THE PRC LEGAL SYSTEM

The PRC legal system is based on the PRC Constitution (《中華人民共和國憲法》) (the "**Constitution**"), which was adopted on December 4, 1982 and respectively amended on April 12, 1988, March 29, 1993, March 15, 1999, March 14, 2004 and March 11, 2018. The PRC legal system is made up of written laws, administrative regulations, local regulations, autonomous regulations, separate regulations, rules and regulations of State Council departments, rules and regulations of local governments, laws of special administrative regions and international treaties of which the PRC government is a signatory and other regulatory documents. Court judgments do not constitute legally binding precedents, although they are used for the purposes of judicial reference and guidance.

The National People's Congress (the "**NPC**") and its Standing Committee are empowered to exercise the legislative power of the State in accordance with the Constitution and the PRC Legislation Law (《中華人民共和國立法法》) (the "**Legislation Law**"), which was adopted on July 1, 2000 and amended on March 15, 2015 and March 13, 2023. The NPC has the power to formulate and amend basic laws governing state organs, civil, criminal and other matters. The Standing Committee of the NPC formulates and amends laws other than those required to be enacted by the NPC and to supplement and amend parts of the laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the Constitution and laws. The people's congresses of the provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people's congresses of cities divided into districts and their respective standing committees may formulate local regulations on aspects such as urban and rural construction and management, environmental protection and historical and cultural protection based on the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. If the law provides otherwise on the matters concerning formulation of local regulations by cities divided into districts, those provisions shall prevail. Such local regulations will become enforceable after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions. The standing committees of the people's congresses of the provinces or autonomous regions examine the legality of local regulations submitted for approval, and such approval should be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of such provinces or autonomous regions. During the examination for approval of local regulations of cities divided into districts by the standing committees of the people's congresses of the provinces or autonomous regions, if conflicts are identified with the rules and regulations of the people's governments of the provinces or autonomous regions concerned, a decision should be made by the standing committees of the people's congresses of provinces or autonomous regions to resolve the issue. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the ethnic groups in the areas concerned.

The ministries and commissions of the State Council, the People's Bank of China (the "**PBOC**"), National Audit Office, the subordinate institutions with administrative functions directly under the State Council and the institutions required by the law may formulate departmental rules within the jurisdiction of their respective departments based on the laws and administrative regulations, and the decisions and orders of the State Council. The people's governments of the provinces, autonomous regions, municipalities, cities divided into districts and autonomous prefectures may formulate rules and regulations based on the laws, administrative regulations and local regulations of such provinces, autonomous regions and municipalities.

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the Standing Committee of the NPC. Pursuant to the Resolution of the Standing Committee of the NPC Providing an Improved Interpretation of the Law (《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》) implemented on June 10, 1981, the Supreme People's Court of the PRC has the power to give interpretation on issues related to the application of laws in a court trial, and issues related to the application of laws in a prosecution process of a procuratorate should be interpreted by the Supreme People's Procuratorate. If there is any disagreement in principle between Supreme People's Court's interpretations and Supreme People's Procuratorate's interpretations, such issues shall be reported to the Standing Committee of the NPC for interpretation or judgment. The other issues related to laws other than the above-mentioned should be interpreted by the State Council and the competent authorities. The State Council and its ministries and commissions are also vested with the power to give interpretations of the administrative regulations and departmental rules which they have promulgated. At the regional level, the power to interpret regional laws is vested in the regional legislative and administrative authorities which promulgate such laws.

THE PRC JUDICIAL SYSTEM

Under the Constitution and the Law of Organization of the People's Courts of the PRC (《中華人民共和國人民法院組織法》), which is adopted on January 1, 1980 and most recently amended October 26, 2018 and became effective on January 1, 2019, the PRC judicial system is made up of the Supreme People's Court, the local people's courts and special people's courts.

The local people's courts are comprised of the basic people's courts, the intermediate people's courts and the higher people's courts. The intermediate people's courts have divisions similar to those of the basic people's courts and may set up other special divisions if needed. These two levels of people's courts are subject to supervision by people's courts at higher levels. The Supreme People's Court is the highest judicial authority in the PRC. It supervises the administration of justice by the people's courts at all levels and special people's courts.

A people's court takes the rule of the second instance as the final rule. A party may appeal against the judgment or ruling of the first instance of a local people's court. The people's procuratorate may present a protest to the people's court at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people's procuratorate within the stipulated period, the judgments or rulings of the people's court are final. Judgments or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court, and judgments or rulings of the first instance of the Supreme People's Court are final. However, if the Supreme People's Court finds some definite errors in a legally effective judgment, 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 judgment, 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 judgment, ruling or conciliation statement, and considers 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.

The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》) (the "**Civil Procedure Law**") adopted on April 9, 1991 and respectively amended on October 28, 2007, August 31, 2012, June 27, 2017, December 24, 2021 and September 1, 2023, prescribes the conditions for instituting a civil action, the jurisdiction of the people's courts, the procedures for conducting a civil action, and the procedures for enforcement of a civil judgment or ruling. All parties to a civil action conducted within the PRC must abide by the Civil Procedure Law. Generally, a civil case is initially heard by the court located in the defendant's place of domicile. The court of jurisdiction in respect of a civil action may also be chosen by explicit agreement among the parties to a contract, provided that the people's court having jurisdiction should be located at places substantially connected with the disputes, such as the plaintiff's or the defendant's place of domicile, the place where the contract is executed or

signed or the place where the object of the action is located, provided that the provisions regarding the level of jurisdiction and exclusive jurisdiction shall not be violated.

A foreign individual, a person without nationality, a foreign enterprise or a foreign organization is given the same litigation rights and obligations as a citizen, a legal person or other organizations of the PRC when initiating actions or defending against litigations at a PRC court. Should a foreign court limit the litigation rights of PRC citizens or enterprises, the PRC court may apply the same limitations to the citizens and enterprises of such foreign country. A foreign individual, a person without nationality, a foreign enterprise or a foreign organization 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 judgments and rulings. If any party to a civil action refuses to abide by a judgment 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 subject to application for postponed enforcement or revocation. If a party fails to satisfy within the stipulated period a judgment which the court has granted an enforcement approval, the court may, upon the application of the other party, mandatorily enforce the judgment on the party.

Where a party applies for enforcement of a judgment or ruling made by a people's court, and the opposite party or his property is not within the territory of the PRC, the applicant may directly apply to a foreign court with jurisdiction for recognition and enforcement of the judgment or ruling, or apply to a foreign court with jurisdiction or recognition in accordance with the international treaties that China has concluded or acceded to or in accordance with the principle of reciprocity. A foreign judgment or ruling may also be recognized and enforced by the people's court in accordance with the PRC enforcement procedures if the PRC has entered into, or acceded to, international treaties with the relevant foreign country, which provided for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination according to the principle of reciprocity, unless the people's court considers that the recognition or enforcement of such judgment or ruling would violate the basic legal principles of the PRC, its sovereignty or national security, or against the social and public interests.

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

The PRC Company Law (《中華人民共和國公司法》) (the "**Company Law**") was adopted by the 5th meeting of the Standing Committee of the 8th National People's Congress Session on December 29, 1993 and came into effect on July 1, 1994. It was amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023 respectively. The latest revised PRC Company Law was implemented on July 1, 2024.

On February 17, 2023, with the approval of the State Council, the China Securities Regulatory Commission (the "**CSRC**") promulgated the Overseas Listing Trial Measures and relevant five guidelines, which came into force on March 31, 2023. The Overseas Listing Trial Measures are designated in accordance with the Securities Law and other laws and are applicable to domestic enterprises that issue securities overseas or list their securities for trading.

On February 17, 2023, the CSRC promulgated the Guidelines for the Applications of Regulatory Rules — Overseas Issuance and Listing Category No. 1, stipulating that direct issuance and listing by domestic companies shall abide by the relevant provisions of the Overseas Listing Trial Measures and refer to the Guidelines for Articles of Association of Listed Companies and other relevant provisions of the CSRC on corporate governance to formulate its articles of association and standardize corporate governance. Domestic companies directly issuing and listing overseas shall formulate their articles of association in accordance with the Guidelines for the Articles of Association of Listed Companies (《上市公司章程指引》) (the "**Guidelines for Articles of Association**") which was revised and effective on March 28, 2025.

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

General

A joint stock limited company refers to an enterprise legal person incorporated under the Company Law with its registered capital divided into shares of equal par value. The liability of its shareholders is limited to the amount of shares held by them and the company is liable for its debts with all its property.

A joint stock limited company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. Unless otherwise provided by law, the joint stock limited company may not be a contributor that undertakes joint and several liabilities for the debts of the invested companies.

Incorporation

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

A joint stock limited company may be incorporated by a minimum of one but not more than 200 promoters, and at least half of the promoters must have residence within the PRC. The promoters must convene an inaugural meeting within 30 days after the issued shares have been fully paid up, and must give notice to all subscribers or make an announcement of the date of the inaugural meeting 15 days before the meeting. The inaugural meeting may be convened only with the presence of promoters or subscribers representing at least half of the shares in the company. At the inaugural meeting, matters including the adoption of articles of association and the election of members of the board of directors and members of the supervisory committee of the company will be dealt with. All resolutions of the meeting require the approval of subscribers with more than half of the voting rights present at the meeting.

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

Share Capital

The promoters of a company may make a capital contribution in currencies, or non-monetary assets such as in kind or intellectual property rights or land use rights which can be appraised with monetary value and transferred lawfully, except for assets which are prohibited from being contributed as capital by the laws or administrative regulations. If a capital contribution is made in non-monetary assets, a valuation and verification of the fair value of the assets contributed must be carried out. Under the Company Law, when a company issues shares in registered form, it shall maintain a register of shareholders, stating the following matters: (1) the name and domicile of a shareholder; (2) the type and number of shares held by each shareholder; (3) the serial number of the shares held by each shareholder, if issued in paper form; and (4) the date on which each shareholder acquired the shares.

Allocation and issuance of shares

All issue of shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. Shares may be offered at a price equal to or greater than, but not less than, par value.

The domestic enterprises that engage in the overseas issuance and listing of securities shall, in accordance with the Overseas Listing Trial Measures, submit to the CSRC a filing report, legal opinions and other relevant materials that truly, accurately and completely describe shareholder information and other circumstances for the record. In case of the direct overseas issuance and listing of domestic enterprises, the issuer shall report the matter to the CSRC for the record. In case of the indirect Overseas Issuance and Listing of domestic enterprises, the issuer shall designate a major domestic operating entity as the domestic responsible person to report the matter to the CSRC for the record.

Increase in Share Capital

According to the Company Law, if a joint stock limited company issues new shares, the general meeting shall pass a resolution on the class and amount of new shares, the issuance price of the new shares, the commencement and termination dates of the issuance of the new shares and the class and amount of new shares to be issued to existing shareholders. When a company is approved by the securities supervision and administration department under the State Council to issue new shares to the public, it shall publish the document, its financial and accounting statements, and shall prepare the subscription form. Upon full receipt of the proceeds from the company's newly issued shares, the company shall carry out alteration registration with the company registration authority and shall make a public announcement.

After the issue of new shares the company has been paid up, the change must be registered with the company registration authorities and a public announcement must be made accordingly. Where an increase in registered capital of a company is made by means of an issue of new shares, the subscription of new shares by shareholders shall be made in accordance with the relevant provisions on the payment of subscription monies for the establishment of a company. Reduction of Share Capital

When a company needs to reduce its registered capital, it shall prepare a statement of financial position and a property list. The company shall inform its creditors within 10 days and publish an announcement in the newspaper or the National Enterprise Credit Information Publicity System within 30 days after the resolution of the shareholders' meeting approving the reduction of registered capital has been passed. Creditors may within 30 days after receiving the notice, or within 45 days of the public announcement if no notice has been received, require the company to pay its debts or provide guarantees covering the debts.

Repurchase of Shares

According to the Company Law, a joint stock limited company may not repurchase its own shares other than for one of the following purposes:

(i) to reduce its registered capital;

(ii) to merge with another company that holds its shares;

(iii) to grant its shares to its employees for the purpose of implementing the employee stock ownership plan or share incentive scheme;

(iv) to repurchase its shares from shareholders who are against the resolution regarding the merger or division with other companies at the general meeting;

(v) to use for the conversion of the convertible corporate bonds issued by the listed company; and

(vi) to protect the value of the company and the rights and interests of shareholders of the listed company as required.

The acquisition of shares on the grounds set out in (i) to (ii) above shall be approved by the resolution of general meeting. The repurchase of its shares in cases (iii), (v) or (vi) above shall require a resolution of the board of directors by two-thirds of the directors present at

the board meeting, in accordance with the provisions of the articles of association of the company or as authorized by the general meeting.

Following the repurchase of its shares in accordance with (i) above, such shares shall be canceled within 10 days from the date of repurchase; the shares repurchased in the case of (ii) or (iv) above shall be transferred or canceled within six months. The total number of shares held by the company after share repurchase under the circumstances in (iii), (v) or (vi) above shall not exceed 10% of the total number of the company's issued shares, and shall be transferred or canceled within three years.

A listed company that repurchases its own shares shall fulfill its disclosure obligations in accordance with the provisions of the Securities Law. If a share repurchase is made pursuant to (iii), (v) or (vi) above, it shall be publicly traded in a centralized manner.

Transfer of Shares

Shares held by shareholders may be transferred in accordance with the relevant laws and regulations. Pursuant to the Company Law, transfer of shares by shareholders shall be carried out at a legally established securities exchange or in other ways stipulated by the State Council. No modifications of registration in the share register caused by transfer of registered shares shall be carried out within 20 days prior to the convening of shareholder's general meeting or five days prior to the base date for determination of dividend distributions. However, where there are separate provisions by law on alternation of registration in the share register of listed companies, those provisions shall prevail.

Under the Company law, shares issued prior to the public issuance of shares shall not be transferred within one year from the date of the joint stock limited company's listing on a stock exchange. Directors, supervisors and senior management shall declare to the company their shareholdings in the Company and any changes of such shareholdings. They shall not transfer more than 25% of all the shares they hold in the Company annually during their tenure. They shall not transfer the shares they hold within one year from the date on which the Company's shares are listed and commenced trading on a stock exchange, nor within six months after their resignation from their positions with the Company.

Shareholders

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

- the right to attend or appoint a proxy to attend general meetings and to vote thereat;
- the right to transfer shares in accordance with laws, administrative regulations and provisions of the articles of association;
- the right to inspect the Company's articles of association, share register, counterfoil of Company debentures, minutes of general meetings, resolutions of meetings of the board of directors, resolutions of meetings of the supervisory committee and financial and accounting reports and to make proposals or enquiries on the Company's operations;
- the right to bring an action in the people's court to rescind resolutions passed by general meetings and board of directors where the articles of association is violated by the above resolutions;
- the right to receive dividends and other forms of profit distribution according to the proportion of shares they hold;
- in the event of the termination or liquidation of the Company, the right to participate in the distribution of the residual properties of the Company in proportion to the number of shares held; and

- other rights granted by laws, administrative regulations, other regulatory documents and the Company's articles of association.

The obligations of a shareholder include the obligation to abide by the Company's articles of association, to pay the subscription moneys in respect of the shares subscribed for and in accordance with the form of making capital contributions, to be liable for the Company's debts and liabilities to the extent of the amount of his or her subscribed shares and any other shareholders' obligation specified in the Company's articles of association.

Shareholders' General Meetings

The general meeting is the organ of authority of the company, which exercises its powers in accordance with the Company Law. Under the Company Law, the general meeting exercises the following powers and functions:

- to elect or replace the directors and supervisors and to decide on matters relating to the remuneration of directors and supervisors;
- to review and approve reports of the board;
- to review and approve reports of the supervisory committee;
- to review and approve profit distribution plans and loss recovery plans;
- to make resolutions concerning the increase or reduction of the registered capital;
- to resolve on the issue and listing of corporate bonds and other securities;
- to decide on issues such as merger, division, dissolution, liquidation and structure change;
- to modify the articles of association; and
- other powers and functions stipulated by the articles of association.

The annual general meeting is required to be convened once a year. Under the Company Law, an extraordinary general meeting is required to be held within two months after the occurrence of any of the following:

- the number of directors is less than the number stipulated by the law or less than two thirds of the number specified in the articles of association;
- the aggregate losses of the company which are not recovered reach one-third of the company's total share capital;
- shareholders alone or in aggregate holding 10% or more of the Company's shares request for the convening of an extraordinary general meeting;
- the board considers it necessary;
- the supervisory committee proposes to hold; or
- other circumstances stipulated by the articles of association.

Under the Company Law, general meetings shall be convened by the board, and presided over by the chairman of the board. In the event that the chairman is incapable of performing or does not perform his duties, the meeting shall be presided over by the vice chairman. If the vice chairman is incapable of performing or does not perform 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 does not perform its duties of convening the general meetings, the supervisory committee shall convene and preside over such meetings in a timely manner. In case the supervisory committee fails to convene and preside over such meetings, shareholders alone or in aggregate holding more than 10% of the company's shares for 90 days consecutively may unilaterally convene and preside over such meetings.

Under the Company Law, notice of general meetings shall state the time and venue of and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. Notice of extraordinary general meeting shall be given to all shareholders 15 days prior to the meeting. According to the Guidelines for Articles of Association, after the notice of the General Meeting is given, without cogent reason, the general meeting shall not be postponed or canceled, and the proposals set out in the notice shall not be canceled. Once the general meeting is adjourned or canceled, the convener shall make public announcement and explain the reasons at least 2 working days before the original holding date.

There is no specific provision in the PRC Company Law regarding the number of shareholders constituting a quorum in Shareholders' meetings. According to the Guidelines for Articles of Association, the board of directors and the board secretary shall cooperate for the general meeting convened by the supervisory committee or the Shareholders on their own. When the general meeting is held, all the directors, supervisors and board secretary of the company shall attend the meeting, while the general manager and other senior management shall attend as a non-voting delegate.

According to the Guidelines for Articles of Association, the shareholders holding more than 3% of the shares of the Company separately or jointly may raise temporary proposal and submit it to the convener in writing 10 days before the general meeting is held. The convener shall supplement the notice of general meeting in 2 days after receiving the proposal and publicize the content of the temporary proposal.

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

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

Pursuant to the Company Law and the Guidelines for Articles of Association, resolutions of the general meeting shall be adopted by more than half of the voting rights held by the shareholders present at the meeting. However, resolutions of the general meeting regarding the following matters shall be adopted by more than two-thirds of the voting rights held by the shareholders present at the meeting: (i) amendments to the articles of association; (ii) the increase or decrease of registered capital; (iii) the equity incentive plans; (iv) the amount of purchase or disposal of major assets or guarantee of the company within one year exceeding thirty percent of the company's total audited assets for the most recent period; (v) the merger, division, dissolution, liquidation or change in the form of the company; (vi) other matters considered by the general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the company and should be adopted by a special resolution, according to the laws, administrative regulations or the articles of association.

Under the Company Law, meeting minutes shall be prepared in respect of decisions on matters discussed at the general meetings. The chairman of the meeting and directors attending the meeting shall sign to endorse such minutes. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Board of Directors

Under the Company Law, a joint stock limited company shall have a board of directors. Members of the board of directors may include representatives of the employees of the company, who shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. The term of the directors shall be prescribed by the articles of association, provided that each term may not exceed 3 years. Upon the expiration of the term, the directors may be re-elected and serve consecutive terms. A director shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of directors results in the number of directors being less than the quorum.

Under the Company Law, the board of directors mainly exercises the following powers and functions:

- to convene the general meetings and report on its work to the general meetings;
- to implement the resolutions of general meetings;
- to decide on the company's business plans and investment proposals;
- to formulate the profit distribution plan and loss recovery plan of the Company;
- to formulate proposals for the increase or reduction of the Company's registered capital and the issuance of corporate bonds;
- to develop the scheme on the merger, separation, dissolution and change of company form of the Company;
- to make decisions on the establishment of the company's internal management departments;
- to make decisions on hiring or dismissing the company's manager and his salary and compensation, and, according to the nomination of the manager, deciding on the hiring or dismissal of vice manager(s) and the persons in charge of finance as well as their salaries and compensations;
- to formulate the basic management system of the Company; and
- any other powers and functions stipulated by the articles of association.

Meetings of the Board of Directors

Under the Company Law, meetings of the board of directors of a joint stock limited company shall be convened at least twice a year. Notice of meeting shall be given to all directors and supervisors 10 days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of voting rights, more than one-third of the directors or the supervisory committee. The chairman of the board shall convene and preside over a board meeting within ten days after receiving the proposal. No meeting of the board of directors may be held unless a majority of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors. In the voting process, one director shall represent one vote. Directors shall attend board meetings in person. If a director is unable to attend a board meeting, he may appoint another director by a written power of attorney specifying the scope of the authorization to attend the meeting on his behalf.

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

Chairman of the Board of Directors

Under the Company Law, the board of directors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman are elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and examine the implementation of board resolutions. The vice chairman shall assist the work of the chairman. In the event that the chairman is incapable of performing or not performing his duties, the duties shall be performed by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of the directors shall perform his duties.

Qualifications of Directors

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

- a person who is unable or has limited ability to undertake any civil liabilities;
- a person who has been sentenced to criminal penalty due to an offense of corruption, bribery, encroachment of property, misappropriation of property or disrupting the order of the socialist market economy, or deprived of political rights for crime, and five years have not elapsed since the completion date of the execution of the penalty, or two years have not elapsed since the expiration of the probation period for suspended sentence, if applicable;
- a person who has been a former director, factory manager or manager of a company or an enterprise that 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 bankruptcy and liquidation of the company or enterprise;
- a person who has been a legal representative of a company or an enterprise that has had its business license revoked due to violations of the law and has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of such revocation;
- a person who is listed as a dishonest party subject to enforcement by the people's court for failure to pay a relatively large amount of debts when they become due.

Other unsuitable circumstances for directorships are detailed in the Guidelines for Articles of Association.

Supervisory Committee

A joint stock limited company may establish an audit committee composed of directors of the board of directors in accordance with the company's bylaw which exercises the functions of the board of supervisors specified in this Law, and is not required to have a board of supervisors or supervisors.

A joint stock limited company that is small or has a small number of shareholders is not required to establish a board of supervisors but shall have one supervisor who exercises the functions of the board of supervisors as provided for in this Law.

Except for the above-mentioned two special circumstances, a joint stock limited company shall have a supervisory committee composed of not less than three members. The supervisory committee is made up of representatives of the shareholders and an appropriate proportion of representatives of the employees of the company. The actual proportion shall be stipulated in the articles of association, provided that the proportion of representatives of the employees shall not be less than one third of the supervisors. Representatives of the employees of the company in the supervisory committee shall be democratically elected by the employees at the employees' representative assembly, employees' general meeting or otherwise. A director and a senior officer of the company shall not serve concurrently as a supervisor.

The supervisory committee shall have a chairman and may have a vice chairman. The chairman and deputy chairman of the supervisory committee shall be elected by more than half of all supervisors. The chairman of the supervisory committee shall convene and preside over the meetings of the supervisory committee. Where the chairman of the supervisory committee is unable or fails to perform his/her duties, the vice chairman of the supervisory committee shall convene and preside over the meetings of the supervisory committee. Where the vice chairman is unable or fails to perform his/her duties, the meetings shall be convened and presided over by a supervisor jointly nominated by more than half of all the supervisors.

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

The supervisory committee shall convene a meeting at least every six months. According to the Company Law, the supervisory committee shall make resolutions with the consent of a majority of all supervisors.

The supervisory committee exercises the following functions and power:

- to review the company's financial position;
- to supervise the directors and senior management in the performance of their duties and to propose the dismissal of directors or senior management who violate laws, regulations, the articles of association or resolutions of the general meeting;
- when the acts of directors and senior management are harmful to the company's interests, to require correction of those acts;
- to propose the convening of extraordinary general meetings and to convene and preside over general meetings when the board of directors fails to perform the duty of convening and presiding over general meetings under the Company Law;
- to initiate proposals for resolutions to general meetings;
- to initiate proceedings against directors and senior management; and
- other powers and functions stipulated by the articles of association.

The supervisors may attend the meetings of the board, and may inquire about or put forth proposals on matters covered by resolutions of the board. The supervisory committee may initiate investigations into any irregularities identified in the operation of the company and, where necessary, may engage an accounting firm to assist their work at the company's expense.

Manager and Senior Management

Pursuant to the Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. The manager shall exercise his/her powers in accordance with the company's articles of association or the authorization of the board of directors. Other provisions in the articles of association on the manager's powers shall also be complied with. The manager shall be present at meetings of the board of directors. However, the manager shall have no voting rights at meetings of the board of directors unless he/she concurrently serves as a director.

According to the Company Law, senior management shall mean the manager, deputy manager(s), person-in-charge of finance, board secretary (in case of a listed company) of a company and other personnel as stipulated in the articles of association.

Duties of the Directors, Supervisors and Senior management

Directors, supervisors and senior management of the Company are required under the Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the Company. The directors, supervisors and senior management are prohibited from:

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

Where a director, supervisor or senior management member directly or indirectly enters into or conducts a transaction with the Company, he or she shall report the relevant particulars of such transaction to the board of directors or the shareholders' meeting and obtain approval by resolution of the board of directors or the shareholders' meeting in accordance with the articles of association of the Company.

If any close relative of a director, supervisor or senior management member, any enterprise directly or indirectly controlled by a director, supervisor or senior management member or his/her close relative, or any other affiliate having an affiliation relationship with a director, supervisor or senior management member enters into or conducts a transaction with the Company, the provisions of the preceding paragraph shall apply.

Directors, supervisors and senior management shall not take advantage of his position to take a business opportunity belonging to the company for himself or another person, except under any of the following circumstances:

- which has been reported to the board of directors or the shareholders' meeting and received approval by resolution of the board of directors or the shareholders' meeting according to the Company's articles of association.
- the company is unable to take the business opportunity according to laws, administrative regulations, or the Company's articles of association.

Directors, supervisors and senior management shall not conduct the same kind of business as the company on his own account or on the account of another person, without reporting to the board of directors or the shareholders' meeting, without approval by resolution of the board of directors or the shareholders' meeting according to the Company's articles of association.

Directors, supervisors and senior management who contravene any law, regulation or the Company's articles of association in the performance of his/her duties and result in any loss to the Company shall be personally liable to the Company.

Finance and Accounting

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

Pursuant to the Company Law, the Company shall deliver its financial and accounting reports to all shareholders within the time limit stipulated in the articles of association and make its financial and accounting reports available at the Company for inspection by the shareholders at least 20 days before the convening annual general meeting. The joint stock limited company that has publicly issued its shares shall also publish its financial and accounting reports.

When distributing each year's after-tax profits, the company shall set aside 10% of its after-tax profits into a statutory common reserve fund (except where the fund has reached 50% of its registered capital).

If its statutory common reserve fund is not sufficient to make up losses of the previous year, profits of the current year shall be applied to make up losses before allocation is made to the statutory common reserve fund pursuant to the above provisions.

After making allocation to the statutory common reserve fund of the Company from its after-tax profits, the Company may, subject to resolutions adopted at a Shareholders' meeting, allocate funds from the after-tax profits to the discretionary common reserve fund.

For the remaining after-tax profits after making up losses and allocation of common reserve fund, a joint stock limited company shall be distributed in proportion to the number of shares held by the shareholders, unless otherwise stipulated in the articles of association. Shares held by the Company shall not be entitled to any distribution of profit.

A company's premium from the issuance of stocks at a price above the par value of the stocks, proceeds of issuance of no-par shares which have not been included in registered capital, and other items listed in the capital reserve under provisions of the treasury department of the State Council shall be listed as the company's capital reserve.

The Company's reserve fund shall be applied to make up losses of the Company, expand its business operations or be converted to increase the registered capital of the company.

When the company's losses are covered with common reserves, the discretionary common reserve and the statutory common reserve shall first be used; if they are insufficient, the capital common reserve may be used according to the applicable provisions.

Upon the conversion of statutory common reserve fund into increasing the registered capital, the balance of the statutory common reserve fund shall not be less than 25% of the registered capital of the company before such conversion.

The Company shall have no other accounting books except the statutory accounting books. Its assets shall not be deposited in any accounts opened in the name of any individual.

Appointment and Retirement of Accounting Firms

According to the Company Law, the appointment or dismissal of accounting firms responsible for the auditing of a company shall be determined by the general meeting, the board of directors or the board of supervisors in accordance with the articles of association. The accounting firm should be allowed to make representations when the shareholders' general meeting, the board of directors or the board of supervisors conducts a vote on the dismissal of the accounting firm. The company shall provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials to the hired accounting firm, and shall not refuse, conceal or make false reports.

According to the Guidelines for Articles of Association, the Company shall guarantee to provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials to the hired accounting firm, and shall not refuse, conceal or make false reports. The audit fee of an accounting firm shall be decided by the general meeting.

Profit Distribution

According to the Company Law, the Company shall not distribute profits before losses are covered and the statutory common reserve is drawn.

Revision of the Articles of Association

Any amendments to the company's articles of association must be made in accordance with the procedures set out in the company's articles of association. In the event of a company registration, the amendments to the articles of association shall be registered with the relevant registration authorities. Pursuant to the Company Law, the resolution of a shareholders' general meeting regarding any amendment to a company's articles of association requires affirmative votes by more than two-thirds of the votes held by shareholders attending the meeting.

Pursuant to the Guidance for Articles of Association, the company shall amend its articles of association under any of the following circumstances: (i) where, after any amendment to the Company Law or any other applicable law or administrative regulation, the provisions of the articles of association conflict with the law and/or administrative regulations amended; (ii) where the company's circumstances change to such an extent that they are inconsistent with what is recorded in the articles of association; and (iii) where the shareholders' general meeting decides to amend the articles of association.

Dissolution and Liquidation

According to the Company Law, a company shall be dissolved by reason of the following: (i) the term of its operations set down in the Articles of Association has expired or other events of dissolution specified in the Articles of Association have occurred; (ii) the general meeting has resolved to dissolve the company; (iii) the company is dissolved by reason of merger or division; (iv) the business license is revoked; the company is ordered to close down or be dissolved; or (v) the company is dissolved by the people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all its shareholders, on the grounds that the company suffers significant hardship in its operation and management that cannot be resolved through other means, and the ongoing existence of the company would bring significant losses to shareholders.

In the event of (i) or (ii) above, and the company has not distributed property to shareholders, it may continue to exist by amending the company's bylaw or with approval by resolution of the shareholders' meeting. For the amendment of the articles of association in accordance with provisions set out above, a joint stock limited company shall require approval of more than two thirds of voting rights of shareholders attending the general meeting.

Where the company is dissolved in the circumstances described in subparagraphs (i), (ii), (iv), or (v) above, a liquidation committee shall be established and the liquidation process shall commence within 15 days after the occurrence of an event of dissolution.

The liquidation group shall be composed of directors, unless otherwise provided for by the company's bylaw or a resolution of the shareholders' meeting. If a liquidation committee is not established within the stipulated period, an interested party may apply to the people's court and request the court to appoint relevant personnel to form the liquidation committee. The people's court should accept such application and form a liquidation committee to conduct liquidation in a timely manner.

The liquidation committee shall exercise the following functions and power during liquidation:

- to liquidate the company's assets and to prepare a balance sheet and an inventory of the assets;
- to notify creditors through notice or public announcement;
- to deal with the outstanding business of the Company in connection with liquidation;
- to settle all outstanding tax payment and the tax payment which arise in the course of the liquidation process;
- to claim credits and pay off debts;
- to handle the company's remaining assets after its debts have been paid off;
- to represent the company in civil lawsuits.

The liquidation committee shall notify the company's creditors within 10 days after its establishment and issue public notices in newspapers or the National Enterprise Credit Information Publicity System within 60 days. A creditor shall lodge his claim with the liquidation committee within 30 days after receiving notification, or within 45 days of the public notice if he/she did not receive any notification. A creditor shall state all matters relevant to his creditor rights in making his/her claim and furnish evidence. The liquidation committee shall register such claims. The liquidation committee shall not make any debt settlement to creditors during the period of claim.

Upon liquidation of properties and the preparation of the balance sheet and inventory of assets, the liquidation committee shall draw up a liquidation plan to be submitted to the general meeting or people's court for confirmation.

The company's remaining assets after payment of liquidation expenses, wages, social insurance expenses and statutory compensation, outstanding taxes and debts shall be distributed to shareholders according to their shareholding proportion. It shall continue to exist during the liquidation period, although it can only engage in any operating activities that are related to the liquidation. The company's properties shall not be distributed to the shareholders before repayments are made in accordance to the foregoing provisions.

Upon liquidation of the company's properties and the preparation of the balance sheet and inventory of assets, if the liquidation committee becomes aware that the company does not have sufficient assets to meet its liabilities, it must apply to the people's court for bankruptcy liquidation.

After the people's court accepts the bankruptcy application, the liquidation group shall transfer the liquidation affairs to the trustee in bankruptcy designated by the people's court.

Upon completion of the liquidation, the liquidation committee shall submit a liquidation report to the shareholders' general meeting or the people's court for verification. Thereafter, the report shall be submitted to the registration authority of the company in order to cancel the company's registration.

The members of a liquidation group shall perform the duty of liquidation and have obligations of fidelity and diligence.

A member of the liquidation group shall be liable for compensation for losses caused to the company, if any, by his slackness in performing the duty of liquidation, or to creditors, if any, with intent or by gross negligence.

Overseas Listing

According to the Overseas Listing Trial Measures, overseas listing of a company shall be filed with CSRC. Where an issuer conducts an overseas initial public offering or listing, it shall file with CSRC within 3 working days after submitting the issuance and listing application documents overseas. The remittance and cross-border flow of funds related to overseas issuance and listing of domestic enterprises shall comply with national regulations on cross-border investment and financing, foreign exchange management and cross border RMB management.

Loss of Share Certificates

A shareholder may, in accordance with the public notice procedures set out in the PRC Civil Procedure Law, apply to a people's court if his share certificate(s) in registered form is either stolen, lost or destroyed, for a declaration that such certificate(s) will no longer be valid. After the people's court declares that such certificate(s) will no longer be valid, the shareholder may apply to the company for the issue of a replacement certificate(s).

Merger and Division

A merger agreement shall be signed by merging companies and the involved companies shall prepare respective statements of financial position and inventory of assets. The companies shall within 10 days of the date of passing the resolution approving the merger notify their respective creditors and publicly announce the merger in newspapers or the National Enterprise Credit Information Publicity System within 30 days. A creditor may, within 30 days of receipt of the notification, or within 45 days of the date of the announcement if he has not received the notification, request the company to settle any outstanding debts or provide relevant guarantees. In case of a merger, the credits and debts of the merging parties shall be assumed by the surviving or the new company.

In case of a division, the company's assets shall be divided and a statement of financial position and an inventory of assets shall be prepared. When a resolution regarding the company's division is approved, the company should notify all its creditors within 10 days of the date of passing such resolution and publicly announce the division in newspapers or the National Enterprise Credit Information Publicity System within 30 days. Unless an agreement in writing is reached with creditors before the company's division in respect of the settlement of debts, the liabilities of the company which have accrued prior to the division shall be jointly borne by the divided companies.

Changes in the business registration of the companies as a result of the merger or division shall be registered with the relevant administration authority for industry and commerce.

In accordance with the laws, cancelation of a company shall be registered when a company is dissolved and incorporation of a company shall be registered when a new company is incorporated.

THE PRC SECURITIES LAWS AND REGULATIONS

The PRC has promulgated a number of regulations that relate to the issue and trading of shares and disclosure of information. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities- related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory

provisions of securities markets, supervising securities companies, regulating public offers of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities related statistics and undertaking relevant research and analysis. In April 1998, the State Council consolidated the two departments and reformed the CSRC.

The Interim Provisional Regulations on the Administration of Share Issuance and Trading (《股票發行與交易管理暫行條例》) deals with the application and approval procedures for public offerings of equity securities, trading in equity securities, the acquisition of listed companies, deposit, clearing and transfer of listed equity securities, the disclosure of information with respect to a listed company, investigation, penalties and dispute settlement.

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 issue, subscription, trading and declaration of dividends and other distributions of domestic listed foreign shares and disclosure of information of joint stock limited companies having domestic listed foreign shares.

The Securities Law of the PRC (《中華人民共和國證券法》, the "PRC Securities Law") took effect on July 1, 1999 and was revised as of August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014 and December 28, 2019, respectively. The PRC Securities Law, which was revised on December 28, 2019 and came into effect on March 1, 2020, is divided into 14 chapters and 226 articles, regulating, among other things, the issue and trading of securities, the listing of securities, and takeovers by listed companies.

Article 224 of the PRC Securities Law provides that domestic enterprises which, directly or indirectly, issue securities or list and trade their securities outside the PRC shall comply with the relevant regulations of the State Council. Currently, the issue and trading of foreign issued securities (including shares) are principally 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 PRC (《中華人民共和國仲裁法》) (the "**PRC Arbitration Law**") was enacted by the Standing Committee of the NPC on August 31, 1994, which became effective on September 1, 1995 and was last amended on September 12, 2025 and will become effective on March 1, 2026. It is applicable to, among other matters, economic disputes involving foreign parties where all parties have entered into a written agreement to resolve disputes by arbitration before an arbitration committee constituted in accordance with the PRC Arbitration Law. The PRC Arbitration Law provides that an arbitration committee may, before the promulgation of arbitration regulations by the PRC Arbitration Association, formulate interim arbitration rules in accordance with the PRC Arbitration Law and the PRC Civil Procedure Law. Where the parties have agreed to settle disputes by means of arbitration, a people's court will refuse to handle a legal proceeding initiated by one of the parties at such people's court, unless the arbitration agreement is invalid.

Under the PRC Arbitration Law and PRC Civil Procedure Law, an arbitral award shall be final and binding on the parties involved in the arbitration. If any party fails to comply with the arbitral award, the other party to the award may apply to a people's court for its enforcement. The people's court can issue a ruling prohibiting the enforcement of an arbitral award made by an arbitration commission 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).

Any party seeking to enforce an award of a foreign affairs arbitral body of the PRC against a party who or whose property is not located within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of the award. Likewise, an arbitral award made by a foreign arbitral body may be recognized and enforced by a PRC court in accordance with the principle of reciprocity or any international treaties concluded or acceded to 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 Standing Committee of the NPC 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 thereto subject to their rights to refuse enforcement under certain circumstances, including but without limitation to where the enforcement of the arbitral award is against the public policy of that state. At the time of the PRC's accession to the Convention, the Standing Committee of the NPC declared that (i) the PRC will only apply the Convention to the recognition and enforcement of arbitral awards made in the territories of other parties based on the principle of reciprocity; and (ii) the Convention will only be applied to disputes deemed under PRC laws to be arising from contractual or non-contractual mercantile legal relations.

An arrangement for mutual enforcement of arbitral awards between Hong Kong and the Supreme People's Court of China was reached. The Supreme People's Court of China adopted the Arrangements on the 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 June 18, 1999, which went into effect on February 1, 2000. The arrangement reflects the spirit of the New York Convention. Under the arrangements, the courts of the Hong Kong SAR have agreed to enforce arbitration awards made by mainland Chinese arbitration organisations in accordance with the Arbitration Law of the People's Republic of China, and people's courts of Chinese Mainland have agreed to enforce arbitration awards made in the Hong Kong SAR in accordance with the Arbitration Ordinate of the Hong Kong SAR. If the Mainland court finds that the enforcement of awards made by the Hong Kong arbitral bodies in the mainland will be against public interests of the mainland, or the court of Hong Kong SAR decides that the enforcement of the arbitral awards made by mainland Chinese arbitration organisations in Hong Kong SAR will be against public policies of Hong Kong SAR, the awards may not been forced. The Supreme People's Court of China adopted the Supplementary Arrangement Concerning Mutual Enforcement of Arbitral Awards between the Mainland and Hong Kong SAR (《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》) (the "**Supplemental Arrangement**") on November 11, 2020. The Supplemental Arrangement mainly provide additional provisions to the Arrangement on Mutual Enforcement of Arbitral Awards between Chinese Mainland and Hong Kong SAR (《關於內地與香港特別行政區相互執行仲裁裁決的安排》). Articles 1 and 4 of the Supplemental Arrangement shall come into effect on November 27, 2020, while articles 2 and 3 shall come into effect on a date to be announced by the Supreme People's Court.

Judicial Judgment and its Enforcement

According to the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Chinese Mainland 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 by the Supreme People's Court on January 25, 2024 and implemented on January 29, 2024, in the case of effective judgment of a civil and commercial case or civil damages in a criminal case made by the court of China and the court of the Hong Kong Special Administrative Region, any party concerned may apply to the People's Court of China or the court of the Hong Kong Special Administrative Region for recognition and enforcement based on this arrangement.