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SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

THE PRC LEGAL SYSTEM

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

According to the Constitution and the Legislation Law of the People’s Republic of China (2023 revision) (《中華人民共和國立法法(2023修正)》) (the “Legislation Law”), the National People’s Congress (the “NPC”) and the SCNPC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing state organs, civil and criminal matters, and other matters. The SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to make partial amendments and supplements to laws enacted by the NPC during the adjournment of the NPC, provided such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of the PRC administration and has the power to formulate administrative regulations based on the Constitution and laws.

The people’s congresses of provinces, autonomous regions and municipalities directly under the Central Government and their respective standing committees may formulate local regulations based on the specific circumstances and actual 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 standing committees may formulate local regulations on matters 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 such provinces or autonomous regions. Where laws have other stipulations on matters of local regulations formulated by cities divided into districts, such stipulations shall prevail. The local regulations of cities divided into autonomous regions need to be approved before implementation.

The standing committees of the people’s congresses of provinces or autonomous regions shall 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 their respective provinces or autonomous regions. People’s congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in the light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned.

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The ministries, commissions, PBOC, National Audit Office of the State Council and institutions with administrative functions directly under the State Council may formulate rules and regulations within the jurisdiction of their respective departments based on the laws and the administrative regulations, decisions and rulings of the State Council.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations or rules may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of the rules enacted by the people's governments of the provinces and autonomous regions is greater than that of the rules enacted by the people's governments of the cities divided into districts within their respective administrative regions.

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

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the SCNPC. According to the Resolution of the SCNPC 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》) passed by the SCNPC and effective on June 10, 1981, the Supreme People's Court shall interpret questions involving the specific application of laws and decrees in court trials. The Supreme People's Procuratorate shall interpret questions involving the specific application of laws and decrees in the procuratorial work. If there are principled differences in the interpretation of the Supreme People's Court and the Supreme People's Procuratorate, they shall be submitted to the SCNPC for interpretation or decision. Interpretation of questions involving the specific application of laws and decrees in areas unrelated to judicial and procuratorial work shall be provided by the State Council and competent authorities.

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Local regulations need to be further defined or additional stipulations need to be made, the standing committees of the people’s congresses of provinces, autonomous regions and municipalities directly under the Central Government which have enacted these regulations shall provide the interpretations or make the stipulations. Interpretation of questions involving the specific application of local regulations shall be provided by the competent departments of the people’s governments of provinces, autonomous regions and municipalities directly under the Central Government.

PRC JUDICIAL SYSTEM

According to the Constitution and the Organic Law of the People’s Courts of the People’s Republic of China (《中華人民共和國人民法院組織法》) last amended by the SCNPC on October 26, 2018 and effective on January 1, 2019, the People’s Court 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 consist of basic people’s courts, intermediate people’s courts and higher people’s courts. The basic people’s courts may set up certain people’s tribunals based on the status of the region, population and cases. The Supreme People’s Court shall be the highest judicial organ of the state. The Supreme People’s Court shall supervise the administration of justice by the local people’s courts at all levels and by the special people’s courts. The people’s courts at higher levels shall supervise the judicial work of the people’s courts at lower levels.

According to the Constitution and the Organic Law of the People’s Procuratorates of the People’s Republic of China (《中華人民共和國人民檢察院組織法》) last amended by the SCNPC on October 26, 2018 and effective on January 1, 2019, the People’s Procuratorate is the law supervision organ of the state. The Supreme People’s Procuratorate shall be the highest procuratorial organ. The Supreme People’s Procuratorate shall direct the work of the local people’s procuratorates at all levels and of the special people’s procuratorates; the people’s procuratorates at higher levels shall direct the work of those at lower levels.

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

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The Civil Procedure Law of the People’s Republic of China (《中華人民共和國民事訴訟法》) (the “Civil Procedure Law”) last amended by the SCNPC on September 1, 2023 and effective on January 1, 2024 sets forth the requirements for instituting a civil action, the jurisdiction of the people’s courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the Chinese Mainland must comply with the Civil Procedure Law. Civil cases are generally heard by the courts where the defendants are located. The court of jurisdiction in a civil action may be chosen by written agreement between the parties, provided that the court selected is located at the plaintiff’s or the defendant’s place of domicile, the place of executing or performing the contract or the object of the action, and the provisions of the Civil Procedure Law 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 shall enjoy equal litigation rights and obligations as a PRC citizen, legal person or other organizations when initiating or defending any proceedings at a people’s court. If a foreign court limits the litigation rights of PRC citizens, legal person or other organizations, the PRC court may apply the same limitations to the citizens, legal person or other organizations of such foreign country. A foreign individual, a person without nationality, a foreign enterprise or a foreign organization must engage a lawyer from Chinese Mainland if such person needs to engage a lawyer in initiating or defending any proceedings at a people’s court. Under an international treaty or the principle of reciprocity signed or acceded to by the PRC, the people’s courts and foreign courts may require each other to act on their behalf to serve documents, conduct investigations, collect evidence and take other actions on behalf of each other. If the request by a foreign court is detrimental to the PRC’s sovereignty, security or public interest, the people’s court shall not enforce it.

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

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

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

A joint stock company incorporated in the PRC seeking to list on the Hong Kong Stock Exchange shall mainly comply with the following laws and regulations of the PRC:

The Company Law of the People’s Republic of China, which was promulgated by the SCNPC 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, October 26, 2018 and December 29, 2023. The latest revised version of which was implemented on July 1, 2024.

The Overseas Listing Measures, namely the Overseas Listing Trial Measures and its five interpretative guidelines, which were promulgated by the CSRC on February 17, 2023 and came into effect on March 31, 2023 and were applicable to the direct or indirect overseas offering or listing of PRC domestic companies’ securities.

According to the Overseas Listing Trial Measures and its interpretative guidelines, where a domestic company directly conducts offering and listing overseas, it shall formulate its articles of association in line with the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) (the “Guidelines for Articles of Association”), which was last amended by the CSRC and came into effect on March 28, 2025.

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

General Provisions

A joint stock 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 to its creditors for an amount equal to the total value of its assets.

A joint stock company shall conduct its business in accordance with laws and regulations as well as public and commercial ethics, be honest and trustworthy and accept the supervision of the government and the public. A company may invest in other companies. If it is prescribed by any law that a company shall not become a capital contributor that shall bear the joint and several liability for the debts of the enterprises it invests in, such provisions shall prevail.

Incorporation

A joint stock company may be incorporated by promotion or subscription. A joint stock 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 of subscription of a joint stock company shall convene an inaugural meeting of the company within 30 days after the share capital has been paid up and shall notify all subscribers of the date of the meeting or make an announcement in this regard 15 days before the meeting. The inaugural meeting may be held only with the presence of subscribers holding more than 50% of the voting rights. The convening and voting procedures for the inaugural meeting of a joint stock company incorporated by promotion shall be stipulated in the agreement of the promoters. Powers to be exercised at the inaugural meeting include but are 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 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 Shares

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 an intellectual property right, land use rights, shareholding or claims.

The Overseas Listing Measures provides that domestic enterprises that are listed overseas may raise funds and distribute dividends in foreign currencies or RMB.

Under the Overseas Listing Measures, for a domestic company directly offering and listing overseas, shareholders of its domestic unlisted shares applying to convert such shares into shares listed and traded on an overseas trading venue shall conform to relevant regulations promulgated by the CSRC, and entrust the domestic company to file with the CSRC on their behalf. The domestic unlisted shares mentioned in the preceding paragraph refer to the shares that have been issued by domestic enterprises but have not been listed or listed for trading on domestic exchanges. Domestic unlisted shares shall be centrally registered and deposited with domestic securities registration and settlement institutions. The registration and settlement arrangements of overseas listed shares shall be subject to the provisions of overseas listing places.

Under the Company Law, a joint stock company is required to maintain a register of shareholders, detailing the following information: (i) the name and domicile of each shareholder; (ii) the class and number of shares subscribed for by each shareholder; (iii) the serial number of shares if issued in paper form; and (iv) the date on which each shareholder acquired the shares.

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Allotment and Issue of Shares

All issue of shares of a joint stock company shall be based on the principles of fairness and impartiality. 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. It may issue shares at par value or at a premium, but it may not issue shares below the par value.

Domestic enterprises issuing and listing overseas shall file with the CSRC in accordance with Overseas Listing Measures, submit filing reports, legal opinions and other relevant materials, and truthfully, accurately and completely explain shareholder information and other information. Where a domestic enterprise directly issues and is listed overseas, the issuer shall file with the CSRC.

Increase in Share Capital

Under the Company Law, in the case of a joint stock company issuing new shares, resolutions shall be passed at the shareholders’ 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 original shareholders, if any. If no par value stock is issued, more than one-half of the proceeds from the issuance of the new stocks shall be included in 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 publish the 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 a property list;
- (ii) a company makes a resolution at a shareholders’ 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;
- (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.

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When a company reduces its registered capital, it shall 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 purchase its own shares except for the 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' 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 items (i) to (ii) above shall be subject to the resolution of the shareholders' meeting; the purchase of shares of a company for reasons specified in the items (iii), (v) and (vi) above shall be subject to the resolution of the board meetings attended by more than two-thirds of the directors in accordance with the provisions of the articles of association or the authorization from the 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 purchase 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 held accumulatively by the company shall not exceed 10% of the total issued shares of a company, and shall be transferred or canceled within 3 years in the case of items (iii), (v) and (vi) above.

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Transfer of Shares

Shares held by a shareholder may be transferred according to the law. Under the Company Law, a shareholder of a joint stock company should affect a transfer of his shares on an established securities exchange according to the law or by any other means as required by the State Council. Registered shares may be transferred by endorsement of shareholders or by other means stipulated by laws or administrative regulations. After the transfer, a company shall record the name and 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 meeting or 5 days prior to the record date for a company’s distribution of dividends. However, If laws specify otherwise for the modification of the register of shareholders of a listed company, such provisions should prevail.

Under the Company Law, shares issued by a company prior to the public offering of shares shall not be transferred within 1 year from the date on which the shares of the company are listed and traded on a securities exchange. The directors, supervisors and senior management of the company should declare to the company the shares they hold and the changes thereof. During the term of office as determined when they assume the posts, the shares transferred each year should not exceed 25% of the total shares they hold of the company. Shares of a company held by them shall not be transferred within 1 year from the date of a company’s listing on a securities exchange, nor within 6 months after their resignation from their positions with a company.

If the shares are pledged within the time limit for restricted transfer as provided for by laws and administrative regulations, the pledgee cannot exercise the pledge right within such restricted period.

Shareholders

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

- (i) to receive dividends and other profit distributions on the basis of the number of shares held by them;
- (ii) to request, convene, hold, participate or send proxy to attend shareholders’ meeting, and exercise corresponding voting rights in accordance with the law;
- (iii) to monitor, make suggestions or question the company’s operation;

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- (iv) to inspect, reproduce the articles of association, register of shareholders, minutes of shareholders’ meetings, resolutions of the Board meetings and financial and accounting reports. Eligible shareholders may also inspect the accounting books and accounting vouchers of the company;
- (v) when the company terminates or liquidates, receive his/her share of remaining assets of the company according to the shares held;
- (vi) if a shareholder dissents from the merger or division of the company at a shareholders’ meeting, he/she may request the company to buy back his/her shares;
- (vii) other rights conferred by laws, administrative regulations and the articles of association.

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

- (i) to abide by laws, administrative regulations and the articles of association;
- (ii) to pay share capital according to the number of shares subscribed for and the method of payment;
- (iii) not to withdraw the share capital except for circumstances stipulated by the laws and regulations;
- (iv) not to abuse its 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;
- (v) other obligations that shall be assumed as stipulated by laws, administrative regulations and the articles of association.

Shareholder’s Meetings

Under the Company Law, the shareholders’ meeting of a joint stock company is made up of all shareholders. The shareholders’ meeting is the organ of authority of a company, which exercises the following functions and powers in accordance with the law:

- (i) to elect and replace directors and to decide on matters relating to the remuneration of directors;
- (ii) to examine and approve reports of the board of directors;
- (iii) to examine and approve reports of the supervisory committee;

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- (iv) to examine and approve the company's profit distribution plans and loss recovery plans;
- (v) to decide on any increase or decrease of the company's registered capital;
- (vi) to decide on the issue of corporate bonds;
- (vii) to decide on the merger, division, dissolution, liquidation or change of corporate form of the company;
- (viii) to amend the articles of association;
- (ix) to decide on the appointment, dismissal of accounting firms by the company;
- (x) to consider and approve the guarantee issues as prescribed in article 47 of the articles of association;
- (xi) to consider matters relating to the purchases and disposals of material assets, which are more than 30% of the latest audited total assets of the company, within one (1) year;
- (xii) to consider and approve matters relating to changes in the use of proceeds;
- (xiii) to review the share incentive plan and employee shareholding scheme;
- (xiv) to examine other matters which shall be decided by the shareholders' meeting as required by the laws, administrative regulations, departmental rules, or the articles of association.

