquidation committee. The people's court shall accept such request and organize a liquidation committee to carry out the liquidation in a timely manner.

The liquidation committee shall exercise the following functions and powers during the liquidation period: (i) to liquidate the company's property and prepare the balance sheet and the list of property; (ii) to notify creditors by sending notices or making public announcements; (iii) to deal with the outstanding business of the company involved in the liquidation; (iv) to pay all outstanding taxes and taxes arising in the course of liquidation; (v) to settle claims and debts; (vi) to distribute the remaining property of the company after paying off debts; (vii) to participate in civil litigation activities on behalf of the company.

The liquidation committee shall notify the company's creditors within 10 days from the date of its formation, and make an announcement in the newspapers or the National Enterprise Credit Information Publicity System within 60 days from the date of its formation. The creditors shall declare their claims to the liquidation committee within 30 days from the date on which they receive such notice or within 45 days from the date of the announcement if no such notice is received.

After paying the liquidation expenses, employees' salaries, social insurance fees and statutory compensation, outstanding taxes and debts of the company, the remaining property of the company will be distributed in proportion to the number of shares held by shareholders. During the liquidation period, the company continues to exist, but can not carry out any business operation that is not for purpose of carrying out liquidation. The company's property shall not be distributed to its shareholders prior to repaying debts in accordance with the foregoing provisions.

If the liquidation committee, having checked the company's property and having prepared a balance sheet and an inventory of property, discovers that the company's assets are insufficient to pay off its debts, it shall apply to the people's court for insolvency liquidation. After the people's court accepts the application for insolvency, the liquidation committee shall transfer all liquidation affairs to the insolvency administrators appointed by the people's court.

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

Members of the liquidation committee shall perform liquidation duties and owe duties of loyalty and diligence. Any member of the liquidation committee who neglects to fulfill his/her liquidation duties and thus causes any loss to the company shall be liable for compensation, and any member of the liquidation committee who causes any loss to any creditor due to his/her intentional or gross negligence shall be liable for compensation.

Where, after three years since the business license of the company is revoked, or the company is ordered to close down or is deregistered, the company fails to apply for its deregistration with the company registration authority, the said authority may announce the company's deregistration through the National Enterprise Credit Information Publicity System for a period of no less than 60 days. If there is no objection after the announcement period expires, the company registration authority may deregister the company.

Loss of Share Certificates

If the share certificates are either stolen, lost or destroyed, the shareholders may, in accordance with the Civil Procedure Law (《民事訴訟法》), apply to the people's court for a declaration that such certificates will no longer be valid. After the people's court declared that such certificates would no longer be valid, the shareholders may apply to the company for the issue of replacement certificates.

Merger and Division

Under the Company Law, the merger of a company may take the form of either a merger by absorption or a merger by incorporation. For a merger by absorption, the company being absorbed shall be dissolved. A merger by incorporation means that a merger of two or more companies through the establishment of a new company and the companies being consolidated shall be dissolved.

Overseas Listing

According to the Overseas Listing Trial Measures (《境外上市試行辦法》), a domestic enterprise shall file application documents for listing with the CSRC within 3 working days after submitting the application documents for overseas issuance and listing. If an issuer issues securities in the same overseas market after overseas issuance and listing, it shall file with the CSRC within 3 working days after the completion of the issuance. If an issuer issues and lists in other overseas markets after overseas issuance and listing, it shall file in accordance with the provisions of Paragraph 1, Article 16 of the Overseas Listing Trial Measures.

Suspension and Termination of Listing

According to the PRC Securities Law (《中華人民共和國證券法》) (hereinafter referred to as the "Securities Law"), which was last amended by the Standing Committee of the NPC on December 28, 2019 and became effective on March 1, 2020, where listed securities fall under the delisting circumstances stipulated by the stock exchange, the stock exchange shall terminate its listing and trading in accordance with the business rules. Where the stock exchange decides on delisting of securities, it shall promptly announce and file records with the securities regulatory authority of the State Council.

According to the Overseas Listing Trial Measures, in case of voluntary or compulsory termination of listing, the issuer shall report the specific situation to the CSRC within 3 working days from the date of occurrence and announcement of the relevant matters.

SECURITIES LAW AND REGULATIONS

CSRC, a ministerial-level public institution directly under the State Council, performs a unified regulatory function, according to the laws and regulations, and with the authority by the State Council, over the securities and futures market of China, maintains an orderly securities and futures market order, and ensure a legal operation of the capital market.

