

APPENDIX IV SUMMARY OF PRINCIPAL LAWS AND REGULATIONS

THE PRC LEGAL SYSTEM

The PRC legal system is based on the PRC Constitution (《中華人民共和國憲法》) (hereinafter referred to as the “Constitution (《憲法》)”) and is made up of written laws, administrative regulations, local regulations, separate regulations, rules and regulations of departments of the State Council, rules and regulations of local governments, autonomous regulations, separate regulations of autonomous regions, special administrative region law and international treaties and other regulatory documents signed by the PRC government. Court decisions do not constitute binding precedents, although they are used for the purposes of judicial reference and guidance.

According to the Constitution and the Legislation Law of the People’s Republic of China (《中華人民共和國立法法》) (the “Legislation Law (《立法法》)”), which was amended by the National People’s Congress (the “NPC”) on March 13, 2023 and became effective on March 15, 2023, the NPC and the NPC Standing Committee are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing criminal and civil matters, state organs and other matters. The SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided such supplements and amendments are not in conflict with the basic principles of such laws. The NPC is empowered to authorize the SCNPC to formulate relevant 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 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 standing committees may formulate local regulations on matters such as urban and rural construction and management, ecological civilization construction, historical and cultural protection and grassroots governance 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 districts shall be submitted to the standing committees of the people’s congresses of provinces and autonomous regions for approval 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 deemed to be 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,

APPENDIX IV SUMMARY OF PRINCIPAL LAWS AND REGULATIONS

economic and cultural characteristics of the nationality (nationalities) in the areas concerned. The ministries, commissions, PBOC, NAO of the State Council and institutions with administrative functions directly under the State Council and institutions required by laws 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 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 rules of local governments; 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 respective 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.

Where the scope of local regulations needs 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.

PRC JUDICIAL SYSTEM

According to the Constitution and the Law of the PRC of Organization of the People’s Courts (《中華人民共和國人民法院組織法》) amended by the SCNPC on October 26, 2018 and becoming effective on January 1, 2019, the PRC People’s Court is made up of the Supreme

APPENDIX IV SUMMARY OF PRINCIPAL LAWS AND REGULATIONS

People’s Court, the local people’s courts, and other special people’s courts. The local people’s courts are divided into three levels, namely the basic people’s courts, the intermediate people’s courts and the 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 a higher level shall supervise the judicial work of the people’s courts at lower levels.

According to The Constitution and the Law of Organization of the People’s Procuratorate of the PRC “《中華人民共和國人民檢察院組織法》” revised by SCNPC on October 26, 2018 and taking effect 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, i.e., 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 courts. 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 finds any definite errors in a legally effective final judgment or ruling of the people’s court at a lower level, or if the chief judge of a people’s court at any level finds any definite errors in a legally effective final judgment or ruling of such court, the case can be retried according to judicial supervision procedures.

The PRC Civil Procedure Law (《中華人民共和國民事訴訟法》) (the “PRC Civil Procedure Law (《中國民事訴訟法》)”) adopted by the SCNPC on September 1, 2023 and became 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 PRC must comply with the PRC 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 express agreement between the parties, provided that the court is located at a place that has direct connection with the dispute, such as the plaintiff’s or the defendant’s place of domicile, the place where the contract is performed or signed or the object of the action is located. However, the choice of the court cannot be in conflict with the regulations of different jurisdictions and exclusive jurisdictions in any case.

APPENDIX IV SUMMARY OF PRINCIPAL LAWS AND REGULATIONS

A foreign individual, a person without nationality, a foreign-invested enterprise or a foreign organization must have the same 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 and 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-invested enterprise or a foreign organization must engage a PRC lawyer 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 court 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 would result in the violation of the PRC’s sovereignty, security or public interest, the people’s court shall decline the request.

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 PRC or whose property is not within the PRC, 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 PRC enforcement procedures if the PRC 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 the people’s court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security, or for reasons of social and public interests.