Under the Company Law, annual shareholders' meetings shall be held once every year. An extraordinary shareholders' meeting is required to be held within 2 months after the occurrence of any of the following circumstances:

- (i) where the number of directors in office is less than the number provided for in the Company Law or less than two-thirds of the number prescribed in the articles of association;
- (ii) where the uncovered losses of the company reach one-third of the total paid-in share capital;
- (iii) where shareholders who individually or jointly hold no less than 10% of the shares of the company request such a meeting;
- (iv) where the board of directors deems it necessary;

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- (v) where the supervisory committee proposes such a meeting;
- (vi) other circumstances prescribed by the articles of association.

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

The board of directors shall timely convene the shareholders' meeting within the prescribed period.

If the board of directors is incapable of performing or is not performing its duties to convene the shareholders' meeting, the supervisory committee should convene and preside over shareholders' meeting in a timely manner. If the supervisory committee fails to convene and preside over shareholders' meeting, shareholders individually or collectively holding more than 10% of the company's shares for more than 90 days consecutively may unilaterally convene and preside over shareholders' meeting.

If the shareholders who individually or collectively hold more than 10% of the shares of the company request to convene an extraordinary shareholders' meeting, the board of directors should, within 10 days after the receipt of such request, decide whether to hold an extraordinary shareholders' meeting and reply to the shareholders in writing.

Notice of 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 meeting shall be given to all shareholders 15 days prior to the meeting.

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

Under the Company Law, a shareholder may entrust a proxy to attend a shareholders' meeting, and it should clarify the matters, power and time limit of the proxy. 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' meeting.

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

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

Under the Company Law and the Guidelines for Articles of Association, 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’ meeting. Matters relating to merger, division or dissolution of a company, increase or reduction of registered capital, change of corporate form or amendments to the articles of association must be approved by more than two-thirds of the voting rights held by the shareholders present at the meeting.

Board of Directors

Under the Company Law, a joint stock company should have a board of directors, which consists of more than three members. The term of office of a director shall be stipulated in the articles of association, but each term of office shall not exceed 3 years. Directors may serve consecutive terms if re-elected.

Meetings of the board of directors shall be convened at least twice a year. Notices of meeting shall be given to all directors and supervisors 10 days before the meeting. The board of directors exercises the following functions and powers:

- (i) to convene shareholder’s meetings and report its work to the shareholders’ meetings;
- (ii) to implement the resolutions of the shareholder’s meeting;
- (iii) to decide on a company’s business plans and investment plans;
- (iv) to formulate a company’s profit distribution plan and loss recovery plan;
- (v) to formulate proposals for the increase or reduction of a company’s registered capital and the issue of corporate bonds;
- (vi) to formulate plans for merger, division, dissolution or change of corporate form of a company;

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- (vii) to decide on the internal management structure of a company;
- (viii) to decide on the appointment or dismissal of the manager of a company and their remuneration; to decide on the appointment or dismissal of the deputy manager and financial officer of a company based on the nomination of the manager and as well as remuneration;
- (ix) to formulate a company's basic management system; and
- (x) other functions and powers specified in the articles of association or granted by the shareholders' meeting.

The board meetings shall be held only if more than half of the directors are present. If a director is unable to attend a board meeting, he/she may appoint another director by a 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 resolutions of shareholders' meeting, and as a result of which the company suffers serious losses, the directors participating in the resolution shall be liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be exempt from such liability.

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

- (i) a person without capacity or with restricted capacity;
- (ii) a person who has been sentenced to any criminal penalty due to an offense of corruption, bribery, encroachment of property, misappropriation of property, or disrupting the order of the socialist market economy, or has been deprived of political rights due to a crime, where a five-year period has not elapsed since the date of completion of the sentence; if he/she is pronounced for suspension of sentence, a two-year period has not elapsed since the expiration of the suspension period;
- (iii) a person who was a director, factory 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;

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

The board of directors shall have one 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' meetings and convene and preside over board meetings; and (ii) to examine the implementation of resolutions of the board of directors; (iii) to exercise other powers conferred by the board of directors.

Supervisory Committee

A joint stock company may establish an audit committee composed of directors of the board of directors in accordance with the articles of association which exercises the functions of the supervisory committee specified by the law and is not required to have a supervisory committee.

A joint stock company that is small or has a small number of shareholders is not required to establish a supervisory committee but shall have one supervisor who exercises the functions of the supervisory committee as specified by the law.

Except for the above-mentioned two special circumstances, a joint stock 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 management shall not serve concurrently as a supervisor.

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 more than half of all the supervisors.

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The supervisory committee exercises the following functions and power:

- (i) to review the company's financial affairs;
- (ii) to monitor the acts of directors and senior management in the performance of their duties, and to propose to remove any director or senior management who violates any law, administrative regulation, the articles of association or any resolution of the shareholders' meetings;
- (iii) to require any director or senior management whose behavior damages the company's interests to make corrections;
- (iv) to propose an extraordinary general meeting and to convene and preside over the shareholders' meeting when the board of directors fails to perform its duty to convene and preside over a shareholders' meeting prescribed in the Company Law;
- (v) to submit proposals to the shareholders' meetings;
- (vi) to bring a lawsuit against any director or senior management in accordance with the Company Law;
- (vii) other powers and functions stipulated by the articles of association.

According to Guidelines for Articles of Association, the company's board of directors shall establish an audit committee to exercise the supervisory authority stipulated by the Company Law.

Manager and Senior Management

Pursuant to the Company Law, a company may have a manager who shall be appointed or removed by the board of directors. The manager is accountable to the board of directors and exercises his/her functions and power according to the articles of association of the company or as delegated by the board of directors. The manager attends the meetings of the board of directors.

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

Duties of 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. Directors, supervisors and senior management shall not take advantage of his/her power to accept bribes or other illegal income, and shall not embezzle the property of the company.

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Directors, supervisors and senior management shall not engage in the following acts:

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

If any director, supervisor or senior management directly or indirectly concludes a contract or conducts a transaction with the company, he/she shall report the matters relating to the conclusion of the contract or transaction to the board of directors or shareholders' meeting, subject to the approval of the board of directors or shareholders' meeting by a resolution according to the articles of association.

The provisions of the preceding paragraph shall apply if any close relatives of directors, supervisors or senior management, or any of the enterprises directly or indirectly controlled by directors, supervisors or senior management or any of their close relatives, or any parties otherwise having related-party relationship with directors, supervisors or senior management, concludes a contract or conducts a transaction with the company.

Neither director, supervisor or senior management may take advantage of his/her position to seek any business opportunity that belongs to the company for himself/herself or any other person except under any of the following circumstances:

- (i) where he/she has reported to the board of directors or the shareholders' meeting and has been approved by a resolution of the board of directors or the shareholders' meeting according to the articles of association;
- (ii) where the company cannot make use of the business opportunity as stipulated by laws, administrative regulations or the articles of association.

Directors, supervisors and senior management shall not conduct the same kind of business as the company they serve, either on their own behalf or on behalf of others, without reporting to the board of directors or the shareholders' meeting, and approval by the board of directors or resolution at the shareholders' meeting according to the articles of association.

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Directors, supervisors and senior management who contravene any law, administrative regulation or the articles of association in the performance of his/her duties and result in any loss to the company shall be liable for compensation.

According to the Guidelines for the Articles of Association, directors and senior management owe the company duties of loyalty and diligence.

Finance and Accounting

Under the Company Law, the company shall establish its financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council. At the end of each fiscal year, the company shall prepare financial 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 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 meeting of shareholders. A joint stock 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 can no longer withdraw 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 fund in accordance with the provisions of 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 shareholders' meeting.

After making up for losses and appropriation to reserve funds, a joint stock company shall distribute the remaining profit after tax to shareholders in proportion to their shareholdings, unless otherwise stipulated in the articles of association.

The premium received through issuance of shares at prices above par value, the amount of capital obtained from the issuance of non-par value shares that is not included in the registered capital, and other items required by the financial department of the State Council to be allocated to the capital reserve fund shall be allocated to the company's capital reserve fund. 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.

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Where the reserve fund of the company is used for making up losses, the discretionary reserve fund and statutory reserve fund shall be firstly used. If losses still cannot be made up, the capital reserve fund can be used according to the provisions. When the statutory reserve fund is converted to increase the registered capital, the balance of this statutory reserve shall not be less than 25% of the registered capital of the company 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 the shareholders' meeting, the board of directors or the supervisory committee in accordance with the articles of association. The accounting firm should be allowed to make representations when the shareholders' meeting, the board of directors or the supervisory committee conduct a vote on the dismissal of the accounting firm. The company should provide true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or falsification of information.

According to the Guidelines for Articles of Association, the company shall guarantee to provide true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or falsification of information. The audit fee of the accounting firm shall be decided by the shareholders' meeting.

Distribution of Profits

Where the 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 who are responsible for causing losses to the company shall bear compensation liability.

Dissolution and Liquidation

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

- (i) the term of business stipulated in the articles of association has expired or other events of dissolution specified in the articles of association have occurred;
- (ii) the shareholders' meeting resolves to dissolve the company;
- (iii) dissolution is necessary due to a merger or division of the company;

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- (iv) the business license is revoked, or the company is ordered to close down or is revoked in accordance with laws;
- (v) the people's court orders dissolution in accordance with Article 231 of the Company Law.

If any of the dissolution causes as mentioned in the preceding paragraph arises, the company shall publicize it through the National Enterprise Credit Information Publicity System within 10 days.

Where the company falls under the circumstance of items (i) or (ii) above and has not yet distributed the assets to the shareholders, it may continue to exist by modifying the articles of association or upon a resolution of the shareholders' meeting. To modify its articles of association or make a resolution of the shareholders' meeting according to the provisions, the consent of more than two-thirds of the voting rights of the shareholders who attend the shareholders' meeting is required for a joint-stock company.

Where the company is dissolved pursuant to items (i), (ii), (iv) or (v) above, it shall be liquidated. The directors, who are the liquidation obligors of the company, shall form a liquidation group to carry out liquidation within 15 days from the date of occurrence of the cause of dissolution. The liquidation group shall be composed of the directors, unless it is otherwise provided for in the company's articles of association or it is otherwise elected by the shareholders' meeting. The liquidation obligors shall be liable for compensation if they fail to fulfill their obligations of liquidation in a timely manner, and thus any loss is caused to the company or the creditors.

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

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

- (i) to liquidate the company's property and prepare the balance sheet and the inventory of assets, respectively;
- (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;

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- (v) to liquidate claims and debts;
- (vi) to distribute the remaining property of the company after paying off debts;
- (vii) to participate in civil litigations on behalf of the company.

The liquidation group shall notify the company's creditors within 10 days as of its formation and shall make a public announcement in the newspaper or on the National Enterprise Credit Information Publicity System within 60 days. The creditors shall file their proofs of claim with the liquidation group within 30 days as of the receipt of the notice or within 45 days as of the issuance of the public announcement in the case of failing to receive such notice.

For a joint stock company, the remaining property of the company after the payment of liquidation expenses, employees' wages, social insurance expenses and statutory compensation, outstanding taxes and the company's debts, shall be distributed to shareholders in proportion to their shareholdings.

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.

If the liquidation group, having examined the company's assets and having prepared the balance sheet and the 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 group shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court. Upon completion of the liquidation, the liquidation group shall prepare a liquidation report to be submitted to the shareholders' meeting or the people's court for confirmation, and submit to the company registration authority to apply for cancellation of the company's registration. The members of the liquidation group performing their duties of liquidation are obliged to loyalty and diligence. Any member of the liquidation group who neglects to fulfill his/her liquidation duties, causing any loss to the company shall be liable for compensation, and any member of the liquidation group who cause any loss to any creditor due to his/her intentional or gross negligence shall be liable for compensation. Where, after three years since the business license of the company is revoked, or the company is ordered to close down or is revoked, the company fails to apply for its deregistration with the company registration authority, the said authority may announce the company's deregistration through the National Enterprise Credit Information Publicity System for a period of not less than 60 days. If there is no objection after the announcement period expires, the company registration authority may deregister the company.

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Overseas Listing

According to the Overseas Listing Measures, initial public offerings or listings in overseas markets shall be filed with the CSRC within 3 working days after the relevant application is submitted overseas. Subsequent securities offerings of an issuer in the same overseas market where it has previously offered and listed securities shall be filed with the CSRC within 3 working days after the offering is completed. Subsequent securities offerings and listings of an issuer in other overseas markets than where it has offered and listed shall be filed pursuant to provisions in the first paragraph of this article. Moreover, if the filing materials are complete and meet the requirements, the CSRC shall complete the filing within 20 working days from the date of receiving the filing materials, and publicize the filing information through the website. If the filing materials are incomplete or do not meet the requirements, the CSRC shall inform the issuer of the materials to be supplemented within 5 working days after receiving the filing materials. The issuer shall supplement the materials within 30 working days.

Suspension and Termination of Listing

The Company Law has deleted provisions governing suspension and termination of listing.

The Securities Law of the People’s Republic of China (hereinafter referred to as the “Securities Law”) was last amended by the SCNPC on December 28, 2019, and came into effect on March 1, 2020. The Securities Law has also deleted provisions regarding suspension of listing. Where listed securities fall under the delisting circumstances stipulated by the stock exchange, the stock exchange shall terminate its listing and trading in accordance with the business rules.

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

Securities Law and Regulations

The PRC has promulgated a series of laws and regulations to share issuance and trading as well as information disclosure. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee shall be responsible for coordinating the drafting of relevant laws and regulations on securities, formulating policies on securities matters, planning the development of the securities market, guiding, coordinating and supervising all institutions involved in securities matters in the PRC and managing the CSRC. The CSRC is the regulatory body of the Securities Committee and is responsible for drafting regulations on the supervision of the securities markets, supervising securities companies, supervising the public issuance of securities by Chinese companies in China or abroad, managing securities trading, compiling statistics on securities, and conducting research and

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analysis. In 1998, the Securities Committee was abolished by the State Council and its functions were undertaken by the CSRC. The CSRC is also responsible for the regulation and supervision of the national stock and futures markets in accordance with relevant laws, regulations and authorities.

The Interim Provisions on the Management of the Issuing and Trading of Stocks (《股票發行與交易管理暫行條例》) promulgated by the State Council and effective on April 22, 1993 provide the application and approval procedures for public offerings of shares, trading in shares, the acquisition of listed companies, the deposit, settlement and transfer of listed shares, the disclosure of information with respect to a listed company, investigation and penalties and dispute arbitration.

The Securities Law took effect on July 1, 1999, was last amended on December 28, 2019 and took effect on March 1, 2020. The Securities Law comprehensively regulates activities in the PRC securities market. Article 224 of the Securities Law stipulates that domestic enterprises issuing securities directly or indirectly abroad or listing and trading their securities abroad shall comply with the relevant provisions of the State Council; Article 225 stipulates that the specific terms for subscription and transaction of shares of companies in the PRC in foreign currencies shall be separately stipulated by the State Council. Currently, the issue and trading of foreign-issued securities (including H 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 People’s Republic of China (《中華人民共和國仲裁法》) (hereinafter referred to as the “PRC Arbitration Law”) was promulgated by the SCNPC on August 31, 1994, effective on September 1, 1995, last amended on September 12, 2025 and effective on March 1, 2026. 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 Civil Procedure Law. Where the parties have agreed to settle disputes by means of arbitration, the 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 the Civil Procedure Law, an arbitral award shall be final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people’s court for enforcement. The people’s court may refuse to enforce an arbitral award made by the arbitration commission if there is any irregularity in the procedures or composition of arbitrators specified by law or the award exceeds the scope of the arbitration agreement or is outside the jurisdiction of the arbitration commission.

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One party seeking to enforce an arbitral award of the PRC arbitration committee against the other 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 acceded to by the PRC. The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (hereinafter referred to as the “New York Convention”) adopted on June 10, 1958 pursuant to a resolution of the SCNPC passed on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the convention shall be recognized and enforced by all other parties to the New York Convention, subject to their right to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of the state to which the application for enforcement is made. It was declared by the SCNPC simultaneously with the accession of the New York Convention that (i) the PRC will only recognize and enforce foreign arbitral awards on the principle of reciprocity; and (ii) the PRC will only apply the New York Convention in disputes considered under PRC laws to arise from contractual and non-contractual mercantile legal relations.

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 on January 24, 2000 and effective on February 1, 2000, and the Supplementary Arrangements of the Supreme People’s Court for the 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》) promulgated on May 18, 2021 and effective on May 19, 2021, awards made by PRC arbitral authorities under the Arbitration Law can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC.