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SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

THE PRC LEGAL SYSTEM

The PRC legal system is composed of the constitution, laws, administrative regulations, local regulations, separate rules, rules and regulations of departments of the State Council, rules and regulations of local governments, autonomy regulations, separate rules of autonomous regions and international treaties of which the PRC government is a signatory.

Court judgements do not constitute binding precedents, although they may be used for the purpose of judicial reference and guidance.

Pursuant to the Constitution of the PRC (《中華人民共和國憲法》) (hereinafter referred to as the “**Constitution**”, which was promulgated on December 4, 1982 and last amended and came into effect on March 11, 2018) and the Legislation Law of the PRC (《中華人民共和國立法法》), which was adopted on July 1, 2000 and last amended on March 13, 2023 and came into effect on March 15, 2023 (hereinafter referred to as the “**Legislation Law**”), the NPC and the Standing Committee of the NPC (the “**SCNPC**”) are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend the basic laws of criminal and civil matters, State institutions and others. The SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during its adjournment, provided that such supplements and amendments shall not be in conflict with the principles of such laws.

The State Council is the highest administrative organ of the State, and enacts administrative regulations under the Constitution and laws.

People’s congresses of provinces, autonomous regions and municipalities directly under the central government and their respective standing committees may formulate local regulations based on the specific circumstances and requirements of the local administrations, provided that such local regulations shall not be in conflict with the constitution, laws, and administrative regulations.

The ministries, commissions, the PBOC, National Audit Office of the PRC and the State Committee of Supervisory of the PRC with administrative functions may formulate rules and regulations within the scope of their authority based on the laws and the administrative regulations, decisions and rulings of the State Council. In order to implement the laws, administrative regulations and decisions and rulings of the State Council, provisions of rules and regulations within the jurisdiction are formulated.

People’s congresses of cities with districts and their standing committees may enact local regulations based on the specific circumstances and actual needs which shall come into effect upon approval from the respective standing committees of the people’s congresses of the provinces and autonomous regions, provided that such local regulations shall not be in conflict with the constitution, laws, and administrative regulations.

People’s congresses of autonomous regions may enact autonomy regulations and separate rules in the light of the political, economic and cultural characteristics of the local nationalities, which shall come into effect upon approval by the SCNPC. Adaptations of provisions of laws and administrative regulations may be introduced to the autonomy regulations and separate rules so long as they do not contravene the basic principles of the laws or administrative regulations, and no adaptations shall be made to the specific provisions on national autonomous areas in the constitutions, national region autonomy law and other relevant laws and administrative regulations.

People’s governments of provinces, autonomous regions and municipalities directly under the central government may formulate rules according to laws, administrative regulations and relevant local regulations.

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The Constitution, enacted by the NPC, is basis of the PRC legal system and has supreme legal authority, and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the Constitution. The hierarchy of laws is higher than that of administrative regulations, local regulations, and rules. The hierarchy of administrative regulations is higher than that of local regulations and rules. The hierarchy of local regulations is higher than that of the rules of the local governments at or below the corresponding level. The hierarchy of the rules enacted by the people's governments of the provinces or autonomous regions is higher than that of the rules enacted by the people's governments of cities and autonomous prefectures with districts within the administrative areas of the provinces and the autonomous regions.

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

According to the Constitution, the authority of the interpretation of laws shall be vested to the SCNPC. According to the Decision of the SCNPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on June 10, 1981, interpretation on the application of laws and decrees in court trials and the procuratorial work of the procuratorates shall be given by the Supreme People's Court and the Supreme People's Procuratorate of the PRC, respectively. Interpretation of the laws and decrees unrelated to trials and procuratorial work shall be given by the State Council and the competent ministries and commissions.

In the case that clarification or additional provisions shall be made for the local regulations, the standing committees of the people's congresses of provinces, autonomous regions and municipalities directly under the central government which enacted such regulations shall give the interpretation or formulate the additional provisions. Interpretation on the application of local regulations shall be given by the competent departments under the people's government of the respective provinces, autonomous regions and municipalities directly under the central government.

THE PRC JUDICIAL SYSTEM

Under the Constitution and the Law of the PRC of Organisation of the People's Courts (《中華人民共和國人民法院組織法》) which was enacted and implemented on September 21, 1954, and last amended on October 26, 2018 and took effect on January 1, 2019, the judicial system in PRC is made up of the Supreme People's Court, the local people's courts, military courts and other special people's courts.