The PRC Company Law, Trial Measures for Administration and Guidelines for the Articles of Association

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

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

The Trial Measures for the Administration of Overseas Securities Issuance and Listing by Domestic Enterprises (hereinafter referred to as the “Trial Measures for Administration”) promulgated by the CSRC on February 17, 2023 and effective on March 31, 2023, are applicable to the overseas securities offering and listing by domestic enterprises.

APPENDIX IV SUMMARY OF PRINCIPAL LAWS AND REGULATIONS

According to the Trial Measures for Administration and its interpretative guidelines, where a domestic company directly offering and listing overseas, it shall formulate its articles of association in line with the Guidelines for Articles of Association of Listed Companies (《公司章程指引》), or the Guidelines for Articles of Association, in place of the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas which ceased to apply from 31 March 2023. The Guidelines for the Articles of Association of Listed Companies (“Guidelines for the Articles of Association”) issued by the CSRC on December 16, 1997, which was last amended on March 28, 2025 and became effective on the same date, provides guidance on the articles of association. Accordingly, the contents of the Guidelines are set out in the Company’s Articles of Association, and the summary of which is set out in the section headed “Appendix V — Summary of the Articles of Association” of this document.

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

General Provisions

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

Incorporation

A joint stock limited company may be incorporated by promotion or subscription. A joint stock limited company shall be incorporated by one to two hundred promoters, and a majority of the promoters shall be domiciled within the territory of the PRC.

Promoters must preside over the convening of the inaugural meeting of a company established by stock circulation within 30 days from the date of full payment of the share capital. The powers exercised by the inaugural meeting include but are not limited to passing the company’s articles of association and electing members of the company’s board of directors and supervisory committee. Resolutions made by the inaugural meeting must be passed by more than half of the voting rights held by the subscribers attending the meeting.

Within 30 days of the founding meeting, the board of directors must apply to the registration authority for the incorporation of a joint stock company. Once the relevant registration authority issues a business license, a company is officially established and becomes a legal person.

APPENDIX IV SUMMARY OF PRINCIPAL LAWS AND REGULATIONS

Registered Capital

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

The Trial Measures for Administration stipulates that fund raising and dividend distributions of a domestic enterprise offering and listing overseas may be made in foreign currencies or RMB.

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

Allotment and Issuance of Shares

All shares issued by a joint stock company must be issued on the basis of equality and fairness. Shares of the same class must have equal rights. Shares of the same class issued simultaneously must be issued under the same conditions and at the same price. A joint stock company may issue shares at par value or at a premium, but may not issue shares below par value.

According to the Trial Measures for Administration, if a domestic enterprise directly issues and lists shares overseas, shareholders holding its unlisted domestic shares who apply to convert their unlisted domestic shares into overseas listed shares and list them on overseas trading venues must comply with the relevant regulations of the China Securities Regulatory Commission and entrust the domestic enterprise to file a record with the China Securities Regulatory Commission. The term of “domestic unlisted shares” as used in the preceding paragraph refers to shares issued by domestic enterprises but not listed or traded on domestic trading venues. Domestic unlisted shares shall be centrally registered and deposited with domestic securities registration and clearing institutions. Registration and settlement arrangements for overseas-listed shares shall be subject to the regulations of the overseas listing venue.

Increase in Share Capital

Under the Company Law, in the case of a joint stock limited company issuing new shares, resolutions shall be passed at the shareholders’ general meeting in respect of the class and number of new shares, the issue price of the new shares, the commencement and end dates for the issuance of new shares and the class and number of the new shares proposed to be issued to existing shareholders. If no par value stock is issued, half of the proceeds from the issuance of the new stocks shall be credited to the registered capital, and the shareholders’ general

APPENDIX IV SUMMARY OF PRINCIPAL LAWS AND REGULATIONS

meeting shall resolve on the amount to be credited to the registered capital. Additionally, if a company intends to make public offering of shares, it is required to complete the registration with the securities regulatory authority of the State Council and announce the prospectus.

