PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the People's Republic of China (Amended in 2018) (《中華人民共和國憲法(2018修正)》) (or the "**Constitution**") and consists of written laws, administrative regulations, local regulations, separate regulations, autonomous regulations, departmental rules, local government rules, and international treaties and other normative documents signed by the PRC government. Court decisions do not constitute binding precedents, but they serve as judicial reference and guidance.

According to the Constitution and the Legislation Law of the People's Republic of China (Amended in 2023) (《中華人民共和國立法法(2023修正)》) ("**Legislation Law**"), the National People's Congress ("**NPC**") and its Standing Committee exercise the state's legislative power in accordance with the Constitution. The NPC formulates and amends basic laws governing civil, criminal, state organs and other matters. The SCNPC formulates and amends laws other than those that shall be formulated by the NPC; during the adjournment of the NPC, it may make supplements and amendments to laws formulated by the NPC, provided that such supplements and amendments do not contravene the basic principles of those laws. The NPC may authorize its Standing Committee to formulate relevant laws.

The State Council is the highest administrative authority of the State 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 standing committees may formulate local regulations based on the specific circumstances and actual needs of their administrative areas, provided that such local regulations do not contravene any provisions of the Constitution, laws or administrative regulations.

The ministries and commissions under the State Council, the People's Bank of China, the National Audit Office, and the bodies directly under the State Council with administrative functions, as well as other organizations stipulated by law, may formulate rules and regulations within the jurisdiction of their respective departments, based on the laws and the State Council's administrative regulations, decisions and orders.

The people's congresses of cities divided into districts and their respective standing committees may, in light of the specific circumstances and actual needs of their respective cities, formulate local regulations on matters relating to urban and rural construction and management, ecological civilization development, primary-level governance, and the protection of historical and cultural heritage. Such local regulations of cities divided into districts shall be submitted to, and take effect only upon approval by, the standing committees of the people's congresses of the relevant provinces or autonomous regions, provided that such local regulations shall comply with the Constitution, laws, administrative regulations, and the relevant local regulations of the relevant provinces or autonomous regions. People's congresses of national autonomous areas have the power to formulate autonomous regulations and separate regulations in the light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned.

The people's governments of provinces, autonomous regions, municipalities, cities divided into districts and autonomous prefectures may formulate rules in accordance with laws, administrative regulations, and the local regulations of their respective provinces, autonomous regions or municipalities.

The Constitution has supreme legal authority and all laws, administrative regulations, local regulations, autonomous regulations and separate regulations, shall not 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 local governments at the same or lower levels. The authority of the rules formulated by the people's governments of the provinces and autonomous regions is greater than that of the rules formulated by the people's governments of the cities divided into districts and autonomous prefectures within their respective administrative regions.

The NPC has the power to alter or annul any inappropriate laws formulated by its Standing Committee, and to annul any autonomous regulations or separate regulations approved by its Standing Committee that contravene the Constitution and 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 and separate regulations that have been approved by the standing committees of the people's congresses of provinces, autonomous regions and municipalities but that contravene the Constitution and the Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions and municipalities have the power to alter or annul any inappropriate local regulations formulated or approved by their standing committees. The standing committees of the local people's congresses have the power to annul inappropriate rules formulated by the people's governments at the corresponding level. The people's governments of provinces and autonomous regions have the power to amend or annul inappropriate rules formulated by the people's governments at the next lower level.

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the SCNPC. According to the Decision of the SCNPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) adopted on 10 June 1981, the Supreme People's Court of the People's Republic of China ("**the Supreme People's Court**") shall give interpretation on questions involving the specific application of laws and decrees in court trials. The State Council and its various ministries and commissions also have the power to interpret the administrative regulations and departmental rules they have promulgated. At the regional level, the power to interpret local regulations and local government rules belongs to the local legislative and administrative bodies that promulgated the relevant regulations and rules.

PRC JUDICIAL SYSTEM

According to the Constitution and the Law of the People's Republic of China on the Organization of the People's Courts (Amended in 2018) (《中華人民共和國人民法院組織法(2018年修訂)》), the judicial system of China is made up of the Supreme People's Court, the local people's courts, and special people's courts.

The local people's courts are divided into the basic people's courts, the intermediate people's courts and the higher people's courts. Special people's courts include military courts, maritime courts, intellectual property courts and financial courts. Higher people's courts supervise the work of basic and intermediate people's courts. The people's procuratorates also have the authority to exercise legal supervision over civil litigation activities of courts at the same or lower levels. The Supreme People's Court is the highest judicial organ in China, supervising the judicial trial work of people's courts at all levels and special people's courts.

The Civil Procedure Law of the People's Republic of China ("**the Civil Procedure Law**"), promulgated in 1991 and amended in 2007, 2012, 2017, 2021 and 2023, came into effect in its latest version on 1 January 2024. The Civil Procedure Law stipulates the initiation of civil lawsuits, the judicial jurisdiction of people's courts, the procedures to be followed in civil lawsuits, and the various standards for the enforcement procedures of civil judgments or rulings. All parties to a civil action conducted within China must comply with the Civil Procedure Law. Generally, civil cases are first heard by the local court in the province or city where the defendant is located. The parties to a contract may also, by agreement, choose the court with jurisdiction to hear civil lawsuits. However, the chosen court must be located in the domicile of the plaintiff or defendant, the place where the contract was signed or performed, or the location of the subject matter of the lawsuit, and must not violate the provisions of the Civil Procedure Law regarding hierarchical jurisdiction and exclusive jurisdiction.

Generally, foreign citizens or enterprises enjoy the same litigation rights and obligations as Chinese citizens or legal persons. If a foreign judicial system restricts the litigation rights of Chinese citizens and enterprises, then Chinese courts may impose the same restrictions on citizens and enterprises of that country in China.

If a 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 of such judgment, ruling, or award. The period for applying for enforcement is two years. If a party fails to comply with a court judgment within the prescribed period, the court may, upon application by any party, enforce the judgment by compulsory measures in accordance with the law.

When a party seeks to enforce a judgment or ruling of a people's court against a party that is not in China or does not hold any property in China, the party may apply to a foreign court with competent jurisdiction for recognition and enforcement of such judgment or ruling. Alternatively, a people's court may request a foreign court to recognize and enforce the judgment or ruling in accordance with the provisions of an international treaty concluded or acceded to by China, or on the principle of reciprocity. If China has concluded or acceded to an international treaty with the relevant foreign country regarding such recognition and enforcement, or if a foreign judgment or ruling satisfies the court's review under the principle of reciprocity, the foreign judgment or ruling may also be recognized and enforced by a people's court in accordance with Chinese enforcement procedures. However, if a people's court determines that recognizing or enforcing such judgment or award would violate fundamental legal principles of China, harm China's sovereignty or security, or be contrary to the public interest, or if any other circumstances set out in Article 300 of the Civil Procedure Law arise, the people's court shall, after review, rule that recognition and enforcement shall not be granted.

The Company Law, the Trial Measures and China's Guidelines for Articles of Association

For a joint stock limited company incorporated in China seeking to list on the Hong Kong Stock Exchange, the following PRC laws and regulations are applicable:

The Company Law of the People's Republic of China (Amended in 2023) (《中華人民共和國公司法(2023修訂)》) (the "**Company Law**"), promulgated by the SCNPC on 29 December 1993 and effective from 1 July 1994, and amended respectively on 25 December 1999, 28 August 2004, 27 October 2005, 28 December 2013, 26 October 2018, and 29 December 2023. The latest amended Company Law came into effect on 1 July 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 "**Trial Measures**") and its five guidelines promulgated by the CSRC on 17 February 2023 and effective from 31 March 2023, which apply to overseas offerings and listings by joint stock limited companies.

Guidelines for the Application of Regulatory Rules—Overseas Offering and Listing No. 1 (《監管規則適用指引—境外發行上市類第1號》) promulgated and implemented by the CSRC on 17 February 2023, according to which domestic companies directly issuing and listing securities on overseas markets should refer to the Guidelines for Articles of Association of Listed Companies (2025) (《上市公司章程指引(2025)》) (**China's Guidelines for Articles of Association**) promulgated by the CSRC on 16 December 1997 and most recently revised on 28 March 2025 when formulating their Articles of Association.

Set out below is a summary of the major provisions of the Company Law, the Trial Measures and the China's Guidelines for Articles of Association.

GENERAL PROVISIONS

A joint stock limited company refers to a corporate legal person incorporated in accordance with the Company Law, whose registered capital is divided into shares of equal par value. The liability of shareholders is limited to the number of shares they have subscribed, and the company shall be liable for its debts with all of its assets.

A joint stock limited company must conduct its business in accordance with laws and administrative regulations. A joint stock limited company may invest in other limited liability companies or joint stock limited companies, and shall be liable to such invested companies only to the extent of its investment. Where the law provides that a company shall not bear joint and several liability for the debts of an invested enterprise as a contributor, such provision shall prevail.

INCORPORATION

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

A joint stock limited company may be incorporated by at least one but not more than 200 promoters, at least half of whom must have their domicile in China.

Promoters of a joint stock limited company incorporated by subscription must convene the inaugural meeting within 30 days after full payment of the shares to be issued at the time of incorporation, and must notify all subscribers of the meeting date or publish a notice 15 days prior to the meeting. The inaugural meeting can only be held if subscribers holding more than half of the voting rights are present. The convening and voting procedures of the inaugural meeting of a joint stock limited company incorporated by promotion shall be stipulated in the Articles of Association or the promoter agreement. At the inaugural meeting, matters such as adopting the Articles of Association and electing directors and supervisors will be addressed. Any resolutions made at the meeting must be passed by more than half of the voting rights held by the subscribers present at the meeting.

The Board of Directors should authorize a representative to apply for establishment registration with the company registration authority within 30 days after the inaugural meeting of the company.

SHARE CAPITAL

Company promoters may make capital contributions in cash or in non-monetary assets that can be valued in monetary terms and are legally transferable, including physical assets, intellectual property, land use rights, equity, or creditor's rights, based on their appraised value; however, assets that are prohibited by laws or administrative regulations from being used as capital contributions shall be excluded.

If contributions are made in forms other than cash, their value shall be assessed and verified, and neither overvaluation nor undervaluation is permitted. Where laws or administrative regulations provide otherwise with respect to appraisal and valuation, such provisions shall prevail.

A company's shares shall take the form of share certificates. A share certificate is a document issued by the company as proof of the shares held by a shareholder. Shares issued by a company shall be registered shares.

The Company Law does not restrict the proportion of shares in a company that may be held by a single shareholder.

The register of members shall not be altered within 20 days prior to the convening of shareholder's general meeting or within five days prior to the record date for the company's distribution of dividends.

ALLOTMENT AND ISSUANCE OF SHARES

The issuance of a joint stock limited company's shares shall adhere to the principles of fairness and impartiality, and each share of the same class shall carry equal rights. For shares of the same class issued at the same time, the issuance conditions and price per share shall be identical. Shares with a par value may be issued at the par value or at a premium, but shall not be issued at a price below the par value.

According to the Trial Measures, where a domestic enterprise issues shares overseas, it may raise funds and distribute dividends in foreign currencies or in Renminbi. Depending on the specific circumstances, the Trial Measures requires (among others) that (i) for an initial public offering or listing in an overseas market, the company shall file with the CSRC within three working days after submitting the application documents for overseas issuance and listing; (ii) for subsequent issuance of securities by an issuer in the same overseas market where it previously issued and listed securities, the company shall file with the CSRC within three working days after the completion of the issuance; and (iii) for subsequent issuance or listing of securities by an issuer in an overseas market other than the place of previous issuance and listing, the company shall file with the CSRC within three working days after submitting the application documents overseas.

REGISTERED SHARES

According to the Company Law, shareholders may make capital contributions in cash or in non-monetary property that can be valued in monetary terms and is legally transferable, including physical assets, intellectual property, land use rights, equity, or creditor's rights; however, property that is prohibited by laws or administrative regulations from being used as capital contributions shall be excluded.

According to the Company Law, a joint stock limited company shall prepare and keep a register of members at the company. The register of members shall record:

- the name and domicile of each shareholder;
- the class and number of shares subscribed for by each shareholder;
- for shares issued in physical form, their serial numbers; and
- the date on which each shareholder acquired the shares.

INCREASE IN SHARE CAPITAL

According to the Company Law, where a joint stock limited company issues new shares, the general meeting shall adopt resolutions on the class and number of the new shares, the issue price of the new shares, the commencement and end dates of the issuance, the class and number of new shares to be issued to existing shareholders, and, where no-par-value shares are issued, the amount of proceeds from the issuance of new shares to be credited to the registered capital. A company that publicly offers shares to the public shall be registered with the securities regulatory authority under the State Council and shall publish its prospectus. The prospectus shall be accompanied by the company's Articles of Association and shall set out the matters prescribed by law.

DECREASE IN REGISTERED CAPITAL

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

- A balance sheet and an inventory of assets shall be prepared.
- A reduction in registered capital shall be approved by the general meeting.
- The company shall notify its creditors within 10 days since the date on which the resolution on the reduction of registered capital is adopted, and make an announcement within 30 days in a newspaper or on the National Enterprise Credit Information Publicity System.
- Creditors may, within 30 days from the date of receiving the notice, or within 45 days from the date of announcement for those who have not received the notice, be entitled to require the company to settle its debts in full or provide the corresponding guarantee.
- If there is a change in the company's registered particulars, a change registration shall be processed in accordance with the law.

ACQUISITION OF SHARES

According to the Company Law, a joint stock limited company shall not acquire its own shares, except in any of the following circumstances: (i) reducing its registered capital; (ii) merging with another company that holds its shares; (iii) using the shares for an employee share scheme or equity incentive plan; (iv) a shareholder objects to a resolution on merger or division made by the general meeting and requests the company to acquire its shares; (v) using the shares to convert corporate bonds issued by the company that are convertible into shares; and (vi) it is necessary for a listed company to maintain its corporate value and shareholders' interests.

For acquisitions of its own shares under circumstances specified in items (i) and (ii) above, a resolution of the general meeting is required. If the company intends to acquire its shares under the circumstances stipulated in aforementioned items (iii), (v) or (vi), it may, in accordance with the provisions of the Articles of Association or the authorization of the general meeting, be approved by a resolution by more than two-thirds of the directors present at the meeting of the Board of Directors.

Shares acquired in accordance with item (i) shall be canceled within 10 days from the date of acquisition. For circumstances under item (ii) or (iv), the shares shall be transferred or canceled within six months; and for circumstances under item (iii), (v) or (vi), the total number of its own shares held by the company shall not exceed 10% of the company's total issued shares, and shall be transferred or canceled within three years.

If a listed company repurchases its own shares, it shall fulfill its information disclosure obligations in accordance with the Securities Law of the People's Republic of China (Amended in 2019) (《中華人民共和國證券法》(2019年修訂)) ("**Securities Law**"). Where a listed company intends to repurchase its shares under the circumstances specified in items (iii), (v) or (vi), the repurchase shall be conducted through public and centralized trading.

Transfer of Shares

Shares held by a shareholder may be transferred according to the law. Under the Company Law, a shareholder shall transfer his or her shares on a securities exchange established according to law, or by any other means stipulated by the State Council. The transfer of shares shall be conducted by endorsement of shareholders or by other means stipulated by laws or administrative regulations. After the transfer, a company shall record the name and address of the transferee in the register of members. The register of members shall not be altered within 20 days prior to the convening of a general meeting or within five days prior to the record date for the 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 members of a listed company, such provisions shall prevail.

Under the Company Law, shares issued by the company prior to its public offering shall not be transferred within one year from the date on which the shares are listed and traded on a stock exchange. If any law, administrative regulation, or any provision by the securities regulatory authority of the State Council specifies otherwise regarding the transfer of shares held by shareholders or the de facto controllers of a listed company, such provisions shall prevail. The directors, supervisors and senior managers of the company shall declare to the company the number of shares held by them and subsequent changes in their shareholdings. During their term of office, as determined at the time of appointment, the number of shares transferred each year shall not exceed 25% of the total number of the company's shares held by them. The company's shares held by them shall not be transferred within one year from the date of listing and trading of the company's shares. The shares of the company held by them shall not be transferred within six months after their resignation. The Articles of Association of a company may set forth other restrictive provisions on the transfer of its shares held by the company's directors, supervisors and senior managers.

SHAREHOLDERS

Under the Company Law and China's Guidelines for Articles of Association, the rights of a shareholder of ordinary shares of a joint stock limited company include:

- to legally request the holding of, convene, chair, attend, or dispatch shareholder's proxy to attend the general meeting and exercise corresponding voting rights;
- to transfer, donate, or pledge the shares they hold according to laws, administrative regulations, and the Articles of Association;
- supervise the company's operations and make suggestions or raise inquiries regarding them;
- to inspect and copy the Articles of Association, the register of members, minutes of general meetings, resolutions of meetings of the Board of Directors, and financial accounting reports; eligible shareholders may inspect the company's accounting books and vouchers;
- to request the company to acquire their shares if they object to a resolution of a general meeting on merger or division of the company;
- to receive dividends and other forms of distribution of interests in proportion to their respective shareholdings;
- to participate in the distribution of the company's remaining assets in proportion to their shareholdings upon termination or liquidation of the company; and
- other rights granted by laws, administrative regulations, other normative documents and the company's Articles of Association.

Shareholders' obligations include complying with the Articles of Association, paying subscription monies according to the number of shares subscribed and the method of subscription, being liable to the company to the extent of the shares subscribed, and any other obligations stipulated in the Articles of Association.

GENERAL MEETINGS

The general meeting shall be the organ of authority of the company and shall exercise its functions and powers according to the Company Law.

According to the Company Law, the general meeting exercises the following functions and powers:

- to elect and replace directors and supervisors, and to decide on matters relating to their remuneration;
- to review and approve the reports of the Board of Directors;
- to review and approve the reports of the Supervisory Committee;
- to review and approve the profit distribution plans and loss recovery plans of the company;
- to make resolutions on the increase or reduction of the company's registered capital;
- to make resolutions on the issuance of corporate bonds;
- to make resolutions on the merger, division, dissolution, liquidation or transformation of the company;
- to amend the Articles of Association;
- other functions and powers specified by the Articles of Association.

A general meeting shall be held once a year. According to the Company Law, an extraordinary general meeting (EGM) shall be convened within two months if any of the following circumstances occurs:

- when the number of directors falls below the quorum prescribed by law or two-thirds of the number required by the Articles of Association;
- when the uncovered loss of the company reaches one-third of the total share capital of the company;

- upon requests by shareholders individually or collectively holding more than 10% of the total number of the company's shares;

- when the Board of Directors considers it necessary;

- when the Supervisory Committee proposes for such a meeting; or

- other circumstances stipulated in the Articles of Association of the company.

According to the Company Law, general meetings shall be convened by the Board of Directors and presided over by the chairman. In the event that the chairman is incapable of performing or not performing his or 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 or 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 shall convene and preside over the meeting in a timely manner. If the Supervisory Committee does not convene and preside over the meeting, shareholders individually or collectively holding more than 10% of the company's shares for more than 90 consecutive days may convene and preside over the meeting on their own.

If the shareholders who individually or collectively hold more than 10% of the company's shares request to convene an EGM, the Board of Directors and the Supervisory Committee shall, within 10 days after the receipt of such request, decide whether to hold an EGM and reply to the shareholders in writing.

According to the Company Law, notice of a general meeting shall be given to all shareholders 20 days prior to the meeting, specifying the time, place and matters to be considered; notice of an EGM shall be given to all shareholders 15 days prior to the meeting.

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

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

According to the Company Law and the China's Guidelines for Articles of Association, resolutions of a general meeting must be passed by more than half of the voting rights held by the shareholders present at the meeting. However, resolutions on the following matters must be passed by more than two-thirds of the voting rights held by the shareholders present at the meeting: (i) amending the Articles of Association; (ii) increasing or decreasing registered capital; (iii) company merger, division, dissolution, liquidation, or change of corporate form; (iv) purchase and disposal of material assets within one year, or provision of a guarantee to others with an amount exceeding 30% of the company's audited total assets for the latest period; (v) any equity incentive plan; and (vi) other matters stipulated by laws, administrative regulations, or the Articles of Association, or deemed by the general meeting through an ordinary resolution to have a significant impact on the company and requiring a special resolution.

According to the Company Law, the general meeting shall prepare minutes of the decisions made on the matters discussed, and the presider and the directors present at the meeting shall sign the minutes. The minutes shall be kept together with the register of members present and the proxy forms.

BOARD OF DIRECTORS

According to the Company Law, a joint stock limited company shall establish a Board of Directors, which shall have three or more members, and may include employee representatives of the company. For companies employing more than 300 persons, the Board of Directors shall include employee representatives, except where a Supervisory Committee established in accordance with law includes employee representatives. Employee representatives of the Board of Directors shall be democratically elected by the company's employees at the employee representatives' general meeting, employees' general meeting or otherwise. 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. If the term of office of a director expires but the director is not re-elected in time, or the resignation of the director during the term of office causes the number of members of the Board of Directors to be less than the quorum, the former director shall still perform the duties as a director in accordance with the provisions of laws, administrative regulations and the Articles of Association before the newly elected director takes office.

According to the Company Law, the Board of Directors exercises the following functions and powers:

- to convene general meetings and report to general meetings;
- to implement the resolutions of general meetings;
- to decide business operation plans and investment plans of a company;

- to formulate the profit distribution plans and loss recovery plans of a company;
- to formulate proposals for the increase or reduction of a company's registered capital and the issue of corporate bonds;
- to formulate plans for merger, division, dissolution or change of corporate form of a company;
- to decide on the establishment of a company's internal management structure;
- to decide on the appointment or dismissal of a company's manager and determine their remuneration, and, based on the manager's nomination, to decide on the appointment or dismissal of deputy manager, the chief financial officer and their remuneration;
- to formulate a company's basic management system;
- other functions and powers granted by the Articles of Association or the general meeting.

MEETINGS OF THE BOARD OF DIRECTORS

According to the Company Law, the Board of Directors of a joint stock limited company shall hold at least two meetings each year, and all directors and supervisors shall be notified 10 days before each meeting. Shareholders representing more than one-tenth of the voting rights, more than one-third of the directors, or the Supervisory Committee may propose the holding of an extraordinary Board meeting. The chairman shall, within 10 days after receipt of such proposal, convene and preside over the meeting of the Board of Directors. Where an extraordinary meeting is convened, the notice method and the notice period for such meeting may be otherwise determined. A meeting of the Board of Directors shall not be held unless more than half of the directors are present. Resolutions made by the Board of Directors must be approved by a majority vote of all directors. Each director shall have one vote for the resolutions of the Board of Directors. The Board of Directors shall prepare minutes of the decisions made on the matters discussed, and the directors present at the meeting shall sign the minutes. The Board meetings shall be attended personally. Directors unable to attend for a certain reason may appoint another director to attend the meeting in writing, and the power of attorney shall clearly state the scope of authorization.

If a resolution of the Board of Directors violates laws, administrative regulations, the Articles of Association or the resolutions of the general meeting, and causes the company to suffer significant losses, the directors who participated in the resolution shall be liable to the company for compensation. However, if it is proven that a director expressed objections during the meeting and such objections were recorded in the meeting minutes, he or she may be exempted from liability.

CHAIRMAN

According to the Company Law, the Board of Directors shall have one chairman and may have vice chairmen. The chairman and the vice chairmen shall be elected by the Board of Directors by a majority vote of all directors. The chairman shall convene and preside over Board meetings and inspect the implementation of resolutions of the Board of Directors. The vice chairman shall assist the chairman in the performance of his or her duties. Where the chairman is unable or fails to perform his or her duties, such duties shall be performed by the vice chairman; where the vice chairman is unable or fails to perform such duties, a director shall be jointly elected by a majority of the directors to perform the duties.

Qualifications of Directors

The Company Law stipulates that the following persons shall not serve as directors:

- a person without capacity or with limited capacity for civil acts;
- 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 director, factory director or manager of a company or enterprise liquidated upon bankruptcy, who was personally responsible for the bankruptcy of the company or enterprise, and not more than three years have elapsed since the date of completion of the bankruptcy liquidation;
- the legal representatives of a company or enterprise that had its business licenses revoked and had been closed down by order for violation of law, for which such representatives bear individual liability, and not more than three years have elapsed since the date of revocation of such business licenses or the order for closure;
- a person who is listed as a defaulter by a people's court since he/she owes a large amount of debts due and unsettled.

Elections, appointments or employment of directors in violation of the preceding paragraphs shall be invalid.

Where any of the circumstances specified in the first paragraph of this Article arises during a director's term of office, the company shall remove such director from office.

AUDIT COMMITTEE

A joint stock limited company may, in accordance with the provisions of its Articles of Association, establish an Audit Committee composed of directors within the Board of Directors to exercise the powers of the Supervisory Committee as prescribed by the Company Law, without establishing a Supervisory Committee or appointing supervisors.

According to the Transitional Arrangements for the Implementation of the Supporting Rules of the New Company Law (《關於新<公司法>配套制度規則實施相關過渡期安排》) issued by the CSRC and effective as of 27 December 2024, a company applying for an initial public offering on or after 1 January 2026 which still has a Supervisory Committee or supervisors in place shall formulate a plan to adjust its internal supervisory structure, so as to ensure that, prior to listing, its Articles of Association provide for the establishment of an Audit Committee within the Board of Directors to exercise the powers of the Supervisory Committee, without establishing a Supervisory Committee or appointing supervisors.

The Audit Committee shall consist of at least three members, and more than half of its members shall not hold any position other than that of a company director. Audit Committee members shall not have any relationship with the company that would affect their independence and objectivity in decision-making. Employee representatives on the company's Board of Directors may serve as Audit Committee members.

Resolutions of the Audit Committee shall be approved by a majority of its members.

Each member of the Audit Committee shall have one vote on the resolutions.

Except as otherwise provided in the Company Law, the rules of procedure and voting procedures of the Audit Committee shall be stipulated in the Articles of Association of the company.

Where a listed company establishes an Audit Committee within the Board of Directors, the Board of Directors shall, before adopting resolutions on the following matters, obtain the approval of a majority of all members of the Audit Committee:

- appointing or dismissing accounting firms engaged for the company's audit;
- appointing or dismissing the chief financial officer;
- disclosing financial accounting reports;
- any other matters prescribed by the securities regulatory authority under the State Council.

MANAGERS AND SENIOR MANAGEMENT

Under the Company Law, a company shall have a manager who is appointed or removed by the Board of Directors.

The manager is accountable to the Board of Directors and exercises his/her functions and powers according to the Articles of Association or the authorization of the Board of Directors.

The general manager shall attend Board meetings.

The Board of Directors may decide that a Board member concurrently serves as manager.

Under the Company Law, senior management refers to a company's manager, deputy manager, chief financial officer, the secretary of the Board of Directors of a listed company, and any other personnel specified in the company's Articles of Association.

DUTIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

According to the Company Law, directors, supervisors, and senior management shall undertake fiduciary duties to the company, take measures to avoid conflicts between their personal interests and the company's interests, and shall not exploit their functions and powers to gain undue benefits. Directors, supervisors, and senior management owe a duty of diligence to the company and shall, when performing their duties, exercise the reasonable care ordinarily expected of a manager for the company's best interests.

If the company's controlling shareholders or de facto controllers do not serve as directors of the company but actually perform company affairs, the foregoing provisions shall apply.

Directors and senior management are prohibited from:

- embezzling the company's property or misappropriating the company's capital;
- depositing the company's capital into accounts under their own name or the name of other individuals;
- giving bribes or accepting any other illegal proceeds by taking advantage of their power;
- accepting and possessing commissions paid by a third party for transactions conducted with the company;
- unauthorized divulgence of confidential business information of the company;
- other acts in violation of their fiduciary duty to the company.

A director, supervisor or senior management who contravenes any law, regulation or the company's Articles of Association in the performance of their duties resulting in any loss to the company shall be personally liable for the damages to the company.

If the company's controlling shareholder or de facto controller instructs a director or a senior manager to engage in behavior that damages the interests of the company or shareholders, he/she shall be jointly and severally liable with such director or senior manager.

FINANCE AND ACCOUNTING

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

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

The premiums received by the company from the issuance of shares at a price above their nominal value, the proceeds from the issuance of no-par-value shares that have not been credited to registered capital, and other items required by the financial department of the State Council to be included in capital reserve shall be included in the company's capital reserve.

The company's reserve fund shall be used to make up for the company's losses, expand the company's production and operations or increase the company's registered capital. 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 before such conversion.

The company shall not keep accounting books other than those provided by law. The funds of the company shall not be deposited into an account established in the name of any individual.

APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS

According to the Company Law, the appointment or dismissal of accounting firms undertaking the company's audit business shall be decided by the general meeting or the Board of Directors, in accordance with the provisions of the company's Articles of Association. Before the Board of Directors makes a resolution on the appointment or dismissal of accounting firms, it shall obtain the approval of more than half of all Audit Committee members. The accounting firm shall be allowed to make representations when the general meeting or the Board of Directors votes on its dismissal. The company shall provide the engaged accounting firm with authentic and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials, and shall not refuse, conceal, or falsify any of them.

PROFIT DISTRIBUTION

When a company distributes its after-tax profits for the current year, it shall allocate 10% of such profits to the company's statutory reserve fund. If the cumulative amount of the statutory reserve fund reaches 50% or more of the company's registered capital, no further allocation is required.

If the statutory reserve fund is not sufficient to make up the losses in the previous years, the profits of the current year shall be used to make up the losses before allocations are set aside for the statutory reserve fund according to the provisions of the preceding paragraph.

After the company allocates funds to the statutory reserve fund from the after-tax profits, it may also allocate funds to a discretionary reserve fund from the after-tax profits upon a resolution of the general meeting.

According to the Company Law, the remaining after-tax profits after the company has made up losses and set aside funds for the reserve funds shall be distributed by a joint stock limited company in proportion to the shares held by the shareholders, unless otherwise provided in the Articles of Association.

The company's shares held by the company shall not be subject to distribution of profits.

AMENDMENT OF THE ARTICLES OF ASSOCIATION

Amendments to the Articles of Association must be carried out in accordance with the procedures stipulated in the Articles of Association. Where the amendments involve any registered particulars of the company, application shall be made for change of registration.

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) the general meeting resolves to dissolve the company; (iii) dissolution is necessary due to a merger or division of the company; (iv) the business license of the company is revoked, or the company is ordered to close down or is revoked in accordance with laws; and (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.

If the company is in circumstances (i) or (ii) above and has not yet distributed assets to the shareholders, it may continue to exist by amending its Articles of Association or by a resolution of the general meeting. Amendments to the Articles of Association in accordance with the provisions of the preceding paragraph or by a resolution of the general meeting shall be approved by shareholders representing more than two-thirds of the voting rights present at the general meeting.

Where the company is dissolved pursuant to items (i), (ii), (iv) or (v) above, it shall be liquidated. Directors are the liquidation obligors and shall form a liquidation committee to conduct liquidation within 15 days from the date the dissolution cause occurs.

The liquidation committee shall consist of directors, unless otherwise provided in the Articles of Association or the general meeting resolves to select other persons. If the liquidation obligors fail to fulfill their liquidation obligations in a timely manner and cause losses to the company or creditors, they shall be liable for compensation. If it fails to establish a liquidation committee to carry out liquidation after the expiry of the time limit or fails to carry out liquidation after establishing the liquidation committee, the interested parties can apply to the people's court for appointing relevant officers to establish the liquidation committee to carry out the liquidation. 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:

- liquidating company assets, and separately preparing a balance sheet and an inventory of assets;
- notifying creditors by notice or public announcement;
- handling the company's pending liquidation-related business;

- paying all outstanding taxes and taxes arising in the course of liquidation;
- liquidating claims and debts;
- distributing the remaining property of the company after paying off debts;
- participating in civil litigations on behalf of the company.

The liquidation committee shall notify the company's creditors within 10 days as of its formation and shall make a public announcement in the newspaper or on the National Enterprise Credit Information Publicity System within 60 days. Creditors shall, within 30 days from the date of receiving the notice, or within 45 days from the date of the announcement for those who have not received the notice, declare their claims to the liquidation committee. Creditors declaring claims shall specify relevant matters concerning the claims and provide supporting documents. The liquidation committee shall register the claims. During the claim declaration period, the liquidation committee shall not make any repayment to creditors.

After the liquidation committee has liquidated the company's assets and prepared a balance sheet and an inventory of assets, it shall formulate a liquidation plan and submit it to the general meeting or the people's court for confirmation.

After the company has paid its liquidation expenses, employees' wages, social insurance expenses and statutory compensation, outstanding taxes, and the company's debts out of its assets, the remaining assets shall be distributed to the shareholders in proportion to their respective shareholdings. During the liquidation period, the company still exists but shall not carry out any business activities not related to the liquidation. The assets of the company shall not be distributed to shareholders before the liquidation in accordance with the provisions of the preceding paragraph.

If the liquidation committee, having thoroughly liquidated the company's assets and prepared a balance sheet and an inventory of assets, finds that the company's assets are insufficient to pay its debts in full, it shall apply to the people's court for bankruptcy in accordance with laws.

After the people's court accepts the application for bankruptcy liquidation, 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, submit it to the general meeting or the people's court for confirmation and file it with the company registration authority to apply for deregistration of the company.

Members of the liquidation committee shall perform their liquidation obligation and bear fiduciary and diligent duties.

Members of the liquidation committee shall be liable for compensation for any losses caused to the company due to their failure to diligently perform their liquidation duties; and where losses are caused to creditors due to their intentional misconduct or gross negligence, they shall also be liable for compensation.

OVERSEAS LISTING

Depending on the specific circumstances, the Trial Measures and its guiding opinions stipulate (among others) that (i) if a domestic company conducts its first public offering or listing overseas, it shall file with the CSRC within three working days after submitting its offering and listing application documents overseas; (ii) if an issuer issues securities in the same overseas market after its overseas offering and listing, it shall file with the CSRC within three working days after the completion of the issuance; (iii) if an issuer conducts an offering and listing in another overseas market after its overseas offering and listing, it shall file with the CSRC within three working days after submitting its offering and listing application documents overseas; and (iv) if the overseas offering or listing is not completed within one year from the date of completion of the CSRC filing, and the company intends to proceed with the overseas offering or listing, it shall update its filing documents.

TERMINATION OF LISTING

According to the Securities Law, where listed securities fall within any of the circumstances for delisting as prescribed by the stock exchange, the stock exchange may terminate the listing and trading of such securities. If the stock exchange decides to terminate the listing of any securities, it shall promptly make a public announcement and file the matter with the securities regulatory authority under the State Council.

The Trial Measures stipulate that, after an issuer issues securities and lists them on an overseas market, if an event of voluntary or mandatory delisting occurs, the issuer shall report such matter to the CSRC within three working days from the occurrence and announcement of such event.

MERGERS AND DIVISIONS

A merger of the company may take the form of merger by absorption or merger by new establishment. In the event of a merger by absorption, the absorbed company shall be dissolved. In the event of a merger through the formation of a new company, all merging parties shall be dissolved.

Securities Law and Regulations

The CSRC is a ministerial-level institution directly under the State Council. In accordance with laws, regulations, and the authorization of the State Council, it is responsible for overseeing the securities and futures markets in China, maintaining market order, and ensuring the lawful operation of these markets.

The Securities Law came into effect on 1 July 1999, and was amended on 28 August 2004, 27 October 2005, 29 June 2013, 31 August 2014 and 28 December 2019, respectively. It is China's first national securities law, consisting of 14 chapters and 226 articles. The law regulates, among other areas, the issuance and trading of securities, acquisitions of listed companies, stock exchanges, securities firms, and the duties and responsibilities of the securities regulatory authority under the State Council.

The Securities Law comprehensively regulates activities in China's securities market. Article 224 of the Securities Law stipulates that if domestic enterprises list shares overseas, they shall comply with the relevant provisions of the State Council. Currently, the issuance and trading of shares issued overseas (including H shares) are still 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 People's Republic of China (the "**Arbitration Law**") was adopted by the SCNPC on 31 August 1994, became effective on 1 September 1995, and was amended on 27 August 2009, 1 September 2017 and 12 September 2025. According to the Arbitration Law, before the China Arbitration Association issues arbitration rules, an arbitration committee may formulate interim arbitration rules in accordance with the relevant provisions of the Arbitration Law and the Civil Procedure Law. Where both parties have reached an arbitration agreement to resolve their dispute, the people's court shall not accept a lawsuit filed by either party, unless the arbitration agreement is deemed invalid.

Claimants shall have the right to submit the dispute to either the China International Economic and Trade Arbitration Commission ("**CIETAC**") for arbitration under its arbitration rules, or to the Hong Kong International Arbitration Centre ("**HKIAC**") for arbitration under its securities arbitration rules (the "**securities arbitration rules**"). Once a claimant submits a dispute or claim to arbitration, the other party must also accept the arbitral institution chosen by the claimant. If a claimant chooses to arbitrate at the HKIAC, any party to the dispute or claim may apply for the hearing to be held in Shenzhen in accordance with the securities arbitration rules. According to the CIETAC Arbitration Rules (《中國國際經濟貿易仲裁委員會仲裁規則》), most recently revised on 2 September 2023 and effective from 1 January 2024, CIETAC accepts cases involving economic, trade and other disputes of a contractual or non-contractual nature, based on an agreement of the parties, including disputes related to Hong Kong.

According to the Arbitration Law and the Civil Procedure Law, arbitral awards are final and binding on both parties. If one party fails to comply, the other party may apply to the people’s court for enforcement. If the arbitration procedure or the composition of the arbitral tribunal violates legal procedures, or if the issues decided fall outside the scope of the arbitration agreement or the arbitration committee lacks authority to arbitrate, the people’s court may refuse to enforce the arbitral award issued by the arbitration committee.

For an arbitral award with legal effect issued by a Chinese arbitral tribunal, if the person against whom the award is to be enforced, or their property, is not within China, the party requesting enforcement may directly apply to a competent foreign court for enforcement. Similarly, arbitral awards with legal effect made by foreign arbitral institutions may also be recognized and enforced by Chinese courts in accordance with the principle of reciprocity or the provisions of international treaties to which the PRC is a party. According to a resolution adopted by the SCNPC on 2 December 1986, China decided to accede to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the “**New York Convention**”), which was opened for signature on 10 June 1958. The New York Convention stipulates that all arbitral awards made by contracting states to the New York Convention shall be recognized and enforced by all other contracting states to the New York Convention, except in certain circumstances where a contracting state has the right to refuse enforcement, including where the enforcement of an arbitral award conflicts with the public policy of the country where the application for enforcement is made. Upon China’s accession to the New York Convention, the SCNPC also declared that: (i) China would recognize and enforce foreign arbitral awards only on the basis of reciprocity; and (ii) China would apply the New York Convention solely to disputes arising from contractual and non-contractual commercial legal relations as defined under Chinese law.

An arrangement was reached between Hong Kong and the Supreme People’s Court regarding the mutual enforcement of arbitral awards. On 18 June 1999, the Supreme People’s Court adopted the Arrangement on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的安排》), which became effective from 1 February 2000. On 26 November 2020, the Supreme People’s Court issued the Supplementary Arrangement on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的補充安排》), which became effective from 27 November 2020. According to this Arrangement and its

Supplementary Arrangement, once certain conditions are met, awards made by arbitral institutions in mainland China under the Arbitration Law may be enforced in the Hong Kong Special Administrative Region (HKSAR), and HKSAR arbitral awards may also be enforced in mainland China.

JUDICIAL JUDGMENTS AND THEIR ENFORCEMENT

According to the Arrangement of the Supreme People's Court on Reciprocal Recognition and Enforcement of the Judgments of Civil and Commercial Cases under Consensual Jurisdiction by the Courts of 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法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "**Arrangement**") issued by the Supreme People's Court on 3 July 2008 and effective from 1 August 2008, parties may, in accordance with this Arrangement, apply to the people's courts in mainland China or in the HKSAR for recognition and enforcement of enforceable final judgments requiring payment, made by courts in mainland China or the HKSAR in civil and commercial cases where there is a written jurisdiction agreement. A "written jurisdiction agreement" refers to an agreement where parties, for the purpose of resolving existing or potential disputes related to a specific legal relationship, explicitly agree in writing that courts in mainland China or the HKSAR have exclusive jurisdiction. Thus, final judgments rendered in mainland China or Hong Kong that meet the conditions set out in the aforementioned regulations may be recognized and enforced by the courts in mainland China or the HKSAR, upon application by the parties.

On 18 January 2019, the HKSAR and the Supreme People's Court reached another arrangement, namely the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》), which came into effect on 29 January 2024, and superseded the previous arrangement. The "written jurisdiction agreement" reached in accordance with the Arrangement before 29 January 2024 will still apply. The new Arrangement further stipulates the scope and content of judgments subject to mutual recognition and enforcement, as well as the corresponding application procedures, the review of the jurisdiction of the court of first instance, circumstances under which recognition and enforcement may be denied, and available remedies. Under the new Arrangement, non-monetary judgments and judgments in certain intellectual property cases are included in the scope of mutual recognition and enforcement.

EQUITY AND TRANSFER OF SHARES

Under Chinese law, our domestic shares, which are denominated and subscribed in Renminbi, may only be subscribed for and traded by the government or its authorized departments, Chinese legal persons, natural persons, qualified foreign institutional investors or eligible overseas strategic investors. Overseas-listed shares that are denominated in Renminbi but subscribed in a currency other than Renminbi may only be subscribed for and traded by investors from Hong Kong, Macao, Taiwan, or any country or region outside China, or by qualified domestic institutional investors. However, eligible institutional and individual investors may trade through southbound trading link and northbound trading link (or northbound trading under the Shenzhen Connect) under the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect schemes.

Domestic unlisted shares of H-share listed companies may be listed and traded on the Hong Kong Stock Exchange after their application for "full circulation" is approved by the CSRC.

Under the Company Law, shares issued by the company prior to its public offering shall not be transferred within one year from the date on which the shares are listed and traded on a stock exchange. If any law, administrative regulation, or any provision by the securities regulatory authority of the State Council specifies otherwise regarding the transfer of shares held by shareholders or the de facto controllers of a listed company, such provisions shall prevail. The directors, supervisors and senior managers of the company shall declare to the company the number of shares held by them and subsequent changes in their shareholdings. During their term of office, as determined at the time of appointment, the number of shares transferred each year shall not exceed 25% of the total number of the company's shares held by them. The company's shares held by them shall not be transferred within one year from the date of listing and trading of the company's shares. The shares of the company held by them shall not be transferred within six months after their resignation. The Articles of Association of a company may set forth other restrictive provisions on the transfer of its shares held by the company's directors, supervisors and senior managers.

DERIVATIVE LAWSUITS BY MINORITY SHAREHOLDERS

The Company Law grants shareholders of joint stock limited companies the right that, when directors and senior management breach their duties to the company and cause losses to the company, shareholders who individually or collectively hold 1% or more of the company's shares for 180 consecutive days or more may request the Supervisory Committee in writing to file a lawsuit in a people's court. When the Supervisory Committee breaches its duties to the company and causes losses to the company, the aforementioned shareholders may request the Board of Directors in writing to file a lawsuit in a people's court. If the Supervisory Committee or the Board of Directors refuses to file a lawsuit after receiving the shareholders' written request, or fails to file a lawsuit within 30 days from the date of receiving the request, or if the situation is urgent and failure to take immediate action would cause irreparable harm to the company, the shareholders mentioned in the previous paragraph shall have the right to directly file a lawsuit in their own name with the people's court for the benefit of the company.

DIVIDENDS

In certain circumstances, the company has the right to withhold and remit to the relevant tax authorities any taxes payable under Chinese law in advance from any dividends or other distributions payable to shareholders.