

## **B1. FOREIGN LAWS AND REGULATIONS**

Our Company is incorporated in the Cayman Islands and governed by its Memorandum and Articles of Association, as amended from time to time, and subject to the Cayman Companies Law. Our ADSs are also listed in the U.S. on the NASDAQ under the symbol “HTHT”; we are considered a “foreign private issuer” and are therefore, also subject to certain U.S. laws and regulations and the NASDAQ rules. Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company, Cayman Companies Law, U.S. laws and regulations, NASDAQ rules and other laws and regulations applicable to our Company. This summary does not contain all applicable laws and regulations, nor does it set out all the differences with laws and regulations in Hong Kong, or constitute legal or tax advice. Unless the context requires otherwise, capitalized terms used herein shall have the meanings given to them in the Company’s prospectus (the “**Prospectus**”) dated September 11, 2020 and references to sections of the Prospectus shall be construed accordingly.

### **Memorandum and Articles of Association**

#### ***Dividends***

Subject to the Cayman Companies Law, our Directors may declare dividends in any currency to be paid to our Shareholders. Dividends may be declared and paid out of our profits, realized or unrealized, or from any reserve set aside from profits which our Directors determine is no longer needed. Our Board of Directors may also declare and pay dividends out of the share premium account or any other fund or account that can be authorized for this purpose in accordance with the Cayman Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share otherwise provides (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated for this purpose as paid up on that share and (ii) all dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

Our Directors may also pay any dividend that is payable on any shares semi-annually or on any other dates, whenever our financial position, in the opinion of our Directors, justifies such payment.

Our Directors may deduct from any dividend or bonus payable to any Shareholder all sums of money (if any) presently payable by such Shareholder to us on account of calls or otherwise.

No dividend or other money payable by us on or in respect of any share shall bear interest against us.

In respect of any dividend proposed to be paid or declared on our share capital, our Directors may resolve and direct that (i) such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that our Shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof if our Directors so determine) in cash in lieu of such allotment or (ii) the Shareholders entitled to such dividend will be entitled to elect to receive an allotment of Shares credited as fully paid up in lieu of the whole or such part of the dividend as our Directors may think fit. Our Directors may also resolve in respect of any particular dividend that, notwithstanding the foregoing, a dividend may be satisfied wholly in the form of an allotment of Shares credited as fully paid up without offering any right to Shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend interest or other sum payable in cash to the holder of Shares may be paid by check or warrant sent by mail addressed to the holder at his registered address, or addressed to such person and at such addresses as the holder may direct. Every check or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such Shares, and shall be sent at his or their risk and payment of the check or warrant by the bank on which it is drawn shall constitute a good discharge to us.

All dividends unclaimed for one year after having been declared may be invested or otherwise made use of by our Board of Directors for the benefit of our Company until claimed. Any dividend unclaimed after a period of six years from the date of declaration of such dividend shall be forfeited and reverted to us.

Whenever our Directors have resolved that a dividend be paid or declared, our Directors may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind, and in particular of paid up shares, debentures or warrants to subscribe for our securities or securities of any other company. Where any difficulty arises with regard to such distribution, our Directors may settle it as they think expedient. In particular, our Directors may issue fractional certificates, ignore fractions altogether or round the same up or down, fix the value for distribution purposes of any such specific assets, determine that cash payments shall be made to any of our Shareholders upon the footing of the value so fixed in order to adjust the rights of the parties, vest any such specific assets in trustees as may seem expedient to our Directors, and appoint any person to sign any requisite instruments of transfer and other documents on behalf of the persons entitled to the dividend, which appointment shall be effective and binding on our Shareholders.

### ***Voting Rights Attaching to the Shares***

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting every Shareholder who is present in person or by proxy (or, in the case of a Shareholder being a corporation, by its duly authorized representative) shall have one vote on a show of hands, and on a poll every Shareholder holding shares present in person or by proxy (or, in the case of a Shareholder being a corporation, by its duly appointed representative) shall have one vote for each fully paid share of which such Shareholder is the holder.

No Shareholder shall be entitled to vote or be reckoned in a quorum, in respect of any share, unless such Shareholder is duly registered as our Shareholder at the applicable record date for that meeting and all calls or instalments due by such Shareholder to us have been paid.