The Securities Law was promulgated on December 29, 1998 and implemented on July 1, 1999. It was amended on August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014, and December 28, 2019, respectively. The Securities Law comprehensively regulating activities in the PRC securities market, including issuance and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of securities regulatory authorities, etc. The Securities Law further regulates that a domestic enterprise issuing securities overseas directly or indirectly or listing their securities overseas shall comply with the relevant provisions of the State Council and for subscription and trading of shares of domestic companies using foreign currencies, detailed measures shall be stipulated by the State Council separately. The CSRC is the securities regulatory body set up by the State Council to supervise and administer the securities market according to law, maintain order in the market, and ensure the market operates in a lawful manner. At present, the issuance and trading of H shares are mainly regulated by regulations and rules promulgated by the State Council and the CSRC.

Under the Securities Law and the Measures for the Administration of Acquisition of Listed Companies (《上市公司收購管理辦法》) last amended by the CSRC on March 27, 2025, for securities trading on a stock exchange, when the voting shares (including A shares and H shares) issued by a listed company as held by an investor (including a foreign investor) or jointly with others through agreements or other arrangements have reached 5%, the investor shall, within 3 days after such event occurs, submit a written report to the CSRC and SZSE, notify the listed company in writing and publish an announcement. Whenever the proportion of voting shares issued by the listed company held by it increases or decreases by 1%, the investor shall notify the listed company and make an announcement on the day immediately after such event occurs.

JUDICIAL JUDGMENT AND ITS ENFORCEMENT

According to the Arrangements of the Supreme People's Court for Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases between Courts of the Chinese Mainland and Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) promulgated by the Supreme People's Court on January 25, 2024 and effective on January 29, 2024, a party with an enforceable final court judgment rendered by any designated people's court of China or any designated Hong Kong court regarding civil and commercial cases, excluding certain types, may apply for recognition and enforcement of the judgment in the relevant people's court of China or Hong Kong court.

China has not entered into a treaty for the reciprocal recognition and enforcement of court judgments with the United States, the United Kingdom, Japan, and many other countries. Moreover, Hong Kong has no arrangement with the United States for reciprocal enforcement of judgments. In accordance with the Civil Procedure Law of the PRC and other applicable laws, regulations, and interpretations, a court judgment obtained in the United States or any of the other jurisdictions mentioned above may be recognized and enforced in China or Hong Kong, considering the treaties providing for the reciprocal enforcement of judgments between China and the country where the judgment was made.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The Arbitration Law of the PRC (《中華人民共和國仲裁法》) (hereinafter referred to as the "Arbitration Law") was passed by the Standing Committee of the NPC on August 31, 1994, became effective on September 1, 1995 and was amended on August 27, 2009 and September 1, 2017, respectively. Under the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the Arbitration Law and the Civil Procedure Law. Where the parties have reached an arbitration agreement, but one party initiates legal proceedings before the people's court, the people's court will refuse to handle the case except when the arbitration agreement is invalid.

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. If the composition of the arbitration tribunal or the arbitration procedure violates the statutory procedure, or the matters are not within the scope of the arbitration agreement or the arbitration commission has no jurisdiction to arbitrate in such matters, the people's court may refuse to enforce the arbitral award.

A party seeking to enforce a legally effective arbitral award of foreign arbitration commission against a party who or whose property is not within the PRC shall apply to a foreign court with jurisdiction over the case for recognition and enforcement. Similarly, an arbitral award made by a foreign arbitration body may be handled by the PRC courts in accordance with any international treaty concluded or acceded to by the PRC, or the principles of reciprocity. The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards 《承認及執行外國仲裁裁決公約》 (hereinafter referred to as the "New York Convention") adopted on June 10, 1958 pursuant to a resolution of the Standing Committee of the NPC passed 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 all other parties to the New York Convention, subject to their right to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of the state to which the application for enforcement is made. It was declared by the Standing Committee of the NPC simultaneously with the accession of the PRC that (i) the PRC will only recognize and enforce foreign arbitral awards on the principle of reciprocity; and (ii) the PRC will only apply the New York Convention in disputes considered under PRC laws to arise from contractual and non-contractual mercantile legal relations.

The Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Chinese Mainland and 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》) (hereinafter referred to as the "Arrangement") was entered into between Chinese Mainland and Hong Kong. The Arrangement was promulgated in Chinese Mainland on January 24, 2000, as a judicial interpretation by the Supreme People's Court and took effect on February 1, 2000. On November 26, 2020, the Supreme People's Court promulgated the Supplemental Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between Chinese Mainland and 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》) (hereinafter referred to as the "Supplemental Arrangement"), which amended the Arrangement. The Supplemental Arrangement took effect on November 27, 2020. Under the Arrangement and the Supplemental Arrangement, subject to certain conditions, arbitral awards rendered by arbitration institutions in Chinese Mainland pursuant to the Arbitration Law can be enforced in Hong Kong, and arbitral awards made in Hong Kong can similarly be enforced in Chinese Mainland.