Reduction of Share Capital

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

- (1) To prepare a balance sheet and a property list.
- (2) A company makes a resolution at shareholders’ general meeting to reduce its registered capital.
- (3) 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.
- (4) 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.
- (5) When a company reduces its registered capital, it shall register the change with a company registration authority in accordance with the law.

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

Share Buy-Back

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

- (1) reducing the registered capital;
- (2) merging with other company that holds the shares of the Company;
- (3) using the shares for employee stocks plan or equity incentives;
- (4) with respect to shareholders voting against any resolution adopted at the shareholders’ general meeting on the merger or division of our Company, the right to demand our Company to acquire the shares held by them;

APPENDIX IV SUMMARY OF PRINCIPAL LAWS AND REGULATIONS

- (5) using the shares for the conversion of convertible corporate bonds issued by the listed company;
- (6) as required for maintenance of the corporate value and shareholders' rights and interests of a listed company.

The purchase of shares of a company for reasons specified in the case of (1) to (2) above shall be subject to the resolution of the general meeting; the purchase of shares of a company for reasons specified in the case of (3), (5) and (6) above shall be subject to the resolution of the Board meeting attended by more than two-thirds of the directors in accordance with the provisions of the Articles of Association or the authorization from the general meeting.

Following the purchase of a company's shares by a company in accordance with the above provisions, such shares shall be canceled within 10 days from the date of buy-back in the case of item (1) above; such shares shall be transferred or canceled within six months in the case of items (2) and (4) above; the total numbers of share of our Company held by a company shall not exceed 10% of the total issued shares of a company, and shall be transferred or canceled within three years in the case of items (3), (5) and (6) above.

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

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

APPENDIX IV SUMMARY OF PRINCIPAL LAWS AND REGULATIONS

Shareholders

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

- (1) to receive dividends and other forms of distributions in proportion to their shareholdings;
- (2) to request, convene, preside over, attend or appoint a proxy to participate in the shareholders' general meeting in accordance with the law, and exercise the corresponding voting rights;
- (3) to supervise a company's business, and to present proposals or to raise inquiries;
- (4) to transfer, grant or pledge shares held by them in accordance with laws, administrative regulations and the provisions of the Articles of Association;
- (5) to inspect the Articles of Association, register of members, minutes of general meetings, resolutions of the Board, resolutions of the supervisory committee, financial and accounting reports;
- (6) in the event of the winding-up or liquidation of a company, to participate in the distribution of remaining property of a company in proportion to the number of shares held;
- (7) to require the company to purchase its shares in the event that a shareholder disagrees with the resolution on merger or division of the company approved at a general meeting;
- (8) other rights as stipulated by laws, administrative regulations, departmental rules and the Articles of Association.

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

- (1) to comply with the laws, the administrative regulations and the Articles of Association;
- (2) to pay subscription money according to the number of shares subscribed and the method of subscription;
- (3) not to abuse their shareholders' rights to damage the interests of a company or other shareholders; not to abuse the independent legal person status of a company and the limited liability of shareholders to damage the interests of the creditors of a company;

APPENDIX IV SUMMARY OF PRINCIPAL LAWS AND REGULATIONS

- (4) other obligations conferred by laws, administrative regulations, departmental regulations, securities regulatory rules of the place where the company’s shares are listed and the Articles of Association.

Shareholder’s General Meetings

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

- (1) to elect and replace directors and supervisors and to decide on matters relating to the remuneration of directors and supervisors;
- (2) to examine and approve reports of the board of directors;
- (3) to examine and approve reports of the supervisory committee;
- (4) to examine and approve a company’s profit distribution plans and loss recovery plans;
- (5) to resolve on the increase or reduction of a company’s registered capital;
- (6) to resolve on the issuance of corporate bonds;
- (7) to resolve on the merger, division, dissolution, liquidation or change of corporate form of a company;
- (8) to amend the a company’s Articles of Association;
- (9) other functions and powers specified in provision of the Articles of Association.