If a recognized clearing house (or its nominee(s)), being a corporation, is our shareholder, it may authorize such person or persons as it thinks fit to act as its representative(s) at any meeting or at any meeting of any class of shareholders provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized pursuant to this provision is entitled to exercise the same powers on behalf of the recognized clearing house (or its nominee(s)) as if such person was the registered holder of our shares held by that clearing house (or its nominee(s)) including the right to vote individually on a show of hands.

While there is nothing under the laws of the Cayman Islands which specifically prohibits or restricts the creation of cumulative voting rights for the election of our Directors, it is not a concept that is accepted as a common practice in the Cayman Islands, and our Company has made no provisions in our Articles to allow cumulative voting for such elections.

### ***Directors' Borrowing Powers***

Our Board may exercise all the powers of our Company to raise or borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of our Company and, subject to the Cayman Companies Law, to issue debentures, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of our Company or of any third party.

## ***Liquidation Rights***

Our Company may only be wound up voluntarily by special resolution, meaning a majority of not less than two-thirds of votes cast at a shareholders meeting.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) if we are wound up and the assets available for distribution among our Shareholders are more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed pari passu among those Shareholders in proportion to the amount paid up at the commencement of the winding up on the Shares held by them, respectively and (ii) if we are wound up and the assets available for distribution among the Shareholders as such are insufficient to repay the whole of the paid-up capital, those assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Shareholders in proportion to the capital paid up at the commencement of the winding up on the shares held by them, respectively.

If we are wound up, the liquidator may with the sanction of our special resolution and any other sanction required by the Cayman Companies Law, divide among our shareholders in specie or kind the whole or any part of our assets (whether or not they shall consist of property of the same kind) and may, for such purpose, set such value as the liquidator deems fair upon any property to be divided and may determine how such division shall be carried out as between the shareholders or different classes of shareholders. The liquidator may also vest the whole or any part of these assets in trustees upon such trusts for the benefit of the Shareholders as the liquidator shall think fit, but so that no Shareholder will be compelled to accept any assets, shares or other securities upon which there is a liability.

## ***Share Repurchase***

We are empowered by the Cayman Companies Law and our Articles of Association to purchase our own shares, subject to certain restrictions. Our Directors may only exercise this power on our behalf, subject to the Cayman Companies Law, our Memorandum and Articles of Association and to any applicable requirements imposed from time to time by the NASDAQ, the SEC, or by any other recognized stock exchange on which our securities are listed.

## **Cayman Companies Law**

### ***Liquidation***

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

## ***Shareholders' Suits***

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

## ***Protection of Minorities***

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

## ***Mergers and Consolidations***

The Cayman Companies Law permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorised by (a) a special resolution of each constituent company and (b) such other authorisation, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

## ***Reconstructions***

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing 75% in value of shareholders or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

## ***Take-overs***

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

## ***Taxation***

Pursuant to section 6 of the Tax Concessions Law (2018 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Financial Secretary of the Cayman Islands:

- (a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and
- (b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:
  - (i) on or in respect of the Shares, debentures or other obligations of the Company; or
  - (ii) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2018 Revision).

The undertaking is for a period of twenty years from 16 March 2010.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.



## **U.S. Regulatory Provisions**

### ***Shareholder Rights Under the Deposit Agreement***

- *Prompt receipt of distributions.* Whenever the depository receives any dividend or other distribution on the underlying shares, the depository must promptly distribute the amount received (net of taxes and the fees/expenses of the depository) to the ADR holders.
- *Voting of deposited securities.* Upon receipt of notice of any Shareholders meeting, if requested in writing in a timely manner by the Company, the depository must, as soon as practicable, mail to ADR holders a notice containing key information received by the depository; and upon timely receipt of written instruction by the ADR holder, the depository will, as far as practicable, (i) vote the underlying Shares in accordance with the ADR holder's instructions if voting takes place by poll and (ii) vote the underlying Share in accordance with voting instructions received from a majority of ADR holders who provided voting instructions, if voting takes place by show of hands. If voting is by poll and no instructions are received, the depository may give a discretionary proxy to a person designated by the Company.
- *Reports.* ADR holders have a right to inspect reports and communications, including proxy soliciting material, received from the Company by the depository or generally made available to Shareholders.
- *Withdrawal.* Subject to limited exceptions, ADR holders have the right to cancel their ADSs and withdraw the underlying Shares at any time.