The local people's courts are comprised of the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts may be organised into civil, criminal, and economic tribunals. The intermediate people's courts may be organised into divisions similar to those of the basic people's courts, and may be further organised into other special divisions. The people's courts at lower levels are subject to the supervision of the people's courts at higher levels. The Supreme People's Court is the highest judicial organ of the PRC and it has the power to supervise the administration of justice by the local people's courts at all levels and all special people's courts. The people's procuratorates also have the right to exercise legal supervision over the trial activities of people's courts at same or lower levels.

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The people’s courts adopt a “second instance as final” appellate system in the trials of the cases. A party to the case concerned may appeal against the judgement and ruling of the first instance by the local people’s courts to the people’s courts at the next higher level in accordance with the legal procedures. The people’s procuratorates may appeal to the people’s court at the next higher level in accordance with the legal procedures. In the absence of any appeal by any parties to the case concerned or any appeal by the people’s procuratorates within the stipulated period, the judgement and ruling of the first instance by the local people’s courts shall be final and legally binding. Judgements and rulings of the second instance of the intermediate people’s courts, the higher people’s courts and Supreme People’s Court and the judgements and rulings of the first instance of the Supreme People’s Court shall be the final judgements and rulings. If, however, the Supreme People’s Court finds some definite errors in a legally effective judgement, ruling or conciliation statement of the people’s court at any level, or if the people’s court at a higher level finds such errors in a legally effective judgement, ruling or conciliation statement of the people’s court at a lower level, it has the authority to review the case itself or to direct the lower-level people’s court to conduct a retrial. If the chief judge of all levels of people’s courts finds some definite errors in a legally effective judgement, ruling or conciliation statement, and considers that a retrial is preferred, such case shall be submitted to the judicial committee of the people’s court at the same level for discussion and decision. For death penalties, except those judged by the Supreme People’s Court in accordance with the law, requests shall be submitted to the Supreme People’s Court for approval.

The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》) (hereinafter referred to as the “**PRC Civil Procedure Law**”), which was enacted on April 9, 1991 and last amended on September 1, 2023 and became effective on January 1, 2024, sets forth the criteria for instituting a civil case, the jurisdiction of the people’s courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgement or order. All parties to a civil action conducted within the PRC must comply with the PRC Civil Procedure Law. Generally, a civil case is initially heard by the people’s court located in the defendant’s place of domicile. The parties to a contract may, by an express agreement, select a competent court where civil actions may be brought, provided that the competent court has jurisdiction over the plaintiff’s or the defendant’s place of residence, the place of execution of the contract or the place of performance of the contract, or the object of the action or locations which have substantial connections with the dispute. However, such selection cannot violate the stipulations of hierarchical jurisdiction and exclusive jurisdiction in any case.

A foreign individual, a stateless person, a foreign enterprise or a foreign organisation is given the equal litigation rights and obligations as a citizen, a legal person or other organisations in the PRC when initiating actions or defending against litigations at a PRC court. Should foreign courts impose restrictions on the litigation rights of the citizens, legal persons or other organisations in the PRC, the PRC courts shall impose reciprocal restrictions on the litigation rights of citizens, enterprises and organisations in that country. A foreign individual, a stateless person, a foreign enterprise or a foreign organisation must engage a PRC lawyer in case he or it needs to engage a lawyer for the purpose of initiating actions or defending against litigations at a PRC court. In accordance with the international treaties to which the PRC is a signatory or participant or according to the principle of reciprocity, a people’s court and a foreign court may request each other to serve documents, conduct investigation and collect evidence and conduct other actions on its behalf. All parties to a civil action shall perform the legally effective judgements and rulings. If any party to a civil action refuses to abide by a judgement or ruling made by a people’s court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people’s court for the enforcement of the same within two years subject to application for postponed enforcement or revocation. If a party fails to satisfy within the stipulated period a judgement which the court has granted an enforcement approval, the court may, upon the application of the other party, mandatorily enforce the judgement on the party.

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A party seeking to enforce a judgement or order of a people’s court against a party who is not located within the PRC and does not own any property in the PRC, may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgement or order. In the case of an application or request for recognition and enforcement of a legally effective judgement or order of a foreign court, the people’s court shall, after having examined it in accordance with the international treaties entered into or acceded to by the PRC or with the principle of reciprocity and having arrived at the conclusion that it does not contravene the primary principles of the laws of the PRC nor violates its sovereignty, security or social and public interests, recognise the validity of the judgement or order, and, if required, issue a writ of enforcement and enforce it in accordance with the relevant regulations. If the application or request contravenes the primary principles of the laws of the PRC or violates its sovereignty, security or social and public interests, the people’s court shall not recognise and enforce it.

THE PRC COMPANY LAW, TRIAL MEASURES FOR ADMINISTRATION AND GUIDELINES FOR THE ARTICLES OF ASSOCIATION

A joint stock limited company incorporated in the PRC seeking a listing on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) is mainly subject to the following laws and regulations of the PRC:

The Company Law of the PRC (《中華人民共和國公司法》) (hereinafter referred to as the “**Company Law** (《公司法》)”) was adopted by the Fifth Standing Committee Meeting of the Eighth NPC on December 29, 1993 and came into effect on July 1, 1994, and was amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013 and October 26, 2018 with last amendment made on December 29, 2023, and came into effect on July 1, 2024.

The Trial Measures for Administration promulgated by the CSRC on February 17, 2023 and effective on March 31, 2023, are applicable to the overseas securities offering and listing by domestic enterprises.

The Guidelines for the Articles of Association of Listed Companies (“**Guidelines for the Articles of Association**”) issued by the CSRC on December 16, 1997, which was last amended on March 28, 2025 and became effective on the same date, provides guidance on the articles of association. Accordingly, the contents of the Guidelines are set out in the Company’s Articles of Association, and the summary of which is set out in the section headed “Appendix V — Summary of the Articles of Association” of this document.

Set out below is a summary of the major provisions of the Company Law, Trial Measures for Administration and Guidelines for the Articles of Association which are applicable to the Company.

General Provisions

“A joint stock limited company” means a corporate legal person incorporated under the Company Law. The liability of its shareholders is limited to the extent of the shares held by them and the liability of a company is limited to the full value of all the property owned by it.

A company must conduct its business in accordance with laws as well as public and commercial ethics. A company may invest in other limited liability companies. The liabilities of the company to such invested companies are limited to the amount invested. Unless otherwise provided by laws, a company cannot be the capital contributor who has the joint liabilities associated with the debts of the invested enterprises.

Incorporation

A joint stock limited company may be incorporated by promotion or subscription. A joint stock limited company may be incorporated by a minimum of one but not more than 200 promoters, and at least half of the promoters must have residence within the PRC.

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The promoters shall convene an inaugural meeting of the company established by means of public subscription within 30 days after the share capital has been paid-up, and shall notify all subscribers the date of the meeting or make an announcement in this regard 15 days before the meeting. The inaugural meeting may be held only the presence of promoters and subscribers holding more than 50% of the total number of shares. Powers to be exercised at the inaugural meeting include but not limited to the adoption of articles of association and the election of members of the Board of Directors and the Supervisory Committee of a company. The aforesaid matters shall be resolved by more than 50% of the votes to be casted by subscribers presented at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the Board of Directors shall apply to the registration authority for registration of the incorporation of the joint stock limited company. A company is formally established and has the status of a legal person after the business license has been issued by the relevant registration authority.

Registered Capital

Under the Company Law, shareholders may make capital contributions in cash, or with non-monetary property that may be valued in money and legally transferred, such as contribution in kind or with an intellectual property rights or land use rights.

The Trial Measures for Administration stipulates that fund raising and dividend distributions of a domestic enterprise may be made in foreign currencies or RMB. According to the Trial Measures for Administration, shareholders holding domestic unlisted shares of a domestic enterprise directly listed overseas and are applying for the conversion of the domestic unlisted shares held by them into overseas listed shares and to be listed for trading at overseas stock exchanges, shall comply with the relevant requirements of the CSRC, and file with the CSRC through a domestic enterprise. The term "domestic unlisted shares" mentioned in the previous paragraph refers to shares that have been issued by domestic enterprises but are not listed or traded on any domestic stock exchange. Domestic unlisted shares should be registered and held centrally at domestic securities registration and clearing institutions. The registration and settlement arrangements for overseas listed shares shall be subject to the regulations of the overseas listing jurisdiction.

Under the Company Law, a joint stock limited company shall maintain a register of shareholders, stating the following matters: (1) the name and domicile of a shareholder; (2) class and number of shares subscribed for by each shareholder; (3) the serial number of the shares if the shares are issued in paper form; and (4) the date on which each shareholder acquired the shares.