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

- (1) the number of directors is less than the number stipulated in the Company Law or less than two-thirds of the number specified in the Articles of Association;
- (2) when the unrecovered losses of a company amount to one-third of the total paid-up share capital;
- (3) shareholders individually or jointly holding 10% or more of the company’s shares request;
- (4) when deemed necessary by the Board;

APPENDIX IV SUMMARY OF PRINCIPAL LAWS AND REGULATIONS

- (5) the Supervisory Committee proposes to convene the meeting;
- (6) other circumstances as stipulated in the Articles of Association.

Shareholders' general meetings shall be convened by the board of directors, and presided over by the 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.

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

If shareholders who individually or collectively hold more than 10% of the company's shares request the convening of an extraordinary shareholders' meeting, the board of directors and the board of supervisors shall decide whether to convene an extraordinary shareholders' meeting within 10 days after receiving the request and respond to the shareholders in writing.

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

Shareholders who individually or collectively hold 1% or more of the company's shares may submit an ad hoc proposal in writing to the convener ten days before the shareholders' meeting. The convener shall issue a supplementary notice of the shareholders' meeting within two days after receiving the proposal and announce the content of the temporary proposal, except where the temporary proposal violates laws, administrative regulations, or the company's articles of association, or falls outside the scope of authority of the shareholders' general meeting.

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

Under the Company Law, shareholders present at a shareholders' general meeting (other than shareholders of class shares) shall have one vote for each share they hold, save that shares held by a company are not entitled to any voting rights.

APPENDIX IV SUMMARY OF PRINCIPAL LAWS AND REGULATIONS

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

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

Directors

Under the Company Law, a joint stock limited company shall have a board of directors, which shall consist of 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 three years. Directors may serve consecutive terms if re-elected.

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

- (1) to convene shareholder’s general meetings and report its work to the shareholder’s general meetings;
- (2) to implement the resolutions of the shareholder’s general meeting;
- (3) to decide on a company’s business plans and investment plans;
- (4) to formulate a company’s annual financial budget and final accounts;
- (5) to formulate a company’s profit distribution plan and loss recovery plan;
- (6) to formulate proposals for the increase or reduction of a company’s registered capital and the issue of corporate bonds;
- (7) to formulate plans for cake, division, dissolution or change of corporate form of a company;
- (8) to decide on the internal management structure of a company;

APPENDIX IV SUMMARY OF PRINCIPAL LAWS AND REGULATIONS

- (9) to decide on the appointment or dismissal of the manager of a company and their remuneration;
- (10) 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;
- (11) to formulate a company's basic management system;
- (12) 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 for another director 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 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 is:

- (1) a person without capacity or with restricted capacity;
- (2) a person who has been sentenced to criminal punishment due to corruption, bribery, infringement of property, misappropriation of property or destruction of the socialist market economic order; or a person who has been deprived of his political rights due to a crime, where less than five years have elapsed since the date of completion of the sentence; if he/she is pronounced for suspension of sentence, a two-year period has not elapsed since the expiration of the suspension period;
- (3) 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;
- (4) persons who were legal representatives 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 were 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

APPENDIX IV SUMMARY OF PRINCIPAL LAWS AND REGULATIONS

- (5) a person who has been listed as a dishonest person subject to enforcement by the people's court due to his/her failure to pay off a relatively large amount of due debts.

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

- (1) to preside over shareholders' general meetings and convene and preside over board meetings;
- (2) to cause and check the implementation of the resolutions of the Board;
- (3) to exercise other powers conferred by the Board.

Managers and Senior Management

Under the Company Law, a company shall have managers who shall be appointed or removed by the board of directors. The manager is accountable to the board of directors and may exercise his/her powers in accordance with the provisions of the company's articles of association or as authorized by the board of directors.

According to the Company Law, senior management shall refer to the manager, deputy manager(s), financial controller, secretary of the board of directors and other personnel as stipulated in the Articles of Association of the company.

Duties of Directors and Senior Management

The Company Law requires that directors and senior management must abide by relevant laws, regulations, and the articles of association, and have a duty of loyalty and diligence to the company. Directors and senior management may not abuse their power to accept bribes or other illegal income, nor may they embezzle company property.