### ***Shareholder Proposals and Approvals***

As a foreign private issuer, our Company is not subject to SEC rules regarding proxy statements to Shareholders. Instead, Shareholder proposals must be made in accordance with our Company's Articles of Association, as amended.

Each Nasdaq-listed company is generally required to obtain Shareholder approval of certain issuances of securities, including in connection with: (i) acquiring the stock or assets of another company; (ii) equity-based compensation of officers, directors, employees or consultants; (iii) a change of control; and (iv) private placements. However, as our Company is a foreign private issuer, it can follow "home country practice" (i.e., the practice in the Cayman Islands) in lieu of complying with the above Nasdaq rule.

### ***Corporate Governance***

The Nasdaq Marketplace Rules contain a number of corporate governance requirements for Nasdaq-listed companies, the principal of which are:

- *Majority Independent Directors.* A majority of the board of directors must be comprised of "Independent Directors."
- *Audit Committee.* Each Nasdaq-listed company must have an audit committee of at least three members consisting of independent directors who satisfy certain requirements.
- *Compensation Committee.* Each Nasdaq-listed company must have a compensation committee of at least two members consisting of independent directors.

- *Nomination Committee.* The independent directors or a committee of independent directors must select or recommend nominees for directors.

However, as a foreign private issuer, our Company can opt to be exempt from most of the requirements if we choose to follow “home country practice”, which would be disclosed in our annual report (Form 20-F). Notwithstanding, our Company cannot opt out of complying with SEC Rule 10A-3, which includes, among other things, the requirement to maintain an audit committee, which would be responsible for establishing procedures for handling complaints regarding our Company’s accounting practices.

### ***Sarbanes-Oxley Requirements***

The Company is also subject to the U.S. Sarbanes-Oxley Act of 2002 (“Sarbanes-Oxley”). Sarbanes-Oxley addresses issues such as the composition of the audit committee of the board of directors and the adoption of the company codes of ethics, including:

- *No personal loans to directors or executive officers.* A company cannot extend personal loans to its directors and executive officers.
- *Whistle-blower protection.* The company is required to establish procedures for confidential and anonymous submission by employees of accounting-related concerns.

### ***Takeover Regulations***

*Mergers.* If we are required to seek Shareholder approval in connection with a merger pursuant to the requirements of Cayman Islands law or our Articles of Association, as amended, we will furnish the proxy statement for the applicable Shareholders’ meeting to the SEC on a current report on Form 6-K. As noted above, however, foreign private issuers such as our Company may elect to follow their “home country practices” in lieu of complying with applicable Shareholder approval requirements under the Nasdaq Marketplace Rules. In addition, if the merger involves the issuance of Shares, we may be required to register the offering of such Shares with the SEC.

*Tender Offers.* Neither the U.S. federal securities laws nor the Nasdaq Marketplace Rules have the concept of a “general offer.” Therefore, a party making a tender offer is free to decide how many shares will be subject to the offer. All holders of the same class of securities must be treated equally and the highest consideration paid to any one Shareholder of that class of securities must be paid to all Shareholders of that same class. A tender offer must remain open for a minimum of 20 business days after commencement, and may be extended in circumstances. Within 10 business days of commencement, the subject company must send a notice to its Shareholders recommending whether to accept or reject a tender offer, or expressing a neutral position.

*Disclosure of Interests for Major Shareholders.* Any person who, after acquiring beneficial ownership of a class of equity securities (which includes the power to direct the voting or the disposition of the securities) registered under Section 12 of the U.S. Exchange Act (“**Registered Equity Class**”), is a beneficial owner of more than 5% of the Registered Equity Class, must publicly file beneficial owner reports (Schedule 13D or Schedule 13G) with the SEC, and such person must promptly report any material change in the information provided (including any acquisition or disposition of 1% or more of the class of equity securities concerned), unless exceptions apply. Schedule 13D must be filed by all Shareholders who are not otherwise eligible to use Schedule 13G.