Increase in Share Capital

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

Reduction of Share Capital

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

- (i) To prepare a balance sheet and an inventory of assets;
- (ii) A company makes a resolution at shareholders' general meeting to reduce its registered capital;
- (iii) A company shall inform its creditors within 10 days and publish an announcement in newspapers or the National Enterprise Credit Information Publicity System within 30 days after the approval of resolution of reducing registered capital;

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- (iv) The creditors shall have the right to require a company to repay its debts or provide corresponding guarantees within 30 days after receiving the notice or within 45 days after the announcement if the creditors have not received the notice;
- (v) When a company reduces its registered capital, it shall register the change with a company registration authority in accordance with the law.

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

Repurchase of shares

Under the Company Law, a company shall not acquire its own shares. Except for any following circumstances:

- (i) reducing the registered capital;
- (ii) merging with other company that holds the shares of the company;
- (iii) using the shares for employee stocks plan or equity incentives;
- (iv) with respect to shareholders voting against any resolution adopted at the shareholders' general meeting on the merger or division of the company, the right to demand the company to acquire the shares held by them;
- (v) using the shares for the conversion of convertible corporate bonds issued by the listed company;
- (vi) as required for maintenance of the corporate value and shareholders' rights and interests of a listed company.

The purchase of shares of a company for reasons specified in the case of (i) to (ii) above shall be subject to the resolution of the shareholders' general meeting; the purchase of shares of a company for reasons specified in the case of (iii), (v) and (vi) above shall be subject to the resolution of the Board meeting attended by more than two-thirds of the directors in accordance with the provisions of the Articles of Association or the authorization from the shareholders' general meeting.

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

Transfer of Shares

Shares held by a shareholder may be transferred according to the law. Under the Company Law, a shareholder should effect a transfer of his shares on lawfully established securities exchange or by any other means as required by the State Council. The stocks shall be transferred by endorsement of shareholders or by other means stipulated by laws or administrative regulations. After the transfer, a company shall record the name and address of the transferee in the register of shareholders. No changes of registration in the share register provided in the foregoing requirement shall be effected during a period of 20 days prior to the convening of shareholder's general meeting or 5 days prior to the record date for a company's distribution of dividends. However, if any law provides otherwise for the registration of changes in the register of members of a listed company, such provisions shall prevail.

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Under the Company Law, shares issued by a company prior to the listed shares shall not be transferred within one year from the date on which the shares of a company are listed on a securities exchange. Directors, supervisors and senior management of a company shall declare to a company their shareholdings in a company and any changes of such shareholdings, and the shares transferred each year during their term of office as determined when they assume the posts shall not exceed 25% of the total shares they hold in a company. Shares of a company held by its directors, supervisors and senior management shall not be transferred within one year from the date of a company's listing on a securities exchange; nor within six months after their resignation from their positions with a company.

Shareholders

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

- (i) to receive dividends and other forms of distributions in proportion to their shareholdings;
- (ii) to request, convene, preside over, attend or appoint a proxy to participate in the shareholders' general meeting in accordance with the law, and exercise the corresponding voting rights;
- (iii) to supervise and manage a company's business, and to present proposals or to raise inquiries;
- (iv) to transfer, gift or pledge shares held by them in accordance with laws, administrative regulations and the provisions of the Articles of Association;
- (v) to inspect the Articles of Association, register of members, stubs of corporate bonds, minutes of general meetings, resolutions of the Board, resolutions of the Supervisory Committee, financial and accounting reports;
- (vi) in the event of the winding-up or liquidation of a company, to participate in the distribution of remaining property of a company in proportion to the number of shares held;
- (vii) to require the company to purchase its shares in the event that a shareholder disagrees with the resolution on merger or division of the company approved at a shareholders' general meeting; and
- (viii) other rights as stipulated by laws, administrative regulations, departmental rules and the Articles of Association.

The obligations of a shareholder of ordinary shares of a company include:

- (i) to comply with the Articles of Association;
- (ii) to pay subscription money according to the number of shares subscribed and the method of subscription;
- (iii) not to abuse their shareholders' rights to damage the interests of a company or other shareholders; not to abuse the independent legal person status of a company and the limited liability of shareholders to damage the interests of the creditors of a company; and
- (iv) other obligations conferred by laws, administrative regulations and the Articles of Association.

Shareholders' General Meetings

Under the Company Law, the shareholders' general meeting of a joint stock limited company is made up of all shareholders. The shareholders' general meeting is the organ of authority of a company, which exercises the following functions and powers:

- (i) to elect and replace directors and supervisors and to decide on matters relating to the remuneration of directors and supervisors;

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- (ii) to examine and approve reports of the Board of Directors;
- (iii) to examine and approve reports of the Supervisory Committee;
- (iv) to examine and approve a company's profit distribution plans and loss recovery plans;
- (v) to resolve on the increase or reduction of a company's registered capital;
- (vi) to resolve on the issuance of corporate bonds;
- (vii) to resolve on the merger, division, dissolution, liquidation or change of corporate form of a company;
- (viii) to amend the a company's Articles of Association; and
- (ix) other functions and powers specified in provision of the Articles of Association.

Under the Company Law, annual shareholders' general meetings are required to be held once every year. An extraordinary shareholders' general meeting is required to be held within two months after the occurrence of any of the following circumstances:

- (i) the number of directors is less than the number stipulated in the company Law or less than two-thirds of the number specified in the Articles of Association;
- (ii) when the unrecovered losses of a company amount to one-third of the total paid-up share capital;
- (iii) shareholders individually or jointly holding 10% or more of the company's shares request;
- (iv) when deemed necessary by the Board of Directors;
- (v) the Supervisory Committee proposes to convene the meeting; and
- (vi) other circumstances as stipulated in the Articles of Association.

Shareholders' general meetings shall be convened by the Board of Directors, and presided over by the chairperson of the Board of Directors. In the event that the chairperson is incapable of performing or not performing his duties, the meeting shall be presided over by the vice chairperson. In the event that the vice chairperson is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting.

Where the Board of Directors is incapable of performing or is not performing its duties to convene the shareholders' general meeting, the Supervisory Committee shall convene and preside over shareholders' general meeting in a timely manner. If the Supervisory Committee fails to convene and preside over shareholders' general meeting, shareholders individually or in aggregate holding 10% or more of the company's shares for 90 days or more consecutively may unilaterally convene and preside over shareholders' general meeting.

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

Under the Company Law, a shareholder may entrust a proxy to attend a shareholders' general meeting. The proxy shall present a written power of attorney issued by the shareholder to a company and shall exercise his voting rights within the scope of authorization. There is no specific provision in the Company Law regarding the number of shareholders constituting a quorum in a shareholders' general meeting.

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

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

Under the Company Law, the passing of any resolution requires affirmative votes of shareholders representing more than half of the voting rights represented by the shareholders who attend the shareholders' general meeting. Matters relating to merger, division or dissolution of a company, increase or reduction of registered capital, change of corporate form or amendments to the articles of association must be approved by more than two-thirds of the voting rights held by the shareholders present at the meeting.

Directors

Under the Company Law, a joint stock limited company shall have a Board of Directors, which shall consist of three or more members. The term of office of a director shall be stipulated in the Articles of Association, but each term of office shall not exceed three years. Directors may serve consecutive terms if re-elected.

Meetings of the Board of Directors shall be convened at least twice a year. All directors and supervisors shall be given notice 10 days before the meeting for every meeting. The Board exercises the following functions and powers:

- (i) to convene shareholder's general meetings and report its work to the shareholder's general meetings;
- (ii) to implement the resolutions of the shareholder's general meeting;
- (iii) to decide on a company's business plans and investment plans;
- (iv) to formulate a company's annual financial budget and final accounts;
- (v) to formulate a company's profit distribution plan and loss recovery plan;
- (vi) to formulate proposals for the increase or reduction of a company's registered capital and the issue of corporate bonds;
- (vii) to formulate plans for merger, division, dissolution or change of corporate form of a company;
- (viii) to decide on the internal management structure of a company;
- (ix) to decide on the appointment or dismissal of the manager of a company and their remuneration;
- (x) to decide on the appointment or dismissal of the deputy manager and financial officer of a company based on the nomination of the manager as well as their remuneration;
- (xi) to formulate a company's basic management system;
- (xii) other functions and powers specified in the Articles of Association or granted by the shareholders' general meeting.

Under the Company Law, a person may not serve as a director of a company if he is:

- (i) a person without capacity or with restricted capacity;
- (ii) a person who has been sentenced to criminal punishment due to corruption, bribery, infringement of property, misappropriation of property or destruction of the socialist market economic order; or a person who has been deprived of his political rights due to a crime, where less than five years have elapsed since the date of completion of the sentence; if he/she is pronounced for suspension of sentence, a two-year period has not elapsed since the expiration of the suspension period;

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- (iii) a person who was a director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise;
- (iv) a person who was a legal representative of a company or an enterprise which had its business license revoked due to violation of the law and had been closed down by order, and who was personally liable, where less than three years have elapsed since the date of the revocation of the business license of the company or enterprise or the order for closure; and
- (v) a person being listed as a dishonest person subject to enforcement by the people's court due to his/her failure to pay off a relatively large amount of due debts.

The Board of Directors shall have one chairperson, who shall be elected by more than half of all the directors. The chairperson shall exercise the following functions and powers (including but not limited to):

- (i) to preside over shareholders' general meetings and convene and preside over board meetings;
- (ii) to cause and inspect the implementation of the resolutions of the Board of Directors; and
- (iii) to exercise functions and powers conferred by the Board of Directors.

Supervisors

Under the Company Law, a joint stock limited company shall have a supervisory committee composed of not less than three members. The supervisory committee shall comprise shareholder representatives and an appropriate proportion of the company's employee representatives, of which the proportion of employee representatives shall not be less than one-third and the specific proportion shall be stipulated in the Articles of Association. Employee representatives of the Supervisory Committee shall be democratically elected by the company's employees at the employee representative assembly, employee general meeting or otherwise. Directors or senior management of the company may not act concurrently as supervisors.

The Supervisory Committee exercises the following functions and powers:

- (i) to examine the company's financial affairs;
- (ii) to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, administrative regulations, the Articles of Association or resolutions of shareholders' general meetings;
- (iii) to demand rectification by a director or senior management when the acts of such persons are harmful to the company's interest;
- (iv) to propose the convening of extraordinary general meetings, and to convene and preside over shareholders' general meetings when the Board of Directors fails to perform the duty of convening and presiding over shareholders' general meetings under the Company Law;
- (v) to submit proposals to the shareholders' general meeting;
- (vi) to initiate legal proceedings against directors and senior management in accordance with the Company Law; and
- (vii) other functions and powers specified in the Articles of Association.

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Managers and Senior Management

Under the Company Law, a company shall have a general manager who shall be appointed or removed by the Board of Directors. The manager is accountable to the Board of Directors and may exercise the following functions and powers:

- (i) to be in charge of the production, operation and management of the company and to organize the implementation of the resolutions of the Board of Directors;
- (ii) to organize the implementation of the company's annual business plans and investment plans;
- (iii) to formulate plans for the establishment of the company's internal management structure;
- (iv) to draft the company's basic management system;
- (v) to formulate the basic rules and regulations of the company;
- (vi) to propose the appointment or dismissal of the company's deputy manager and financial controller;
- (vii) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board of Directors; and
- (viii) to exercise other functions and powers conferred by the Articles of Association and the Board of Directors.

According to the Company Law, senior management shall refer to the manager, deputy manager, financial controller, secretary of the Board of Directors and other personnel as stipulated in the Articles of Association of the company.

Finance and Accounting

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

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

When distributing each year's after-tax profits, the company shall set aside 10% of its profits into its statutory reserve fund. The Company may cease to make allocations to statutory reserve fund if it has accumulated to more than 50% of the registered capital. If the statutory reserve fund of the company is insufficient to make up for the losses of the previous years, the current year profits shall be used to make up for the losses before making allocations to the statutory reserve in accordance with the preceding paragraph. After the company has made an allocation to the statutory reserve fund from its after-tax profit, it may also make an allocation to the discretionary reserve fund from its after-tax profit upon a resolution of the general meeting or the shareholders' general meeting.

A joint stock limited company may distribute profits in proportion to the number of shares held by its shareholders, except for profit distributions that are not in proportion to the number of shares held in accordance with the provisions of the Articles of Association of the joint stock limited company.

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

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

The company shall not keep accounts other than those provided by law.

Appointment and Dismissal of Accounting Firms

Pursuant to the Company Law, the appointment or dismissal of an accounting firm responsible for the company's auditing shall be determined by a shareholders' general meeting or the Board of Directors in accordance with the Articles of Association. The accounting firm should be allowed to make representations when the shareholders' general meeting or the Board of Directors conduct a vote on the dismissal of the accounting firm. The Company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or falsification of information.

Profit Distribution

Where a company distributes profits to shareholders in violation of the provisions of the Company Law, the shareholders shall refund the profits distributed to the company, and the shareholders, directors, supervisors, and senior management personnel who are responsible for causing losses to the company shall bear compensation liability.

Dissolution and Liquidation

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

- (i) the term of business stipulated in the Articles of Association has expired or other events of dissolution specified in the Articles of Association have occurred;
- (ii) a resolution for dissolution passed at a shareholders' meeting;
- (iii) dissolution is necessary due to a merger or division of the company;
- (iv) the business license is revoked, or the company is ordered to close, or the company is dissolved/revoked; and
- (v) where the company encounters serious difficulties in its operation and management and its continuance shall cause a significant loss in the interest of shareholders, and where this cannot be resolved through other means, shareholders who hold more than 10% of the total shareholders' voting rights of the company may present a petition to a people's court for the dissolution of the company with the support of the judgment.

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

Where the company is dissolved in accordance with sub-paragraph (i), (ii) above, it may carry on its existence by amending its Articles of Association or upon a resolution of the shareholders' general meeting, which must be approved by more than two-thirds of the voting rights held by the shareholders present at the shareholders' general meeting. Where the company is dissolved pursuant to sub-paragraphs (i), (ii), (iv) or (v) above, a liquidation panel shall be established and the liquidation shall commence within 15 days after the occurrence of an event of dissolution. The liquidation panel shall be composed of directors, unless it is otherwise provided for in the Company's Articles of Association or it is otherwise elected by the shareholders' general meeting. If the Company fails to establish a liquidation panel within the stipulated period, or if the liquidation panel is established but fails to carry out the

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liquidation, any interested party may apply to the people's court to appoint relevant personnel to form a liquidation panel to conduct liquidation. The people's court should accept such application and form a liquidation panel to conduct liquidation in a timely manner.

The liquidation panel shall exercise the following functions and powers during the liquidation period:

- (i) to liquidate the company's property and respectively prepare balance sheet and an inventory of assets;
- (ii) to notify creditors by notice or public announcement;
- (iii) to deal with the outstanding business of the company involved in the liquidation;
- (iv) to pay all outstanding taxes and taxes arising in the course of liquidation;
- (v) to liquidate claims and debts;
- (vi) to deal with the remaining property of the company after paying off debts; and
- (vii) to participate in civil litigations on behalf of the company.

The remaining property of the company after payment of liquidation expenses, employees' wages, social insurance premiums and statutory compensation, payment of outstanding taxes, and settlement of the company's debts shall be distributed by the joint stock company in proportion to the shares held by the shareholders.

During the liquidation period, the company shall continue to exist but shall not carry out any business activities unrelated to the liquidation. The company's assets shall not be distributed to the shareholders before the liquidation in accordance with the preceding paragraph.

Liquidation Panel

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

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

Members of the liquidation panel performing their duties of liquidation are obliged to loyalty and diligence. Any member of the liquidation panel who neglects to fulfill his/her liquidation duties, thus causing any loss to the company shall be liable for compensation, and any member of the liquidation panel who cause any loss to any creditor due to his/her intentional or gross negligence shall be liable for compensation.

Overseas Listing

According to the Trial Measures for Administration, a PRC domestic company seeking an overseas listing shall submit an application to the CSRC in accordance with the administrative filing procedures as required by the Trial Measures for Administration.

THE PRC SECURITIES LAW AND REGULATIONS

The PRC has promulgated a number of regulations that relate to the issuance and trading of our shares and disclosure of information. In October 1992, the State Council established the Securities Committee of the State Council (國務院證券委員會) and the CSRC. The Securities Committee of the State Council is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of

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securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC is the regulatory organ of the Securities Committee of the State Council and is responsible for the drafting of regulatory provisions governing securities markets, supervising securities companies, regulating public offerings of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking relevant research and analysis. On March 29, 1998, the State Council consolidated the aforementioned two departments and reformed the CSRC.

On April 22, 1993, the Provisional Regulations Concerning the Issuance and Trading of Shares (《股票發行與交易管理暫行條例》) were promulgated by the State Council to govern the application and approval procedures for public offerings of equity securities, trading in equity securities, the acquisition of listed companies, deposit, settling and transfer of listed equity securities, as well as the disclosure of information, investigation, penalties and dispute resolutions with respect to a listed company.

On December 25, 1995, the State Council promulgated the Regulations of the State Council Concerning Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》). These regulations principally govern the issuance, subscription, trading and declaration of dividends of domestic listed foreign shares and disclosure of information of joint stock limited companies having domestic listed foreign shares.

The PRC Securities Law took effect on July 1, 1999 and was revised as at August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014 and December 28, 2019, respectively. It was the first national securities law in the PRC, and is divided into 14 chapters and 226 articles regulating, among other matters, the issuance and trading of securities, takeovers of listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council’s securities regulatory authorities. The PRC Securities Law comprehensively regulates activities in the PRC securities market. Article 224 of the PRC Securities Law provides that domestic enterprises must comply with the relevant regulations of the State Council to, directly or indirectly, issue securities or lists its securities to be traded outside the PRC. Currently, the issuance and trading of foreign issued shares (including H share) are principally governed by the rules and regulations promulgated by the State Council and the CSRC.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The Arbitration Law of the PRC (《中華人民共和國仲裁法》) (the “**Arbitration Law**”) was passed on August 31, 1994, became effective on September 1, 1995 and was amended on August 27, 2009, September 1, 2017, and September 12, 2025. It is applicable to contract disputes and other property disputes between natural persons, legal persons and other organizations where the parties have entered into a written agreement to refer the matter to arbitration before an arbitration committee constituted in accordance with the Arbitration Law. Under the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association (中國仲裁協會) of arbitration regulations, formulate interim arbitration rules in accordance with the Arbitration Law and the Civil Procedure Law. Where the parties have by agreement provided arbitration as the method for dispute resolution, the people’s court will refuse to handle the case, unless the arbitration agreement is null and void.

Under the Arbitration Law and the Civil Procedure Law, an arbitral award made by the arbitration body shall be final and conclusive and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people’s court for enforcement. The people’s court shall enforce the arbitral award upon receipt of the application. A people’s court may refuse to enforce an arbitral award made by an arbitration tribunal after verification by collegial bench formed by the people’s court if there is any procedural irregularity (including but not limited to irregularity in the composition of the arbitration tribunal or arbitration proceedings, the jurisdiction of the arbitration commission, or the making of an award on matters beyond the scope of the arbitration agreement).

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A party seeking to enforce an arbitral award of PRC Arbitration Tribunal against a party who, or whose property, is not within the PRC, may apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or participated in by the PRC. The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (《承認及執行外國仲裁裁決公約》, the “**New York Convention**”) adopted on June 10, 1958 pursuant to a resolution passed by the SCNPC on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by other parties to the New York Convention, subject to their right to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of the State to which the arbitration for enforcement is made. At the time of the PRC’s accession to the New York Convention, the SCNPC declared that (i) the New York Convention will only be applied to the recognition and enforcement of arbitral awards made in the territories of other parties based on the principle of reciprocity; and (ii) the New York Convention will only be applied to disputes deemed under PRC laws to be arising from contractual or non-contractual mercantile legal relations.

According to the Arrangement of the Supreme People’s Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的安排》) promulgated by the Supreme People’s Court on January 24, 2000 and became effective on February 1, 2000, and the Supplementary Arrangement of the Supreme People’s Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排》) (Articles 1 and 4 became effective on November 27, 2020, and Articles 2 and 3 became effective on May 19, 2021) promulgated on November 26, 2020, the courts of Hong Kong agree to enforce the awards made pursuant to the Arbitration Law by the arbitral authorities in the Mainland (the list to be supplied by the Legislative Affairs Office of the State Council (國務院法制辦公室) through the Hong Kong and Macao Affairs Office of the State Council (國務院港澳事務辦公室)) and the people’s courts of the Mainland agree to enforce the awards made in the Hong Kong pursuant to the Arbitration Ordinance of the Hong Kong. If the people’s courts of the Mainland China find that the enforcement of awards made by the Hong Kong arbitral bodies in the Mainland China will be against public interests of the Mainland, or the courts of Hong Kong decide that the enforcement of the arbitral awards in Hong Kong will be against public policies of Hong Kong, the awards may not be enforced.

JUDICIAL JUDGEMENT AND ENFORCEMENT

According to the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland China and of the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) promulgated on January 25, 2024 and implemented on January 29, 2024 by the Supreme People’s Court, parties involved may apply to the courts of the Mainland China or the Hong Kong Special Administrative Region for the recognition and enforcement of valid judgments rendered by the people’s courts of the Mainland China and the courts of the Hong Kong Special Administrative Region in civil and commercial matters or in civil damages awards arising from criminal cases, in accordance with this Arrangement.