Directors and senior management are prohibited from:

- (1) embezzling company property, or misappropriation of the company's capital;
- (2) depositing the company's capital into accounts under his own name or the name of other individuals;
- (3) using his authority to engage in bribery or accept other illegal income;
- (4) accept and possess commissions paid by a third party for transactions conducted with the company;
- (5) unauthorized divulgence of confidential company information; or

APPENDIX IV SUMMARY OF PRINCIPAL LAWS AND REGULATIONS

- (6) other acts in violation of their duty of loyalty to the company.

Directors and senior management, who directly or indirectly enter into contracts or conduct transactions with the company, shall report to the board of directors or the shareholders' general meeting on matters relating to the entering into of such contracts or the conduct of such transactions, which shall be approved by a resolution of the board of directors or the shareholders' general meeting in accordance with the provisions of the articles of association of the company.

The provisions of the preceding paragraph shall apply to any contract or transaction between the company and any close relatives of a director or senior management, any enterprise directly or indirectly controlled by a director or senior management or their close relatives, or any affiliates having any other relationship with a director or senior management.

Directors and senior officers shall not use their positions to seek any business opportunity available to the company for themselves or others, except in any of the following circumstances:

- (1) Where the activity is reported to the board of directors or the shareholders' meeting and approved in accordance with the company's articles of association through resolutions of the board of directors or the shareholders' meeting; or
- (2) Where the company cannot exploit the business opportunity according to any laws, administrative regulations, or the company's articles of association.

Directors and senior officers shall not operate businesses, either self-owned or owned by others, similar to those of the company they serve, without reporting to the board of directors or the shareholders' meeting and obtaining approval in accordance with the company's articles of association through resolutions of the board of directors or the shareholders' meeting.

A director or senior management who contravenes any law, regulation or the company's articles of association in the performance of his duties resulting in any loss to the company shall be personally liable to the company.

Finance and Accounting

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

APPENDIX IV SUMMARY OF PRINCIPAL LAWS AND REGULATIONS

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

When distributing each year’s after-tax profits, the company shall set aside 10% of its profits into its statutory reserve fund. The company 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 in accordance with the preceding paragraph. After the company has made an allocation to the statutory reserve fund from its after-tax profit, it may also make an allocation to the discretionary reserve fund from its after-tax profit upon a resolution of the shareholders’ general meeting.

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

The premium received by a joint-stock company from issuing shares at a price exceeding their par value, the portion of proceeds from issuing no-par-value shares not credited in registered capital, and other income required by the financial department of the State Council to be included in capital reserves shall be accounted for as the capital reserves fund of the company.

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

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

Appointment and Dismissal of Accounting Firms

Pursuant to the Company Law, the engagement or dismissal of an accounting firm responsible for the company’s auditing shall be determined by a shareholders’ general meeting or the board of directors in accordance with the articles of association. The accounting firm should be allowed to make representations when the general meeting or the board of directors

APPENDIX IV SUMMARY OF PRINCIPAL LAWS AND REGULATIONS

conduct a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or falsification of information.

Profit Distribution

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

Dissolution and Liquidation

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

- (1) 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;
- (2) the shareholders’ general meeting resolves to dissolve the company;
- (3) dissolution is necessary due to a merger or division of the company;
- (4) the business license is revoked, or the business license is ordered to be closed or revoked in accordance with laws;
- (5) where the company encounters serious difficulties in its operation and management and its continuance shall cause a significant loss in the interest of shareholders, and where this cannot be resolved through other means, shareholders who hold more than 10% of the total shareholders’ voting rights of the company may present a petition to a people’s court for the dissolution of the company with the support of the judgment.

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

Where the company is dissolved in accordance with sub-paragraph (1), (2) above, it may carry on its existence by amending its articles of association or upon a resolution of the shareholders’ meeting, which must be approved by more than two-thirds of the voting rights held by the shareholders present at the shareholders’ general meeting. Where the Company is dissolved pursuant to sub-paragraphs (1), (2), (4) or (5) above, a liquidation committee shall be established and the liquidation shall commence within 15 days after the occurrence of an event of dissolution. The liquidation committee shall be composed of directors, unless it is otherwise provided for in the company’s articles of association or it is otherwise elected by the

APPENDIX IV SUMMARY OF PRINCIPAL LAWS AND REGULATIONS

shareholders’ meeting. If a liquidation committee is not established or fails to carry out the liquidation after its formation within the stipulated period to conduct liquidation, any interested party may apply to the people’s court to appoint relevant personnel to form a liquidation committee to conduct liquidation. 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 powers during the liquidation period:

- (1) to liquidate the company’s property and respectively prepare balance sheet and list of property;
- (2) to notify creditors by notice or public announcement;
- (3) to deal with the outstanding business of the company involved in the liquidation;
- (4) to pay all outstanding taxes and taxes arising in the course of liquidation;
- (5) to liquidate claims and debts;
- (6) to deal with the remaining property of the company after paying off debts;
- (7) to participate in civil litigations on behalf of the company.

The liquidation committee shall notify the company’s creditors within ten days of its establishment and publish a notice in a newspaper or on the National Enterprise Credit Information Publicity System within sixty days. Creditors shall declare their claims to the liquidation committee within thirty days of receipt of the notice, or within forty-five days of the public announcement if they have not received the notice.

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 committee, having thoroughly examined the company’s assets and having prepared a balance sheet and an inventory of assets, discovers that the company’s assets are insufficient to pay its debts in full, it shall file an application to a people’s court for

APPENDIX IV SUMMARY OF PRINCIPAL LAWS AND REGULATIONS

bankruptcy liquidation. After the people’s court accepts the application for bankruptcy, the liquidation committee shall hand over the affairs of the liquidation to the bankruptcy administrator designated by the people’s court.

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

Where, after three years since the business license of the Company is revoked, or the Company is ordered to close down or is deregistered, 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 no less than 60 days. If there is no objection after the announcement period expires, the company registration authority may deregister the Company.

Overseas listing

According to the Overseas Listing Trial Measures (《境外上市試行辦法》), where an issuer makes an overseas initial public offering or listing, it shall file with the CSRC within 3 working days after submitting the application documents for overseas issuance and listing. If an issuer issues securities in the same overseas market after overseas issuance and listing, it shall file with the CSRC within 3 working days after the completion of the issuance. If an issuer issues and lists in other overseas markets after overseas issuance and listing, it shall file in accordance with the provisions of Paragraph 1, Article 16 of the Overseas Listing Trial Measures. 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.

Loss of Share Certificates

If the share certificates in registered form are either stolen, lost or destroyed, the shareholders may, in accordance with the public notice procedures set out in the Civil Procedure Law (《民事訴訟法》), apply to the People’s Court for a declaration that such certificates will no longer be valid. After the People’s Court declared that such certificates would no longer be valid, the shareholders may apply to the Company for the issue of replacement certificates.

APPENDIX IV SUMMARY OF PRINCIPAL LAWS AND REGULATIONS

Suspension and Termination of Listing

The Company Law has deleted provisions governing suspension and termination of listing. The PRC Securities Law (2019 revision) (《中華人民共和國證券法(2019年修訂)》) 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 its listing rules.

According to the Trial Measures, in case of voluntary or compulsory termination of listing, the issuer shall report it to the CSRC within three working days from the date of occurrence and announcement of the termination of listing.

Securities Laws And Regulations

In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee was 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 China and administering the CSRC. The CSRC was the regulatory arm of the Securities Committee and was responsible for drafting of regulatory provisions of securities markets, supervising securities companies, regulating public issuance of securities by Chinese companies in both domestic and overseas markets, regulating the trading of securities, compiling securities-related statistics and undertaking research and analysis. On 29 March 1998, the State Council consolidated the above two departments and reorganized the CSRC.

The Provisional Regulations Concerning the Issue and Trading of Shares (《股票發行與交易管理暫行條例》) promulgated by the State Council and effective on 22 April 1993 cover 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 Regulations of the State Council Concerning the 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》), which were promulgated by the State Council and came into effect on 25 December 1995, mainly cover the issue, subscription, trading and payment of dividends of domestic listed foreign shares and disclosure of information of joint stock limited companies with domestic listed foreign shares.

The Securities Law (《證券法》), which was last amended by the SCNPC on December 28, 2019 and came into effect on March 1, 2020, provides a series of provisions regulating, among other things, the issue and trading of securities, takeovers by listed companies, stock exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities in the PRC, and comprehensively regulates activities in the PRC securities market. The Securities Law provides that a domestic enterprise must comply

APPENDIX IV SUMMARY OF PRINCIPAL LAWS AND REGULATIONS

with the relevant provisions of the State Council in issuing securities directly or indirectly outside the PRC or listing and trading its securities outside the PRC. Currently, the issue and trading of foreign issued shares are mainly governed by the rules and provisions promulgated by the State Council and the CSRC.

The Guidelines for the Application for “Full Circulation” of Domestic Unlisted Shares of H Share Companies (《H股公司境內未上市股份申請“全流通”業務指引》) issued by the CSRC on November 14, 2019 and revised on August 10, 2023 regulates the list and circulation (hereinafter referred to as “Full Circulation”) of listed domestic shares of domestic stock companies (hereinafter referred to as “H share companies”) listed on the Hong Kong Stock Exchange (including unlisted domestic shares held by domestic shareholders prior to overseas listing, listed domestic shares issued in China upon overseas listing and listed shares held by overseas shareholders). Shareholders of domestic unlisted shares have the flexibility to jointly decide the amount and proportion of shares that will be included in the circulation application. This decision should be reached through mutual consultation, ensuring compliance with relevant laws, regulations and policies governing state-owned asset administration, foreign investment and industry regulation. Meanwhile, H share companies corresponding to these shares may be authorized to file for “full circulation” with the CSRC. An unlisted domestic joint stock company may file with the CSRC for “full circulation” at the time of its initial public offering and listing overseas.

Arbitration and Enforcement of Arbitral Awards

Under the Arbitration Law of the People’s Republic of China (《中華人民共和國仲裁法》) (hereinafter referred to as “Arbitration Law”) amended by the Standing Committee of the NPC on September 1, 2017 and effective on January 1, 2018, the Arbitration Law is applicable to economic disputes involving foreign parties, and all parties have entered into a written agreement to refer the matter to an arbitration committee constituted in accordance with the Arbitration Law. An arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with relevant regulations under the Arbitration Law and the PRC Civil Procedure Law (《中國民事訴訟法》). Where both parties have agreed to settle disputes by means of arbitration, the people’s court will refuse to take legal action brought by a party in the people’s court.

Under the Arbitration Law, an arbitral award is 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 according to the PRC Civil Procedure Law. A people’s court may refuse to enforce an arbitral award made by an arbitration commission if there is any procedural irregularity (including irregularity in the composition of the arbitration committee or the making of an award on matters beyond the scope of the arbitration agreement or the jurisdiction of the arbitration commission). A party seeking to enforce an arbitral award of foreign arbitration commission against a party who or whose property is not within the PRC shall apply to a foreign court with jurisdiction over the case for recognition and enforcement. Similarly, an

APPENDIX IV SUMMARY OF PRINCIPAL LAWS AND REGULATIONS

arbitral award made by a foreign arbitration body may be recognized and enforced by the people’s court in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC.

According to the Arrangement of the Supreme People’s Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的安排》) promulgated by the Supreme People’s Court on January 24, 2000 and became effective on February 1, 2000, and the Supplementary Arrangement of the Supreme People’s Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排》) promulgated by the Supreme People’s Court and became effective on November 26, 2020, awards made by PRC arbitral authorities can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC.