PRC LAWS AND REGULATIONS

PRC Legal System

The PRC legal system is based on the Constitution of the People's Republic of China (《中華人民共和國憲法》) (the "**Constitution**"), and is composed of written laws, administrative regulations, local regulations, autonomous regulations, separate regulations, rules of the State Council ministries and commissions, rules of local governments, laws of the special administrative regions, international treaties to which the PRC government is a signatory, and other regulatory documents. Court precedents do not constitute legally binding precedents, but may serve as judicial reference and guidance.

Under the Constitution and the Law of the People's Republic of China on Legislation (2023 Revision) (《中華人民共和國立法法(2023年修正)》) (the "**Legislation Law**"), the NPC and the SCNPC have the power to exercise the legislative power of the State. The NPC has the power to enact and amend basic laws governing criminal offences, civil affairs, state institutions and other matters. The SCNPC has the power to enact and amend laws other than those that should be enacted by the NPC, and when the NPC is not in session, to partially supplement and amend laws enacted by the NPC, provided that such supplements and amendments do not contradict the basic principles of such laws.

The State Council is the highest state administrative organ. It has the power to formulate administrative regulations in accordance with 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 in accordance with the specific circumstances and actual needs of their respective administrative regions, provided that they comply with the Constitution, laws and administrative regulations. 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 and provided that they do not contradict the Constitution, laws, administrative regulations and the local regulations of their respective provinces or autonomous regions, formulate local regulations on matters relating to urban and rural development and management, ecological conservation, historical and cultural preservation, and grassroots governance. Where laws provide otherwise for matters for which cities divided into districts formulate local regulations, such provisions shall prevail. The local regulations of a city divided into district shall be submitted to the standing committee of the people's congress of the relevant province or autonomous region for approval before implementation. The standing committee of the people's congress of a province or autonomous region shall examine the legality of the local regulations submitted for approval, and if they are not in conflict with the Constitution, laws, administrative regulations and the local regulations of the relevant province or autonomous region, they shall issue approval within four months. Where the standing committee of the people's congress of a province or autonomous region, when reviewing the local regulations of a city divided into district submitted for approval, finds that they conflict with the rules of the people's government of the province or autonomous region, it shall make a decision on how to handle the matter. The people's congresses of national autonomous areas have the power to formulate autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the local ethnic groups.

The ministries and commissions of the State Council, the People's Bank of China, the National Audit Office and the direct agencies of the State Council with administrative functions may formulate rules and regulations within the jurisdiction of their respective departments in accordance with laws, administrative regulations, and the decisions and orders of the State Council. The provisions of departmental rules and regulations must relate to matters for the purpose of implementing laws, administrative regulations, and the decisions and orders of the State Council. The people's governments of provinces, autonomous regions, municipalities directly under the central government, cities divided into districts and autonomous prefectures may formulate rules and regulations in accordance with laws, administrative regulations, and local regulations of the relevant provinces, autonomous regions and municipalities directly under the central government.

According to the Resolution of the Standing Committee of the National People's Congress on Strengthening the Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) adopted by the SCNPC on 10 June 1981, matters concerning the need to further define the boundaries or make supplementary provisions regarding the provisions of laws and decrees themselves shall be interpreted by the SCNPC or be provided for by decrees; matters concerning the specific application of laws in the judicial work of the people's courts shall be interpreted by the Supreme People's Court. Matters concerning the specific application of laws in the procuratorial work of the people's procuratorates shall be interpreted by the Supreme People's Procuratorate; matters concerning the specific application of other laws and decrees not involving judicial or procuratorial work shall be interpreted by the State Council and the competent authorities. The State Council and its ministries and commissions also have the power to interpret the administrative regulations and departmental rules and regulations they have enacted. At the local level, the power to interpret local laws and regulations lies with the local legislative and administrative bodies that enacted such laws and regulations.

PRC Judicial System

Under the Constitution and the Organic Law of the People's Courts of the People's Republic of China (2018 Revision) (《中華人民共和國人民法院組織法(2018年修訂)》) and the Organic Law of the People's Procuratorates of the People's Republic of China (2018 Revision) (《中華人民共和國人民檢察院組織法(2018年修訂)》), the people's courts in China are classified as the Supreme People's Court, local people's courts at various levels and special people's courts. Local people's courts at various levels consist of three levels: basic people's courts, intermediate people's courts and higher people's courts. Basic people's courts may establish a number of people's tribunals based on factors such as geographical area, population and caseload. The Supreme People's Court is the highest judicial organ in China. The Supreme People's Court supervises the adjudicative work of local people's courts at various levels and special people's courts, and higher people's courts supervise the adjudicative work of lower people's courts. The people's procuratorates in China consist of the Supreme People's Procuratorate, local people's procuratorates at various levels and special people's procuratorates such as the military procuratorate. The Supreme People's Procuratorate is the highest procuratorial organ. The Supreme People's Procuratorate directs the work of local people's procuratorates at various levels and special people's procuratorates, and higher-level people's procuratorates direct the work of lower-level people's procuratorates.

The people's courts adopt a system of the second instance being the final instance, meaning that the judgment or ruling of the second instance by a people's court is final. A party may appeal a first-instance judgment or ruling of a local people's court. A people's procuratorate may file a protest with the people's court at the next higher level in accordance with the procedures prescribed by law. If no appeal is filed by the parties and no protest is filed by the people's procuratorate within the prescribed time limit, the judgment or ruling of the people's court is final. The judgment or ruling of the second instance rendered by an intermediate people's court, a higher people's court or the Supreme People's Court is final. The first-instance judgment or ruling of the Supreme People's Court is also final. However, if the Supreme People's Court discovers an error in a legally effective judgment or ruling of a people's court at any level, or if a higher people's court discovers an error in a legally effective judgment or ruling of a lower people's court, or if the president of a people's court at any level discovers an error in a legally effective judgment or ruling of that court and deems a retrial necessary, the case shall be retried in accordance with judicial supervision procedures.

The Civil Procedure Law of the People's Republic of China (《中華人民共和國民事訴訟法》) (the "**PRC Civil Procedure Law**"), which was formulated on 9 April 1991 and amended five times on 28 October 2007, 31 August 2012, 27 June 2017, 24 December 2021 and 1 September 2023, stipulates the conditions for filing a civil lawsuit, the jurisdiction of the people's courts, the procedures for civil litigation and the procedures for enforcing civil judgments or rulings. Parties conducting civil litigation within China must comply with the PRC Civil Procedure Law. Civil cases are generally heard in the court of the place where the defendant has its domicile. The parties to a contract may also expressly agree in writing on the court of competent jurisdiction for civil litigation, provided that the people's court with jurisdiction is the court of a place with a direct connection to the dispute, such as the place where the plaintiff or defendant is domiciled, the place where the contract is performed or signed, or the place where the subject matter of the lawsuit is located. Nevertheless, the above choices shall not, in any event, violate the provisions on hierarchical jurisdiction and exclusive jurisdiction.

Foreigners, stateless persons, foreign enterprises and organizations generally enjoy the same litigation rights and bear the same litigation responsibilities as Chinese citizens, legal persons and other organizations when suing or responding in a people's court. If a foreign court restricts the litigation rights of Chinese citizens, legal persons and other organizations, the Chinese court may impose reciprocal restrictions on the litigation rights of that foreign country's citizens, enterprises and organizations. When foreigners, stateless persons, foreign enterprises and organizations need to appoint a lawyer to represent them in litigation in a people's court, they must appoint a lawyer of the People's Republic of China. In accordance with international treaties concluded or acceded to by the People's Republic of China, or on the basis of reciprocity, Chinese people's courts and foreign courts may request each other's assistance in the service of legal documents, the taking of evidence, and the conduct of other litigation acts. If the matter for which a foreign court requests assistance impairs the sovereignty, security or public interest of China, the people's court shall not execute the request.

The parties must comply with a legally effective civil judgment or ruling. If any party to a civil lawsuit refuses to comply with a judgment or ruling made by a people's court, or an award made by a PRC arbitral tribunal, the other party may apply to the people's court for enforcement of the relevant judgment, ruling or award within two years, provided that an application for an extension or setting aside of enforcement may be made. If, within the prescribed time limit, the party fails to enforce the judgment for which the court has issued an enforcement permit, the court shall enforce the judgment upon application by the other party.

If a party applies to the people's court for enforcement of a legally effective judgment or ruling against another party, and the party against whom enforcement is sought or its assets are located outside China, the applying party may directly apply to the competent foreign court for recognition and enforcement of the judgment or ruling. If China has concluded or acceded to an international convention with the relevant foreign country providing for such recognition and enforcement, or if the judgment or ruling meets the court's review on the basis of reciprocity, relevant foreign judgments and rulings may also be recognised and enforced by Chinese courts in accordance with Chinese enforcement procedures, unless the people's court considers that the recognition or enforcement of the relevant judgment or ruling would violate the basic legal principles of China, its sovereignty or national security, or would be contrary to social and public interests, in which case the parties may directly apply to the intermediate people's court of the People's Republic of China with competent jurisdiction for recognition and enforcement, or the foreign court may request the people's court to recognise and enforce it in accordance with the provisions of the international treaties concluded or acceded to by the People's Republic of China, or on the basis of reciprocity.

The Company Law of the People's Republic of China, the Trial Administrative Measures for the Overseas Issuance and Listing of Securities by Domestic Enterprises, and the Model Articles of Association of Listed Companies

The Company Law of the People's Republic of China (《中華人民共和國公司法》) (the "**PRC Company Law**") was promulgated at the fifth session of the Standing Committee of the Eighth National People's Congress on 29 December 1993, became effective on 1 July 1994, and was amended on 25 December 1999, 28 August 2004, 27 October 2005, 28 December 2013, 26 October 2018 and 29 December 2023, respectively. The latest revision of the Company Law of the People's Republic of China took effect on 1 July 2024.

On 17 February 2023, the CSRC issued the Trial Administrative Measures for the Overseas Issuance and Listing of Securities by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) (the "**Overseas Listing Trial Measures**"), effective from 31 March 2023, which apply to the direct and indirect overseas subscription and listing of shares by domestic enterprises, and set out the filing management measures and regulatory provisions for the overseas issuance and listing of securities by domestic enterprises.

On 28 March 2025, the CSRC issued the latest revised Model Articles of Association of Listed Companies (《上市公司章程指引》) (the "**Model Articles of Association**"). According to the Overseas Listing Trial Measures and its supporting guideline, the Application Guidelines for Regulatory Rules — Overseas Issuance and Listing Category No. 1 (《監管規則適用指引 — 境外發行上市類第1號》), a domestic enterprise that directly issues and lists overseas shall formulate its articles of association by reference to the Model Articles of Association and other provisions of the CSRC regarding the PRC Company Law, the Overseas Listing Trial Measures, and the main provisions of the Model Articles of Association.

General Provisions

A joint stock company refers to an enterprise legal person incorporated in China under the PRC Company Law, whose registered capital is divided into shares of equal par value. The liability of a company's shareholders is limited to the shares they hold, and the liability of the company is limited to all of its property.

A joint stock company must comply with laws and administrative regulations in its business activities. A company may invest in other limited liability companies and joint stock companies, and its liability for the company invested in is limited to the amount of its investment. If any law provides that a company may not become a contributor that bears joint and several liability for the debts of the enterprise in which it invests, the relevant provisions shall prevail.

Incorporation

A joint stock company may be incorporated by promotion or by public offering. For the incorporation of a joint stock company, there shall be between one and two hundred promoters, and more than half of the promoters shall have their domicile within China. For the incorporation of a joint stock company by promotion, the promoters shall subscribe for all of the shares that should be issued at the time of the company's incorporation as stipulated in the company's articles of association. For the incorporation of a joint stock company by public offering, the shares subscribed for by the promoters shall not be less than 35% of the total number of shares that should be issued at the time of the company's incorporation as stipulated in the company's articles of association, unless otherwise provided by laws or administrative regulations.

When offering shares to the public, the promoters shall publish a document and prepare a subscription form, and subscribers shall fill in the number of shares to be subscribed, the amount, and their domicile, and sign or affix their seal thereto. Subscribers shall pay the full subscription amount for the shares they have subscribed. If the promoters offer shares to the public, the offering shall be underwritten by a securities operating institution established under PRC law, and an underwriting agreement shall be entered into for this purpose. The promoters offering shares to the public shall also sign an agreement with a bank to collect the subscription payments. The receiving bank shall collect and hold the subscription payments, issue receipts to the subscribers who have paid their subscription payments, and provide the relevant authorities with proof of receipt of the subscription payments. After the share capital offered to the public is fully paid up, it shall be verified by a capital verification institution established under PRC law, which shall issue a relevant certificate. If the shares issued at the time of incorporation are not fully paid up, or if the promoters fail to convene an inaugural meeting within 30 days after the issued shares are fully paid up, subscribers may request the promoters to refund their subscription payments plus interest at the bank's deposit rate for the same period. After paying their subscription payments or delivering non-monetary property as capital contributions, the promoters and subscribers may not withdraw their share capital, except where the shares are not fully paid up within the prescribed period, the promoters fail to convene an inaugural meeting on time, or the inaugural meeting decides not to establish the company. Within 30 days after the end of the inaugural meeting, the board of directors shall authorise a representative to apply to the company registration authority for incorporation registration.

The promoters of the company shall bear the following liabilities: (1) if the company cannot be established, joint and several liability for the debts and expenses incurred in the incorporation activities; (2) if the company cannot be established, joint and several liability for refunding the subscription payments paid by subscribers, plus interest at the bank's deposit rate for the same period.

Share Capital

Promoters may make capital contributions in currency or in non-monetary assets such as physical objects, intellectual property, land use rights, equity, creditor's rights, or other non-monetary assets that can be valued in currency and transferred in accordance with the law (other than assets that are prohibited by laws or administrative regulations from being used as capital contributions). If a capital contribution is made in non-monetary assets, the assets contributed must be valued in accordance with the provisions of the relevant laws or administrative regulations on valuation, without overvaluation or undervaluation. If laws or administrative regulations have provisions on value appraisal, such provisions shall prevail.

The issuance of shares shall be carried out on a fair and equitable basis. Shares of the same class shall have the same rights. Shares of the same class issued in the same offering shall have the same issue conditions and price. Each share subscribed for by a subscriber shall be paid for at the same price. Shares may be issued at a price equal to or above their par value, but may not be issued at a price below par value.

According to the PRC Company Law, a joint stock company shall maintain a register of shareholders. The register of shareholders shall record the following matters: (1) the name or title and domicile of the shareholder; (2) the class and number of shares subscribed for by each shareholder; (3) if share certificates in paper form are issued, the serial numbers of the share certificates; and (4) the date on which each shareholder obtained the shares.

Increase of Share Capital

According to the PRC Company Law, if a company intends to increase its capital by issuing new shares, it must obtain the approval of its shareholders at a general meeting. The articles of association or the general meeting may authorize the board of directors to decide on the issuance of shares not exceeding 50% of the issued shares within three years. However, if capital contribution is made in the form of non-monetary property, a resolution of the general meeting is required. Where the board of directors, upon authorization, decides on the issuance of shares, resulting in a change in the company's registered capital or the number of issued shares, the relevant provision in the articles of association may be amended without a vote of the shareholders' meeting. Where the articles of association or the general meeting authorizes the board of directors to decide on the issuance of new shares, the resolution of the board of directors must be approved by more than two-thirds of all directors. In addition, if a domestic enterprise issues and lists overseas, the issuer shall file with the CSRC in accordance with the Overseas Listing Trial Measures, and submit relevant materials such as a filing report and a legal opinion, truly, accurately and completely reflecting shareholder information and other information.

Reduction of Share Capital

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

(I) The company shall prepare a balance sheet and an inventory of its assets;

(II) A resolution of the general meeting to reduce the registered capital shall be passed;

(III) The company shall notify its creditors within 10 days from the date of passing the resolution to reduce the registered capital, and shall make a public announcement in a newspaper or on the National Enterprise Credit Information Publicity System within 30 days;

(IV) Creditors shall have the right to demand that the company repay its debts or provide corresponding security within 30 days from the date of receipt of the notice, or within 45 days from the date of the public announcement if no notice is received; and

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

When a company reduces its registered capital, it shall reduce the amount of capital contribution or the number of shares in proportion to the amount of capital contribution or the number of shares held by each shareholder, unless otherwise provided by law or the company's articles of association.

If, after covering its losses in accordance with the relevant provisions of the PRC Company Law, the company still has losses, it may reduce its registered capital to cover the losses. When reducing registered capital to cover losses, the company shall not distribute to its shareholders, nor shall it exempt its shareholders from their obligation to make capital contributions or pay up share capital. When reducing registered capital in accordance with the preceding paragraph, the provisions of sub-paragraphs (III) and (IV) of the preceding paragraph shall not apply, provided that a resolution to reduce the registered capital is passed by the general meeting within 30 days from the date of the public announcement in a newspaper or on the National Enterprise Credit Information Publicity System. After reducing its registered capital in accordance with the preceding paragraph, the company may not distribute profits until the accumulated amount of its statutory reserve fund and discretionary reserve fund reaches 50% of the company's registered capital.

If a company reduces its registered capital in violation of the provisions of the PRC Company Law, the shareholders shall refund the funds they have received, and where shareholders have been exempted from making capital contributions, such exemption shall be restored to its original state; if the company suffers losses as a result, the shareholders and the responsible directors, supervisors and senior management shall be liable for compensation.

Share Repurchase

According to the PRC Company Law, a company may not purchase its own shares, except under the following circumstances:

(I) To reduce the company's registered capital;

(II) To merge with another company that holds its shares;

(III) To use the shares for employee shareholding schemes or equity incentive plans;

(IV) A shareholder requests the company to purchase its shares because the shareholder dissents to a resolution of the general meeting on the company's merger or division;

(V) To use the shares for the conversion of convertible corporate bonds issued by a listed company; and

(VI) Necessary for a listed company to protect its value and the interests of its shareholders.

If a company purchases its own shares due to the circumstances set out in item (I) and (II) above, such purchase shall be subject to a resolution of the general meeting; if a company purchases its own shares due to the circumstances set out in item (III), (V) and (VI) above, it may be resolved by a board meeting attended by more than two-thirds of the directors in accordance with the provisions of the company's articles of association or the authorization of the general meeting.

After purchasing its own shares in accordance with the above provisions, the company shall cancel the shares within 10 days from the date of purchase in the case of sub-paragraph (I); shall transfer or cancel the shares within six months in the case of item (II) and (IV); and in the case of item (III), (V) and (VI), the total number of shares held by the company shall not exceed 10% of the company's total issued shares, and shall be transferred or cancelled within three years.

A company may not accept its own shares as the subject matter of a pledge.

A company may not provide financial assistance in the form of gifts, loans, guarantees or other financial assistance to another person for the acquisition of shares of the company or its parent company, except for the implementation of an employee shareholding scheme. In the interests of the company, the company may, through a resolution of the general meeting or the board of directors in accordance with the articles of association or authorization by the general meeting, provide financial assistance to another person for the acquisition of shares of the company or its parent company, provided that the total cumulative amount of financial assistance does not exceed 10% of the total issued share capital. The resolution of the board of directors shall be approved by two-thirds of all directors.

If any director, supervisor or senior management causes losses to the company as a result of violating the preceding paragraph, he/she shall be liable for compensation.

Transfer of Shares

Shares held by a company's shareholders may be transferred to other shareholders or to persons other than the company's shareholders. If the company's articles of association restrict the transfer of shares, such shares shall be transferred in accordance with the provisions of the company's articles of association. According to the PRC Company Law, shareholders who transfer their shares must do so on a lawfully established stock exchange or in another manner prescribed by the State Council. When a shareholder transfers shares, the transfer must be effected by means of endorsement or other means prescribed by laws or administrative regulations. After the share transfer, the company shall record the name and domicile of the transferee in the register of shareholders. No change of registration in the register of shareholders as provided for in the preceding paragraph shall be made within 20 days before the convening of a general meeting, or within five days before the record date determined by the company for the distribution of dividends. However, if laws, administrative regulations or the securities regulatory authority under the State Council provide otherwise for the revision of the register of shareholders of a listed company, such provisions shall prevail.

According to the PRC Company Law, shares issued by a company before its public offering shall not be transferred within one year from the date on which the company's shares are listed and traded on a stock exchange. If laws, administrative regulations or the securities regulatory authority under the State Council provide otherwise for the transfer of shares held by shareholders or de facto controllers of a listed company, such provisions shall prevail. Directors, supervisors and senior management of the company shall, during their term of office, report to the company the shares they hold and any changes in such holdings. The number of shares they may transfer each year during their term of office shall not exceed 25% of the total number of shares of the company they hold. The shares of the company they hold shall not be transferred within one year from the date the company's shares are listed on a stock exchange. The above-mentioned persons shall not transfer the shares of the company they hold within six months after leaving their posts. The company's articles of association may impose other restrictions on the transfer of shares of the company held by its directors, supervisors and senior management. If shares are pledged during the period of transfer restriction stipulated by laws or administrative regulations, the pledgee may not exercise the pledge during the period of transfer restriction.

According to the Overseas Listing Trial Measures, if a domestic enterprise is directly listed overseas, a shareholder holding unlisted domestic shares who applies to convert its unlisted domestic shares into overseas listed shares and to list and trade them on an overseas trading venue shall comply with the relevant provisions of the CSRC and shall entrust the domestic enterprise to file with the CSRC.

Shareholders

Under the PRC Company Law and the Guidelines for Articles of Association, the rights of shareholders include the following rights:

(I) The right to enjoy asset returns, participate in major decisions and select management personnel in accordance with the law;

(II) The right to request a people's court to revoke any resolution of a general meeting or a board meeting that is convened or voted on in a manner that violates any law, administrative regulation or the company's articles of association, or any resolution whose content violates any law, administrative regulation or the company's articles of association, provided that such request is filed with the people's court within 60 days from the date of adoption of such resolution;

(III) The right to transfer their shares in accordance with the law;

(IV) The right to attend or appoint a proxy to attend general meetings and exercise the right to vote;

(V) The right to inspect and copy the company's articles of association, the register of shareholders, the minutes of general meetings, the resolutions of board meetings, the resolutions of supervisory board meetings and the financial and accounting reports, and to make recommendations or inquiries regarding the company's operations;

(VI) The right to receive dividends according to the number of shares held;

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

(VIII) Any other shareholder rights stipulated by laws, administrative regulations, other regulatory documents and the company's articles of association.

Shareholders' obligations include complying with the company's articles of association, paying the subscription price for the shares subscribed, assuming the company's liability in respect of the shares accepted, and any other shareholder obligations stipulated in the company's articles of association.

General Meeting

The general meeting is the company's authority and exercises its powers under the PRC Company Law. The general meeting may exercise the following powers:

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

(II) To consider and approve the report of the board of directors;

(III) To consider and approve the report of the supervisory board;

(IV) To consider and approve the company's profit distribution plan and loss coverage plan;

(V) To resolve on an increase or decrease in the company's registered capital;

(VI) To resolve on the issuance of corporate bonds;

(VII) To resolve on the company's merger, division, dissolution, liquidation or change of corporate form;

(VIII) To amend the company's articles of association; and

(IX) To exercise other powers stipulated in the company's articles of association.

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

Under the PRC Company Law and the Guidelines for Articles of Association, the general meeting shall be convened once a year and held within six months after the end of the preceding financial year. An extraordinary general meeting shall be convened within two months under any of the following circumstances:

(I) The number of directors falls below the number required by law, or below two-thirds of the number specified in the company's articles of association;

(II) The company's uncovered losses reach one-third of its total share capital;

(III) Shareholders holding 10% or more of the company's shares individually or jointly request;

(IV) The board of directors deems it necessary;

(V) The supervisory board proposes to convene; or

(VI) Other circumstances stipulated in the company's articles of association.

The general meeting shall be convened by the board of directors and presided over by the chairman. If the chairman is unable or fails to perform his/her duties, the vice-chairman shall preside. If the vice-chairman is unable or fails to perform his/her duties, a director jointly nominated by more than half of the directors shall preside. If the board of directors is unable or fails to perform its duty to convene a general meeting, the supervisory board shall convene and preside in a timely manner. If the supervisory board is unable to convene and preside, a shareholder or shareholders individually or jointly holding 10% or more of the company's shares for more than 90 consecutive days may convene and preside on their own. If a shareholder or shareholders individually or jointly holding 10% or more of the company's shares request to convene an extraordinary general meeting, the board of directors and the supervisory board shall decide whether to convene an extraordinary general meeting within 10 days from the date of receipt of the request and reply to the shareholders in writing.

Under the PRC Company Law, when convening a general meeting, notice of the time, place and matters to be considered at the meeting shall be given to all shareholders 20 days before the meeting. An extraordinary general meeting shall be notified to all shareholders 15 days before the meeting. A shareholder or shareholders individually or jointly holding 1% or more of the company's shares may submit an interim proposal in writing to the board of directors 10 days before the general meeting; the board of directors shall notify other shareholders within two days of receiving the proposal and submit the interim proposal to the general meeting for consideration, unless the interim proposal violates laws, administrative regulations or the company's articles of association or is not within the scope of authority of the general meeting. The company may not increase the shareholding percentage of shareholders submitting interim proposals. A company that offers shares to the public shall announce the items listed in the preceding paragraph. A general meeting may not make a resolution on any matter not stated in the notice.

Under the PRC Company Law, when attending a general meeting, each share held by a shareholder shall be entitled to one vote, except for class shareholders. Shares held by the company itself have no voting rights.

The election of directors and supervisors at a general meeting may be conducted by cumulative voting in accordance with the provisions of the company's articles of association or a resolution of the general meeting. Under cumulative voting, each share has the same number of votes as the number of directors or supervisors to be elected, and shareholders may cast all their votes for one candidate.

Under the PRC Company Law, a resolution of a general meeting must be approved by more than half of the voting rights held by the shareholders attending the meeting. However, a resolution of the general meeting on amending the articles of association, increasing or decreasing the registered capital, or on a merger, division, dissolution or change of corporate form must be approved by more than two-thirds of the voting rights held by the shareholders attending the meeting.

Minutes of the decisions made on the matters considered at the general meeting shall be prepared, and the chairperson and the directors attending the meeting shall sign the minutes. The minutes shall be kept together with the register of attendance of shareholders and the proxies of attendance.

Board of Directors

A joint stock company shall have a board of directors. However, a joint stock company with a small size or a small number of shareholders may not have a board of directors but may have one director exercising the powers of the board of directors under the PRC Company Law. If the company has more than three board members, it may include a representative of the company's employees. If the company has 300 or more employees, the board of directors should include representatives of the company's employees, unless a supervisory board has been established and includes representatives of the company's employees. The employee representative of the board of directors shall be democratically elected by the employees through the employee representative assembly, the employee assembly or other methods.

The term of office of directors is specified in the articles of association, but each term shall not exceed three years. Directors may serve consecutive terms upon re-election upon the expiry of their term. If the term of a director expires and no re-election is made in a timely manner, or if a director resigns during his/her term of office, causing the number of directors on the board to fall below the statutory number, the original director shall continue to perform his/her duties as a director in accordance with the provisions of laws, administrative regulations and the company's articles of association until the newly elected director assumes office. If a director resigns, he/she shall notify the company in writing, and the resignation shall become effective upon the date of receipt of the notice by the company.

However, if the circumstances set out in the preceding paragraph exist, the director shall continue to perform his/her duties.

Under the PRC Company Law, the board of directors may exercise the following powers:

(I) To convene general meetings and report its work to the general meeting;

(II) To implement the resolutions of the general meeting;

(III) To decide on the company's business plans and investment plans;

(IV) To formulate the company's profit distribution plans and loss coverage plans;

(V) To formulate plans for increasing or decreasing the company's registered capital and for issuing corporate bonds;

(VI) To formulate plans for the company's merger, division, dissolution or change of corporate form;

(VII) To decide on the establishment of the company's internal management structure;

(VIII) To decide on the appointment or dismissal of the company's manager and his/her remuneration, and to decide on the appointment or dismissal of the company's deputy manager(s) and financial controller(s) and their remuneration upon the nomination of the manager;

(IX) To formulate the company's basic management systems; and

(X) Other powers stipulated in the articles of association or granted by the general meeting.

Any restrictions on the powers of the board of directors imposed by the company's articles of association may not be asserted against a bona fide third party.

Under the PRC Company Law, a company may establish an audit committee composed of board directors in accordance with the company's articles of association to exercise the powers of the supervisory board, in which case it may not have a supervisory board or supervisor. The audit committee shall be composed of at least three members, more than half of whom shall not hold any position in the company other than that of director and shall not have any relationship with the company that could affect their independent and objective judgment. Among the members of the company's board of directors, employee representatives may be members of the audit committee. Resolutions of the audit committee shall be adopted by more than half of its members. Each member shall have one vote when voting on a resolution of the audit committee. The deliberation procedures and voting procedures of the audit committee shall be stipulated by the company's articles of association, unless otherwise provided by the PRC Company Law. Under the articles of association, the company may establish other committees within the board of directors.

The board of directors shall hold at least two meetings each year, and all directors and supervisors shall be notified 10 days before each meeting. A temporary meeting of the board of directors may be proposed by a shareholder representing one-tenth or more of the voting rights, one-third or more of the directors, or the supervisory board. The chairman shall convene and preside over a temporary meeting of the board of directors within 10 days of receiving the proposal. The notice period and method for convening a temporary meeting of the board of directors may be separately stipulated.

A meeting of the board of directors may be held only if more than half of the directors are present. A resolution of the board of directors must be approved by more than half of all the directors. Each director shall have one vote when voting on a resolution of the board of directors. Minutes of the decisions made on the matters considered at the board meeting shall be prepared, and the directors attending the meeting shall sign the minutes.

A director shall attend board meetings in person. If a director is unable to attend a meeting for any reason, he/she may appoint another director in writing to attend on his/her behalf. The power of attorney shall specify the scope of authority. Directors shall be responsible for the resolutions of the board of directors. Directors who participate in adopting a resolution of the board of directors that violates any law, administrative regulation, the articles of association or a resolution of the general meeting, causing the company serious losses, shall be liable to compensate the company. If a director is proven to have expressed opposition to the resolution and such opposition is recorded in the minutes, his/her liability may be exempted.

Under the PRC Company Law, none of the following persons may serve as a director of the company:

(I) A person who has no capacity for civil conduct or has limited capacity for civil conduct;

(II) A person who has been sentenced to a criminal penalty for corruption, bribery, embezzlement, misappropriation of property or disruption of the socialist market economic order, where less than five years have elapsed since the expiration of the sentence, or who has been deprived of political rights for a crime, where less than five years have elapsed since the expiration of the sentence; where a suspended sentence has been imposed, less than two years have elapsed since the expiration of the suspended sentence;

(III) A person who served as a director, factory manager or manager of a company or enterprise that was bankrupt and liquidated, who is personally responsible for the bankruptcy of that company or enterprise, where less than three years have elapsed since the completion of the bankruptcy and liquidation of that company or enterprise;

(IV) A person who served as the legal representative of a company or enterprise whose business license was revoked or which was ordered to close due to a violation of the law, who is personally responsible for the violation, where less than three years have elapsed since the revocation of the business license or the order to close the company or enterprise; and

(V) A person who has been listed by a people's court as a dishonest person subject to enforcement due to failing to repay a relatively large amount of debt that has become due.

If a director is elected or appointed in violation of the preceding paragraph, such election, delegation or appointment shall be invalid. If a director falls under the circumstances listed above during his/her term of office, the company shall remove him/her from his/her position.

In addition, the Guidelines for Articles of Association of Listed Companies further stipulates other circumstances under which a person may not serve as a director of the company, including: (1) a person who has been subject to securities market entry prohibitions imposed by the CSRC, where the prohibition period has not yet expired; or (2) a person who is prohibited from serving as a director under other laws, administrative regulations or departmental rules.

Under the PRC Company Law, the board of directors shall have a chairman and may have a vice-chairman. The chairman and vice-chairman shall be elected by more than half of all the directors. The chairman shall convene and preside over meetings of the board of directors and inspect the implementation of the resolutions of the board of directors. The vice-chairman shall assist the chairman in his/her work. If the chairman is unable or fails to perform his/her duties, the vice-chairman shall perform such duties. If the vice-chairman is unable or fails to perform his/her duties, a director jointly nominated by more than half of the directors shall perform such duties.

Supervisory Board

A joint stock company shall have a supervisory board with at least three members. However, (i) a joint stock company with a small size or a small number of shareholders may not have a supervisory board but may have one supervisor exercising the powers of the supervisory board; and (ii) a joint stock company that establishes an audit committee composed of directors in the board of directors to exercise the powers of the supervisory board may not have a supervisory board or supervisor. The supervisory board shall include representatives of shareholders and an appropriate number of representatives of the company's employees, with the proportion of employee representatives not less than one-third, and the specific proportion shall be specified in the company's articles of association. The employee representatives on the supervisory board shall be democratically elected by the company's employees through the employee representative assembly, the employee assembly or other forms.

The supervisory board shall have a chairman and may have a vice-chairman. The chairman and vice-chairman of the supervisory board shall be elected by more than half of all the supervisors. Directors and senior management may not serve as supervisors. The chairman of the supervisory board shall convene and preside over meetings of the supervisory board; if the chairman is unable or fails to perform his/her duties, the vice-chairman of the supervisory board shall convene and preside over meetings of the supervisory board; if the vice-chairman of the supervisory board is unable or fails to perform his/her duties, a supervisor jointly nominated by more than half of the supervisors shall convene and preside over meetings of the supervisory board.

The term of office of a supervisor is three years. Supervisors may serve consecutive terms upon re-election upon the expiry of their term. If the term of a supervisor expires and no re-election is made in a timely manner, or if a supervisor resigns during his/her term of office, causing the number of supervisors on the supervisory board to fall below the statutory number, the original supervisor shall continue to perform his/her duties as a supervisor in accordance with the provisions of laws, administrative regulations and the company's articles of association until the newly elected supervisor assumes office.

The supervisory board exercises the following powers:

(I) To inspect the company's financial affairs;

(II) To supervise the conduct of directors and senior management in the performance of their duties, and to propose the removal of directors or senior management who violate any law, administrative regulation, the articles of association or a resolution of the general meeting;

(III) To demand that directors and senior management rectify any act of directors or senior management that damages the company's interests;

(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 its duty to convene and preside over general meetings as stipulated in the PRC Company Law;

(V) To submit proposals to the general meeting;

(VI) To file lawsuits against directors and senior management in accordance with the relevant provisions of the PRC Company Law; and

(VII) To exercise other powers stipulated in the company's articles of association.

Supervisors may attend board meetings as non-voting participants and raise questions or make recommendations regarding matters to be resolved by the board of directors. If a supervisor discovers that the company's operations are abnormal, he/she may conduct an investigation; if necessary, he/she may engage an accounting firm to assist him/her in its work, and the costs shall be borne by the company.

Manager and Senior Management

Under the relevant provisions of the PRC Company Law, a company may have a manager, appointed or dismissed by the board of directors. The manager is responsible to the board of directors and exercises his/her powers in accordance with the company's articles of association or the authorization of the board of directors. The manager shall attend board meetings as a non-voting participant.

Under the relevant provisions of the PRC Company Law, senior management refers to the company's manager, deputy manager(s), financial controller, the secretary to the board of directors in a listed company, and other personnel specified in the company's articles of association.

Obligations of Directors, Supervisors, General Manager and Other Senior Management

Directors, supervisors and senior management shall comply with relevant laws, administrative regulations and the company's articles of association.

Directors, supervisors and senior management owe a duty of loyalty to the company. They shall take measures to avoid conflicts between their own interests and the interests of the company, and shall not use their positions to seek improper benefits. Directors, supervisors and senior management owe a duty of diligence to the company. When performing their duties, they shall exercise the reasonable care that a manager would ordinarily exercise for the best interests of the company.

The preceding paragraph applies to the controlling shareholder or de facto controller of the company who does not serve as a director but actually executes the company's affairs.

In addition, directors, supervisors and senior management must not have the following conduct:

(I) To embezzle company property or misappropriate company funds;

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

(III) To use their position to offer bribes or receive other illegal income;

(IV) To appropriate commissions received for transactions between others and the company;

(V) To disclose company secrets without authorisation; and

(VI) Other conduct that violates their duty of loyalty to the company.

If, when performing their duties, directors, supervisors or senior management violate any law, administrative regulation or the provisions of the company's articles of association, causing losses to the company, they shall be liable for compensation.

If the general meeting requests directors, supervisors or senior management to attend a meeting as non-voting participants, such directors, supervisors and senior management shall attend and accept the shareholders' questions. The supervisory board may request directors or senior management to submit reports on their performance of duties. Directors and senior management shall truthfully provide relevant information and materials to the supervisory board and shall not obstruct the supervisory board or supervisors from exercising their powers.

If, when directors or senior management, in the performance of their duties, violate any law, administrative regulation or the provisions of the company's articles of association, causing losses to the company, a shareholder or shareholders individually or jointly holding 1% or more of the company's shares for more than 180 consecutive days may request in writing the supervisory board to file a lawsuit with a people's court.

If, when supervisors, in the performance of their duties, violate any law, administrative regulation or the provisions of the company's articles of association, causing losses to the company, the aforementioned shareholders may request in writing the board of directors to file a lawsuit with a people's court. If the supervisory board or the board of directors refuses to file a lawsuit after receiving the written request of the shareholder as provided in the preceding paragraph, or fails to file a lawsuit within 30 days from the date of receipt of the request, or if the situation is urgent and failing to file a lawsuit immediately would cause irreparable damage to the company's interests, the shareholder provided for in the preceding paragraph shall have the right to file a lawsuit directly with a people's court in its own name for the benefit of the company. If any other person infringes the legitimate rights and interests of the company, causing losses to the company, the shareholder specified in the above paragraph may file a lawsuit with a people's court in accordance with the above procedures. If a director or senior management violates any law, administrative regulation or the company's articles of association, thereby harming the interests of a shareholder, the shareholder may file a lawsuit with a people's court.

If a director, supervisor or senior management of a wholly-owned subsidiary of the company, when performing their duties for the company, violates any law, administrative regulation or the articles of association, causing losses to the company, or if any other person infringes the legitimate rights and interests of such wholly-owned subsidiary, causing losses, a shareholder of a limited liability company, or a shareholder of a joint stock company individually or jointly holding 1% or more of the company's total shares for more than 180 consecutive days, may request in writing the supervisory board or the board of directors of such wholly-owned subsidiary to file a lawsuit with a people's court, or may directly file a lawsuit with a people's court in his/her/its/their own name.

Financial Affairs, Accounting and Profit Distribution

Under the PRC Company Law, a company shall establish its financial and accounting systems in accordance with the provisions of laws, administrative regulations and the finance department under the State Council. A company shall prepare its financial and accounting reports at the end of each accounting year, and such reports shall be audited by an accounting firm in accordance with the law. The financial and accounting reports shall be prepared in accordance with the provisions of laws, administrative regulations and the finance department under the State Council. The company's financial and accounting reports shall be made available at the company for inspection by shareholders 20 days before the annual general meeting; a joint stock company that issues shares to the public shall announce its financial and accounting reports.

When distributing its after-tax profits for the year, the company shall appropriate 10% of its after-tax profits to the company's statutory reserve. However, if the accumulated amount of the company's statutory reserve exceeds 50% of the company's registered capital, further appropriation may be discontinued. If the company's statutory reserve is insufficient to cover losses from prior years, the current year's profits shall first be used to cover the losses before appropriating to the statutory reserve. After appropriating from its after-tax profits to the statutory reserve, the company may, upon a resolution of the general meeting, appropriate from its after-tax profits to a discretionary reserve. The remaining after-tax profits after covering losses and appropriating to the discretionary reserve shall be distributed to shareholders in proportion to their shareholdings, except where the company's articles of association provide otherwise for distribution not in proportion to shareholdings. No profits shall be distributed in respect of the shares held by the company.

If a company distributes profits to shareholders in violation of the relevant provisions of the PRC Company Law, the shareholders shall return the distributed profits to the company. If the company suffers losses as a result, the shareholders and the responsible directors, supervisors and senior management shall be liable for compensation.

If the general meeting passes a resolution on the distribution of profits, the board of directors shall make the distribution within six months from the date the resolution of the general meeting is adopted.

The premium received by a company from issuing shares at a price above their par value, the amount of proceeds from the issuance of no-par value shares not included in the registered capital, and other items that the finance department under the State Council stipulates should be included in the capital reserve shall all be classified as the company's capital reserve.

The company's reserves shall be used to cover the company's losses, expand the company's production and operations, or increase the company's registered capital. If the company's common reserves are used to cover losses, the discretionary reserve and statutory reserve shall be used first. If losses still cannot be covered, the capital reserve may be used in accordance with the relevant provisions. When the statutory reserve is converted into increased registered capital, the remaining common reserve shall not be less than 25% of the company's registered capital before the conversion.

No separate accounting books may be kept other than the statutory accounting books of the company. No company funds may be deposited in accounts opened in any individual name.

After a company reduces its registered capital in accordance with the PRC Company Law, it may not distribute profits until the accumulated amount of its statutory reserve and discretionary reserve reaches 50% of the company's registered capital.

Appointment and Dismissal of Auditors

Under the PRC Company Law, the appointment and dismissal of the accounting firm undertaking the audit of the company shall be decided by the general meeting, the board of directors or the supervisory board in accordance with the provisions of the company's articles of association. When the general meeting, the board of directors or the supervisory board of the company votes on the dismissal of an accounting firm, the accounting firm shall be allowed to state its opinion. The company shall provide the appointed accounting firm with true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting information, and shall not refuse to provide, conceal or misrepresent such information.

Amendment of the Articles of Association

Under the PRC Company Law, a resolution of the general meeting to amend the articles of association must be approved by more than two-thirds of the voting rights held by the shareholders attending the meeting. According to the Guidelines on Articles of Association of Listed Companies, if an amendment to the articles of association adopted by a resolution of the general meeting requires approval by the competent authority, such approval shall be obtained; if the amendment involves matters that must be registered with the company registration authority, the change of registration shall be carried out in accordance with the law. If the amendment to the articles of association is a matter that laws and regulations require to be disclosed, it shall be announced in accordance with the regulations.

Dissolution and Liquidation

Under the PRC Company Law, a company shall be dissolved under any of the following circumstances:

(I) The term of operation stipulated in the articles of association expires or any other cause of dissolution stipulated in the articles of association occurs;

(II) The general meeting resolves to dissolve the company;

(III) The company needs to be dissolved due to a merger or division;

(IV) The company's business license is revoked, it is ordered to close, or it is cancelled in accordance with the law; or

(V) Where the company's operation and management are in serious difficulty, continued existence would cause material loss to the interests of shareholders, and no resolution can be achieved through other means, a shareholder or shareholders holding 10% or more of the voting rights of all shareholders of the company may request a people's court to dissolve the company.

If any of the circumstances set out in the preceding paragraph occurs, the company shall make a public announcement through the National Enterprise Credit Information Publicity System within 10 days.

If a company falls under the circumstances set out in items (I) or (II) of the preceding paragraph and has not yet distributed its assets to shareholders, it may survive by amending its articles of association or by a resolution of the general meeting.

An amendment to the articles of association or a resolution of the general meeting in accordance with the preceding paragraph must be approved by more than two-thirds of the voting rights held by the shareholders attending the general meeting.

A company dissolved due to the circumstances set out in items (I), (II), (IV) or (V) of the preceding paragraph shall be liquidated. The directors are the persons responsible for liquidation and shall form a liquidation group to carry out the liquidation within 15 days from the date the cause of dissolution occurs. Unless otherwise provided in the company's articles of association or the general meeting elects otherwise, the liquidation group shall be composed of directors.

If the persons responsible for liquidation fail to perform their liquidation obligations in a timely manner, causing losses to the company or creditors, they shall be liable for compensation.

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

(I) To take stock of the company's property and prepare a balance sheet and an inventory of its property, respectively;

(II) To notify creditors by notice or public announcement;

(III) To deal with the company's unfinished business matters relating to the liquidation;

(IV) To pay taxes owed and taxes arising during the liquidation process;

(V) To settle claims and pay debts;

(VI) To distribute the remaining property after repaying the company's debts; and

(VII) To participate in civil litigation proceedings on behalf of the company.

The liquidation group shall notify creditors within 10 days of its formation and shall make a public announcement in a newspaper or on the National Enterprise Credit Information Publicity System within 60 days.

Creditors shall, within 30 days of receiving the notice, or within 45 days of the public announcement if no notice is received, submit their claims to the liquidation group.

When submitting claims, creditors shall state the relevant matters concerning their claims and provide supporting materials. The liquidation group shall register the claims. During the period for submitting claims, the liquidation group may not repay the claims to creditors.

After taking stock of the company's property and preparing a balance sheet and an inventory of its property, the liquidation group shall formulate a liquidation plan and submit it to the general meeting or the people's court for confirmation. After paying the liquidation expenses, employees' wages, social insurance premiums and statutory compensation, paying taxes owed, and repaying the company's debts, the remaining property of the company shall be distributed to shareholders in proportion to their capital contributions. During the liquidation period, the company continues to exist but may not engage in any business activities unrelated to the liquidation. No property of the company may be distributed to shareholders before it has been used to pay off debts in accordance with the provisions of the preceding paragraph.

If, after taking stock of the company's property and preparing a balance sheet and an inventory of its property, the liquidation group finds that the company's property is insufficient to pay its debts, it shall apply to a people's court for bankruptcy liquidation. After the people's court accepts the bankruptcy application, the liquidation group shall transfer the liquidation matter to the bankruptcy administrator appointed by the people's court.

Members of the liquidation group, when performing their liquidation duties, owe a duty of loyalty and a duty of diligence to the company. If a member of the liquidation group is negligent in performing its liquidation duties, causing losses to the company, it shall be liable for compensation; if a member of the liquidation group causes losses to creditors intentionally or due to gross negligence, it shall be liable for compensation.

After the company's liquidation is completed, the liquidation group shall prepare a liquidation report, submit it to the general meeting or the people's court for confirmation, and submit it to the company registration authority to apply for cancellation of the company's registration.

If a company has not incurred any debts during its existence or has paid off all its debts, and if all its shareholders undertake to do so, it may have its company registration cancelled through the simplified procedure in accordance with the relevant provisions. To have its company registration cancelled through the simplified procedure, the company shall make a public announcement through the National Enterprise Credit Information Publicity System, with a public announcement period of not less than 20 days. If no objection is raised after the expiry of the public announcement period, the company may apply to the company registration authority for cancellation of its company registration within 20 days.

If the shareholders of a company whose registration is cancelled through the simplified procedure make an untruthful undertaking, they shall be jointly and severally liable for the debts of the company before the cancellation of registration.

If, three years after a company's business license has been revoked, it has been ordered to close, or it has been cancelled, no application for cancellation of its company registration has been submitted to the company registration authority, the company registration authority may cancel the registration by public announcement through the National Enterprise Credit Information Publicity System, with a public announcement period of not less than 60 days. If no objection is raised after the expiry of the public announcement period, the company registration authority may cancel the company registration. Such cancellation of registration shall not affect the liability of the former shareholders or the persons responsible for liquidation.

Overseas Listing

According to the Overseas Listing Trial Measures, securities refer to shares, depositary receipts, convertible corporate bonds or other equity-type securities issued and listed overseas, directly or indirectly, by a domestic enterprise. Direct overseas issuance and listing by a domestic enterprise means the overseas issuance and listing by a joint stock company established and registered in China. Indirect overseas issuance and listing by a domestic enterprise means the overseas issuance and listing by an enterprise whose principal business activities are in China, in the name of an enterprise registered overseas, based on the equity, assets, income or other similar interests of the domestic enterprise.

The Overseas Listing Trial Measures also specify the conditions for overseas issuance and listing. A domestic enterprise may not conduct an overseas issuance and listing under any of the following circumstances:

(I) The laws, administrative regulations or relevant state provisions explicitly prohibit listing and financing;

(II) The relevant competent authority under the State Council has determined, upon review and assessment in accordance with the law, that an overseas issuance or listing may endanger national security;

(III) The domestic enterprise and its controlling shareholder and de facto controller have committed a criminal offence of corruption, bribery, embezzlement, misappropriation of property or disruption of the socialist market economic order within the last three years;

(IV) The domestic enterprise is under lawful investigation with a case filed for suspected criminal offences or material illegal or non-compliant conduct, and no clear conclusion has been reached;

(V) The equity held by the controlling shareholder or shareholders controlled by the de facto controller is subject to material ownership disputes.

In addition, under the Overseas Listing Trial Measures, if a domestic enterprise of PRC applies for an initial public offering to a competent overseas regulatory authority or an overseas stock exchange, the issuer must file with the CSRC within three working days after submitting the application.

If any of the following material events occurs after an issuer's overseas issuance and listing, the issuer shall report the specific circumstances to the CSRC within three working days from the date of occurrence and announcement of the relevant events:

(I) A change of control;

(II) An investigation, penalties or other measures being taken by an overseas securities regulatory authority or a relevant competent authority;

(III) A change in listing status or listing board;

(IV) Voluntary termination of listing or compulsory termination of listing.

According to the Provisions on Strengthening the Administration of Confidentiality and Archival Management in Connection with the Overseas Issuance and Listing of Securities by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》), promulgated by the CSRC, the Ministry of Finance, the National Administration of State Secrets Protection and the National Archives Administration on 24 February 2023 and effective from 31 March 2023, if a domestic enterprise provides, publicly discloses, or provides or publicly discloses through its overseas listing entity, documents or materials involving state secrets or working secrets of state authorities to securities companies, securities service institutions, overseas regulatory authorities or other entities or individuals, it shall first obtain approval from the competent authority in accordance with the law and file for record with the secrecy administrative authority at the same level. If a domestic enterprise provides accounting files or copies of accounting files to securities companies, securities service institutions, overseas regulatory authorities or other entities or individuals, it shall go through the corresponding procedures in accordance with the relevant state provisions.

Loss of Share Certificates

If a registered share certificate is stolen, lost or destroyed, the shareholder may request a People's Court to declare the share certificate invalid in accordance with the public summons procedure stipulated in the PRC Civil Procedure Law (《中國民事訴訟法》). After the People's Court declares the share certificate invalid, the shareholder may apply to the company for a replacement share certificate.

Merger and Division

Under the PRC Company Law, when a company merges, the merging companies shall enter into a merger agreement and prepare a balance sheet and an inventory of their property. The company shall notify its creditors within 10 days from the date of passing the merger resolution, and shall make a public announcement in a newspaper or on the National Enterprise Credit Information Publicity System within 30 days. Creditors may, within 30 days from the date of receipt of the notice, or within 45 days from the date of the public announcement if no notice is received, request the company to repay its debts or provide corresponding security. When a company merges, the claims and debts of the merging parties shall be inherited by the surviving or newly established company.

When a company divides, its property shall be divided accordingly, and a balance sheet and an inventory of its property shall be prepared. The company shall notify its creditors within 10 days from the date of passing the division resolution, and shall make a public announcement in a newspaper or on the National Enterprise Credit Information Publicity System within 30 days. The debts of the company before the division shall be borne jointly and severally by the companies after the division, unless the company and its creditors have entered into a written agreement before the division providing otherwise with respect to the repayment of debts.

PRC Securities Laws, Regulations and Regulatory System

China has promulgated a series of regulations relating to the issuance and trading of shares and information disclosure. In October 1992, the State Council established the Securities Policy Committee and the CSRC. The Securities Policy Committee was responsible for coordinating the drafting of securities regulations, formulating securities policies, planning the development of the securities market, guiding, coordinating and supervising all securities-related institutions in China, and managing the CSRC. The CSRC was the regulatory enforcement body of the Securities Policy Committee, responsible for drafting regulatory provisions for the securities market, supervising securities companies, regulating the public offering of securities by Chinese companies in China or overseas, regulating securities trading, collecting securities-related statistical information and conducting related research and analysis. In April 1998, the State Council merged the two bodies and reorganised the CSRC.

On 22 April 1993, the State Council promulgated the Provisional Regulations on the Administration of Share Issuance and Trading (《股票發行與交易管理暫行條例》), which set out the procedures for applying for and approving a public offering of shares, the issuance and trading of shares, the acquisition of listed companies, the custody, clearing and transfer of shares, information disclosure by listed companies, investigations, penalties and the resolution of disputes.

The Securities Law of the People's Republic of China (《中華人民共和國證券法》) (the "**PRC Securities Law**") became effective on 1 July 1999 and was amended on 28 August 2004, 27 October 2005, 29 June 2013, 31 August 2014 and 28 December 2019. The latest revision of the PRC Securities Law took effect on 1 March 2020. The PRC Securities Law is the first securities law in China and provides for the centralised and unified supervision and administration of securities market activities in China. The PRC Securities Law is divided into 14 chapters and 226 articles, covering matters such as securities issuance, securities trading, the acquisition of listed companies, stock exchanges, securities companies, and the responsibilities of securities registration and settlement institutions and securities regulatory authorities. Article 224 of the PRC Securities Law provides that domestic enterprises that issue securities overseas, directly or indirectly, or that list and trade their securities overseas, shall comply with the relevant provisions of the State Council. Currently, the issuance and trading of overseas issued securities (including shares) are primarily governed by the regulations and rules promulgated by the State Council and the CSRC.

Arbitration and Enforcement of Arbitral Awards

The Arbitration Law of the People's Republic of China (《中華人民共和國仲裁法》) (the "**PRC Arbitration Law**") was formulated 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. The PRC Arbitration Law applies to, among other things, economic disputes involving foreign parties where the parties have entered into a written agreement to submit the matter in dispute to an arbitration commission formed under the PRC Arbitration Law for arbitration. The PRC Arbitration Law stipulates that before the China Arbitration Association promulgates arbitration rules, arbitration commissions may formulate provisional arbitration regulations in accordance with the PRC Arbitration Law and the PRC Civil Procedure Law. If the parties to a dispute have agreed to arbitration as a method of dispute resolution, if one party brings a lawsuit to a People's Court, the People's Court will refuse to accept the case, unless the arbitration agreement is invalid.

Under the PRC Arbitration Law and the PRC Civil Procedure Law, arbitration adopts a system of finality, meaning that the arbitration award is binding on the parties to the arbitration. If one party fails to comply with the arbitration award, the other party may apply to a People's Court for enforcement of the arbitration award. If the arbitration procedure is illegal (including, but not limited to, the composition of the arbitral tribunal, the subject matter of the award falling outside the scope of the arbitration agreement, or the arbitration commission lacking jurisdiction), the People's Court may refuse to enforce the arbitration award made by the arbitration commission.

If a party seeks to enforce an award made by a foreign-related arbitration institution in China against another party, and the party against whom enforcement is sought is not located in China, or its assets are not located in China, it may apply to a competent overseas court for recognition and enforcement of the award. Similarly, a Chinese court may, on the basis of reciprocity or any international treaty to which China has acceded or become a party, recognise and enforce an arbitration award made by an overseas arbitration institution.

The SCNPC adopted a resolution on 2 December 1986 for China to accede 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》) (the "**New York Convention**") adopted on 10 June 1958. The New York Convention provides that each signatory country shall recognise and enforce all arbitration awards made in another signatory country to the New York Convention, subject to the right of each country to refuse enforcement in certain circumstances (including where the enforcement of the arbitration award would be contrary to the public policy of that country). At the time of China's accession to the Convention, the SCNPC also declared: (I) China would apply the Convention to the recognition and enforcement of arbitral awards made in the territory of another Contracting State only on the basis of reciprocity; and (II) the New York Convention would only apply to disputes arising out of legal relationships, whether contractual or non-contractual, which are considered commercial under Chinese law.

An agreement has been reached between the Hong Kong Special Administrative Region and the Supreme People's Court of China regarding the mutual enforcement of arbitral awards. The Supreme People's Court of China 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》) on 18 June 1999, which became effective on 1 February 2000. The Supreme People's Court of China promulgated 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》) on 26 November 2020, which became effective on 27 November 2020. This arrangement was made in the spirit of the New York Convention. Under this arrangement, an arbitral award made by a PRC arbitration institution recognised under the Hong Kong arbitration rules may be enforced in Hong Kong, and an award made by an arbitration institution in Hong Kong may also be enforced in Mainland China. If a court in Mainland China determines that enforcing an award made by an arbitration institution in Hong Kong would be contrary to the public policy of Mainland China, it may refuse to enforce the award.

Summary of Significant Differences between Hong Kong and PRC Company Laws

As a joint stock company limited established in China with the intention of having its shares listed on a stock exchange for the first time, the Company is subject to the PRC Company Law and all other rules and regulations promulgated under the PRC Company Law.

The following is a summary of certain significant differences between the Hong Kong company law applicable to companies incorporated in Hong Kong and the PRC Company Law applicable to joint stock companies limited incorporated and existing under the PRC Company Law. However, this summary is not intended to be a comprehensive comparison.

Company Existence

Under the PRC Company Law, a joint stock company may be incorporated by means of promotion or public offering.

Share Capital

Under the PRC Securities Law, listing applications shall comply with the provisions of the listing rules of the stock exchange.

Under the PRC Company Law, shareholders may make capital contributions in currency or in non-monetary assets such as physical objects, intellectual property, land use rights, equity, creditor's rights, or other non-monetary assets that can be valued in currency and transferred in accordance with the law, other than assets that are prohibited by laws or administrative regulations from being used as capital contributions. Non-monetary assets contributed as capital shall be appraised and verified, without overvaluation or undervaluation. If laws or administrative regulations have provisions on value appraisal, such provisions shall prevail.

Restrictions on Equity Interests and Share Transfer

Under PRC law, unlisted shares denominated in RMB and subscribed for in RMB may only be subscribed for or traded by Chinese investors, qualified foreign institutional investors or qualified foreign strategic investors. Overseas listed shares denominated in RMB and subscribed for in foreign currency may only be subscribed for and traded by investors from countries and regions outside China or other qualified Chinese institutional investors. If H Shares are eligible securities under the Stock Connect schemes, such shares are also available for subscription and trading by investors in China, subject to the rules and restrictions of the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect.

Under the PRC Company Law, shares issued by a company before its public offering shall not be transferred within one year from the date on which the company's shares are listed and traded on a stock exchange. If laws, administrative regulations or the securities regulatory authority under the State Council provide otherwise for the transfer of shares held by shareholders or de facto controllers of a listed company, such provisions shall prevail. Directors, supervisors and senior management of the company shall report to the company the shares they hold and any changes in such holdings. During their term of office, the number of shares they may transfer each year shall not exceed 25% of the total number of shares of the company they hold. The shares of the company they hold shall not be transferred within one year from the date the company's shares are listed and traded on a stock exchange. The above-mentioned persons shall not transfer the shares of the company they hold within six months after leaving their posts. The company's articles of association may impose other restrictions on the transfer of shares of the company held by its directors, supervisors and senior management.

Notice of General Meeting

Under the PRC Company Law, notice of an annual general meeting shall be given not less than 20 days before the date of the meeting; notice of an extraordinary general meeting shall be given not less than 15 days before the date of the meeting.

Quorum of a General Meeting

The PRC Company Law does not specifically provide for a quorum of a general meeting.

Voting at a General Meeting

Under the PRC Company Law, a resolution of a general meeting must be adopted by the shareholders representing more than half of the voting rights.

A resolution of the general meeting to amend the articles of association, increase or decrease the registered capital, or to merge, divide, dissolve or change the corporate form of the company must be adopted by the shareholders representing not less than two-thirds of the voting rights.

Modification of Class Rights

Under the PRC Company Law, where a company issuing class shares handles a matter that may affect the rights of class shareholders, in addition to a resolution of the general meeting, such matter shall also be approved by the shareholders representing not less than two-thirds of the voting rights present at a class shareholders' meeting.

Directors

Under the PRC Company Law, when a director enters into a contract or carries out a transaction, directly or indirectly, with the company, he/she shall report relevant matters concerning the conclusion of the contract or the carrying out of the transaction to the board of directors or the general meeting, and such contract or transaction shall be subject to a resolution of the board of directors or the general meeting in accordance with the company's articles of association. The above provisions also apply when any close relative of a director, any enterprise directly or indirectly controlled by a director or any close relative of a director, or any other related party having any other relationship of association with a director, enters into a contract or carries out a transaction with the company. If a director is removed from office before the expiry of his/her term without just cause, he/she may claim compensation from the company.

The PRC Company Law differs from the Companies Ordinance in that it does not contain provisions regarding the declaration of interests in material contracts by directors, restrictions on directors' powers to make material disposals, restrictions on the provision of certain benefits to directors and the provision of guarantees for directors' liabilities, or prohibitions on the payment of departure compensation without shareholder approval.

Supervisory Board

Under the PRC Company Law, if a joint stock company has a supervisory board, the directors and senior management of the company shall be subject to the supervision of the supervisory board.

Derivative Actions by Minority Shareholders

Under the PRC Company Law, if any director, supervisor or senior management causes any loss to the company by violating any law, administrative regulation or the company's articles of association in the performance of his/her duties, a shareholder or shareholders individually or jointly holding 1% or more of the company's shares for more than 180 consecutive days may request in writing the supervisory board to file a lawsuit with a People's Court. If a supervisor violates any relevant provision of the Company Law, the aforementioned shareholders may request in writing the board of directors to file a lawsuit with a People's Court. If the supervisory board or the board of directors refuses to file a lawsuit after receiving the written request of the shareholder, or fails to file a lawsuit within 30 days from the date of receipt of the request, or if the situation is urgent and failing to file a lawsuit immediately would cause irreparable damage to the company's interests, the aforementioned shareholder(s) shall have the right to file a lawsuit directly with a People's Court in its/their own name for the benefit of the company.

The Model Articles of Association also provides for other remedies when directors, supervisors and senior management breach their duties to the company. In addition, as a condition for listing its shares on the Hong Kong Stock Exchange, each director and supervisor of a joint stock company must undertake to the shareholders to act as an agent of the shareholders for the benefit of the company. This allows minority shareholders to take action against directors and supervisors in the event of their default.

Protection of Minority Shareholders' Interests

The PRC Company Law provides that if the operation and management of a company are in serious difficulty, continued existence would cause material loss to the interests of shareholders, and no resolution can be achieved through other means, a shareholder or shareholders holding 10% or more of the voting rights of the company may request a People's Court to dissolve the company.

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Financial Disclosure

Under the PRC Company Law, the financial reports of a joint stock company shall be made available at the company for inspection by shareholders 20 days before the convening of the general meeting. In addition, a joint stock company that offers shares to the public shall publish its financial reports.

Under the PRC Company Law, a company shall prepare its financial reports at the end of each financial year, and such reports shall be audited by an accounting firm in accordance with the law.

Information Relating to Directors and Shareholders

The PRC Company Law gives shareholders the right to inspect and copy the company's articles of association, the minutes of general meetings, the resolutions of board of directors or supervisory board meetings, and the financial and accounting reports.

Corporate Restructuring

Under the PRC Company Law, the merger, division, dissolution or change of corporate form of a joint stock company must be approved by the shareholders at a general meeting.

Mandatory Appropriation

Under the PRC Company Law, before distributing its after-tax profits, a company shall appropriate 10% of its profits to its statutory common reserve. The company may discontinue appropriations to the statutory common reserve when the total amount of such reserve reaches 50% of its registered capital. After appropriating from its after-tax profits to the statutory common reserve, the company may, upon a resolution of the general meeting, appropriate from its after-tax profits to a discretionary reserve.

Company Remedies

Under the PRC Company Law, if a director, supervisor or senior management causes any loss to the company by violating any law, administrative regulation or the company's articles of association in the performance of his/her duties, he/she shall be liable for compensation.

Dividends

Under the PRC Company Law, the after-tax profits of the company after covering losses and making appropriations to the common reserves shall be distributed by the company to shareholders in proportion to their shareholdings, unless otherwise provided in the company's articles of association.

Fiduciary Duties

Under the PRC Company Law, directors, supervisors, managers and other senior management of a company owe a duty of loyalty and a duty of diligence to the company. Such persons shall comply with the company's articles of association, perform their duties faithfully and in good faith, protect the company's interests, and shall not abuse their positions and powers for their own personal benefit.

Closure of Register of Members

Under the PRC Company Law, the register of members may not be changed within 20 days before the convening of a general meeting, or within five days before the record date determined by the company for the distribution of dividends. If laws, administrative regulations or the securities regulatory authority under the State Council provide otherwise for the change of the register of members of a listed company, such provisions shall prevail.