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PRC LAWS AND REGULATIONS

This Appendix sets out summaries of certain aspects of PRC laws and regulations, which are relevant to the Company’s operations and business. Laws and regulations relating to taxation in the PRC are discussed separately in “Appendix III — Taxation and Foreign Exchange” to this document. The principal objective of this summary is to provide potential investors with an overview of the principal PRC legal and regulatory provisions applicable to the Company. This summary is not intended to include all the information which may be important to potential investors. For more details on laws and regulations which are relevant to our business, please refer to the section headed “Regulatory Overview” in this document.

The PRC Legal System

The PRC legal system is based on the PRC Constitution (中華人民共和國憲法) and is made up of written laws, administrative regulations, local regulations, autonomous regulations and separate regulations, rules and regulations of State Council departments, rules and regulations of local governments, laws of special administrative regions and international treaties of which the PRC government is a signatory, and other regulatory documents. Court judgements do not constitute legally binding precedents, although they may be used for the purposes of judicial reference and guidance.

Pursuant to the PRC Constitution and the Legislation Law of the PRC (中華人民共和國立法法) (the “**Legislation Law**”), the NPC and its Standing Committee (the “**SCNPC**”) are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing civil, criminal 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 parts of the laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

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

The people’s congresses of the provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such regulations do not contravene any provision of the PRC Constitution, laws or administrative regulations. The people’s congresses of cities with districts and their respective standing committees may formulate local regulations with respect to urban and rural construction and administration, environmental protection, historical and cultural protection and other aspects according to the specific circumstances and actual needs of such cities, which will become enforceable after being reported to and approved by the standing committees of the people’s congresses of the relevant provinces or autonomous regions, provided that such local regulations do not contravene any provision of the PRC Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. Where laws have other stipulations on matters of local regulations formulated by cities divided into districts, such stipulations shall prevail.

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The ministries and commissions of the State Council, the People's Bank of China, the National Audit Office of the PRC and the subordinate institutions with administrative functions directly under the State Council may formulate rules and regulations within the authorisation of their respective departments in accordance with the laws and administrative regulations, and the decisions and orders of the State Council. The people's governments of the provinces, autonomous regions, municipalities directly under the central government and cities with districts may formulate rules and regulations in accordance with the laws, administrative regulations and local regulations of such provinces, autonomous regions and municipalities directly under the central government.

The PRC Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the PRC Constitution. The PRC laws rank higher than administrative regulations, local regulations and rules. The administrative regulations rank higher than local regulations and rules. The rules enacted by the people's governments of the provinces or autonomous regions rank higher than the rules enacted by the people's governments of the cities with districts and autonomous prefectures within the administrative areas of such provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and to annul any autonomous regulations or separate regulations which have been approved by its Standing Committee, but which contravene the PRC Constitution or the Legislation Law. The SCNPC has the power to annul any administrative regulations that contravene the PRC Constitution and laws, to annul any local regulations that contravene the PRC Constitution, laws or administrative regulations, and to annul any autonomous regulations or local regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities, but which contravene the PRC 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 or municipalities have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The standing committees of 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 PRC Constitution, the power to interpret laws is vested in the SCNPC. Pursuant to the Resolution of the Standing Committee of the NPC Providing an Improved Interpretation of the Law (全國人民代表大會常務委員會關於加強法律解釋工作的決議) passed on 10 June 1981, issues related to the further clarification or supplement of laws should be interpreted or provided by the SCNPC, issues related to the specific application of laws and decrees in a court trial should be interpreted by the Supreme People's Court, issues related to the specific application of laws and decrees in a prosecution process should be interpreted by the Supreme People's Procuratorate, and the legal issues other than the above-mentioned should be interpreted by the State Council and the competent authorities. If there are differences in principle 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. The State Council and its ministries and commissions are also vested with the power to give

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interpretations of the administrative regulations and departmental rules which they have promulgated. At the regional level, the power to interpret regional laws is vested in the regional legislative and administrative authorities which promulgate such laws.

The PRC Judicial System

Pursuant to the PRC Constitution and the Law of Organisation of the People’s Courts of the PRC (中華人民共和國人民法院組織法) most recently revised on 26 October 2018 and taking effect on 1 January 2019, the people’s courts are classified into the Supreme People’s Court, the local people’s courts at various local levels, and other special people’s courts. The local people’s courts at various local levels are divided into three levels, namely, the primary people’s courts, the intermediate people’s courts and the higher people’s courts. The primary people’s courts are further divided into civil, criminal and economic tribunals. The intermediate people’s courts have structure similar to those of the primary people’s courts and other special tribunals, such as the intellectual property courts, military courts and maritime courts. These two levels of people’s courts are subject to supervision by people’s courts at higher levels. The Supreme People’s Procuratorate is authorised to supervise the judgement and ruling of the people’s courts at all levels which have been legally effective, and the people’s procuratorate at a higher level is authorised to supervise the judgement and ruling of a people’s court at a lower level which have been legally effective. The Supreme People’s Court is the highest judicial authority in the PRC. It supervises the administration of justice by the people’s courts at all levels.

The people’s courts employ a two-tier appellate system. The judgements or rulings of the second instance at a people’s court are final. A party may appeal against the judgement or ruling of the first instance of a local people’s court. The people’s procuratorate may present a protest to the people’s court at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people’s procuratorate within the stipulated period, the judgements or rulings of the people’s court are final. Judgements or rulings of the second instance of the intermediate people’s courts, the higher people’s courts and the Supreme People’s Court are final. Judgements or rulings of the first instance of the Supreme People’s Court are also final. However, if the Supreme People’s Court or a people’s court at the next higher level discovers an error in a final and binding judgement or ruling which has taken effect in any people’s court at a lower level, or the presiding judge of a people’s court finds an error in a final and binding judgement or ruling which has taken effect in the court over which he presides, a retrial of the case may be initiated according to the judicial supervision procedures.

The Civil Procedure Law of the PRC (中華人民共和國民事訴訟法) adopted on 9 April 1991 and amended on 1 September 2023, prescribes the conditions 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 judgement or ruling. All parties to a civil action conducted within the PRC must abide by the Civil Procedure Law of the PRC. A civil case is generally heard by the court located in the defendant’s place of domicile. The court of jurisdiction in respect of a civil action may also be chosen by explicit agreement among the parties to a contract, provided that the people’s court having jurisdiction should be located at places directly connected with the disputes, such as the plaintiff’s or the defendant’s place of domicile, the place where the contract is executed or signed or the place where the subject matter of the action is located. However, such choice shall not, under any circumstances, contravene the provisions on grade jurisdiction and exclusive jurisdiction.

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A foreign individual, a person without nationality, a foreign enterprise or a foreign organisation that institute or respond to proceedings in a people’s court is given the same litigation rights and obligations as a citizen or legal person of the PRC. Should a foreign court limit the litigation rights of PRC citizens and enterprises, the PRC court shall apply the same limitations to the citizens and enterprises of such foreign country. A foreign individual, a person without nationality, a foreign enterprise or a foreign organisation must engage a PRC lawyer in case he/she or it needs to engage a lawyer for the purpose of initiating actions or defending against litigations at a PRC court. In accordance with the international treaties to which the PRC is a signatory or a participant or according to the principle of reciprocity, a people’s court and a foreign court may request each other to serve documents, conduct investigation, collect evidence and conduct other actions on its behalf. A PRC court shall not accommodate any request made by a foreign court which will result in the violation of sovereignty, security or public interests of the PRC.

All parties to a civil action shall perform legally effective judgements and rulings. If any party to a civil action refuses to abide by a judgement or ruling made by a people’s court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people’s court for the enforcement of the same within two years, subject to application for postponed enforcement or revocation. If a party fails to satisfy within the stipulated period a judgement which the court has granted an enforcement approval, the court may, upon the application of the other party, mandatorily enforce the judgement.

A party seeking to enforce a judgement or ruling of a people’s court against another party who is not or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of such judgement or ruling. Alternatively, the people’s court may, pursuant to an international treaty concluded or acceded to by the PRC or in accordance with the principle of reciprocity, request the foreign court to recognise and execute the judgement or ruling. Likewise, if the PRC has entered into either a treaty relating to judicial enforcement with the relevant foreign country, or if recognition is based on the principle of reciprocity, a foreign judgement or ruling may also be recognised and enforced in accordance with the PRC enforcement procedures by a PRC court unless the people’s court considers that the recognition or enforcement of such judgement or ruling would violate the basic legal principles of the PRC, its sovereignty or national security, or would not be in the public interest.

The Company Law, Overseas Listing Trial Measures and Guidance for Articles of Association of Listed Companies

A joint stock limited company incorporated in the PRC and seeking a listing on the Stock Exchange is mainly subject to the following laws and regulations in the PRC:

- The PRC Company Law (中華人民共和國公司法) (The “**Company Law**”) which was last amended by SCNPC on 29 December 2023 and took effect on 1 July 2024;
- The Overseas Listing Trial Measures and its five relevant guidelines which were promulgated by the CSRC on 17 February 2023 pursuant to the PRC Securities Law and are applicable to the direct and indirect overseas share offering or listing of domestic companies; and

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- The Guidelines for the Articles of Association of Listed Companies (上市公司章程指引) (the “**Guidance for Articles of Association**”) which was most recently amended on 28 March 2025 by the CSRC. The Articles of Association is formulated based on the Guidance for Articles of Association on a reference basis, the summary of which is set out in the section entitled “Appendix V — Summary of Articles of Association” to this document.

Set out below is a summary of the major provisions of the currently effective PRC Company Law, the Overseas [REDACTED] Trial Measures and the Guidance for Articles of Association which are applicable to the Company.

General

A joint stock limited company refers to a corporate legal person established in China under the Company Law with its registered capital divided into shares. Pursuant to the company’s articles of association, all shares of the company shall be issued either as par value shares or as no par value shares. Where par value shares are adopted, each share shall have equal value. The liability of the company is limited to the total amount of all assets it owns and the liability of its shareholders is limited to the extent of the shares they subscribe for.

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

Incorporation

A company may be incorporated by promotion or by public offering. A company shall be incorporated by a minimum of one but no more than 200 promoters, and at least half of the promoters must be residents within the PRC. Companies incorporated by promotion are companies of which the entire registered capital is subscribed for by the promoters. Where a company is incorporated by promotion, no shares of such company shall be offered to the public until its registered capital has been fully paid up. If laws, administrative regulations or decisions of the State Council provide otherwise on the paid-in registered capital or the minimum amount of registered capital, such provisions shall prevail.

For companies incorporated by way of promotion, the promoters shall subscribe in writing for the full amount of shares required to be subscribed for by them and pay up their capital contributions under the articles of association. Procedures relating to the transfer of titles to non-monetary assets shall be duly completed if such assets are to be contributed as capital. Promoters who fail to pay up their capital contributions in full as required by the preceding paragraph shall assume default liability in accordance with the covenants set out in the promoters’ agreements. After the promoters have subscribed for the full amount of capital contributions as specified in the articles of association, a board of directors and a board of supervisors shall be elected and the board of directors shall apply for registration of incorporation by filing the articles of association with the company registration authority, and other documents as required by laws or administrative regulations.

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Where companies are incorporated by floatation, not less than 35% of their total number of shares must be subscribed for by the promoters, unless otherwise provided for by laws or administrative regulations. The promoters shall preside over and convene an inauguration meeting within thirty days from the date on which the subscription money is fully paid up. The inaugural meeting shall be formed by the promoters and subscribers. Where the shares issued are not fully subscribed for within the offer period stipulated in the [REDACTED], or where the promoter fails to convene an inaugural meeting within thirty days of the subscription capital for the shares issued being fully paid up, the subscribers may demand that the promoters refund the subscription capital so paid together with the interest calculated at bank rates of a deposit for the same period. Within thirty days of the conclusion of the inauguration meeting, the board of directors shall apply to the registration authority for registration of the establishment of the company. A company is formally established and has the status of a legal person after the registration with the relevant administration for market regulation has been completed and a business licence has been issued.

Subscribed Capital

The shareholders may make a capital contribution in currency, or non-monetary assets such as in kind, intellectual property rights or land use rights which can be appraised with monetary value and transferred lawfully, except for assets which are prohibited from being contributed as capital by laws or administrative regulations. If a capital contribution is made in non-monetary assets, a valuation of the assets contributed must be carried out pursuant to the provisions of laws or administrative regulations on valuation without any over-valuation or under-valuation.

There is no limit under the Company Law as to the percentage of shares held by an individual shareholder in a company. The shares of a company are represented by stock. A stock is a certificate issued by the company to certify the share held by a shareholder. The stock issued by the company shall be in the form of registered shares.

The issuance of shares shall be conducted in a fair and equitable manner. Each share of the same class shall have equal rights. Shares of the same class issued at the same time must be issued on the same conditions and at the same price. The same price per share shall be paid by all share subscriber (whether an entity or an individual). The [REDACTED] price may be equal to or greater than the par value of the share, but may not be less than the par value.

Under the Overseas Listing Trial Measures, if a domestic company offers shares overseas, it may raise funds and make dividend distributions in foreign currency or Renminbi.

Under the Company Law, a company issuing registered shares shall maintain a shareholder register which sets out the following matters:

- (i) the name and domicile of each shareholder;
- (ii) the number of shares held by each shareholder;
- (iii) the serial numbers of shares held by each shareholder; and
- (iv) the date on which each shareholder acquired the shares.

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Increase of Share Capital

In light of its operational and development needs and in accordance with laws and regulations, a company may increase its share capital under any of the following methods, subject to the resolutions to be passed at a shareholders' general meeting: (i) a [REDACTED] of shares; (ii) a private placement of shares; (iii) [REDACTED] of bonus shares to existing shareholders; (iv) the conversion of reserve funds into shares; and (v) any other methods provided in law and administrative regulations and approved by the CSRC.

Pursuant to the Company Law, a company may, according to its articles of association, issue the following classified shares, which have different rights from those of the common shares: (i) shares with priority or subordinate rights to distributions of profits or remaining property in distribution; (ii) shares with more or less voting rights per share than those of the common shares; (iii) shares whose transfer is subject to the consent of the company and other restrictions; (iv) other classified shares provided by the State Council. A company making a [REDACTED] of shares shall not issue any of the classified shares as prescribed in items (ii) and (iii), except those issued prior to the [REDACTED]. Where a company is issuing [REDACTED], resolutions shall be passed at general meeting in accordance with the articles of association in respect of the class and amount of the [REDACTED], the issue price of the [REDACTED], the commencement and end dates for the issue of the [REDACTED] and when the [REDACTED] are proposed to be issued to existing shareholders, the class and amount of such [REDACTED].

To [REDACTED] overseas, the domestic company shall report the application documents for [REDACTED] and [REDACTED] to the CSRC for record-filing within three business days after submission of the application documents for [REDACTED] and [REDACTED] overseas.

Reduction of Share Capital

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

- (i) the company shall prepare a balance sheet and a list of properties;
- (ii) the reduction of registered capital must be approved by shareholders at the general meeting;
- (iii) the company shall notify its creditors of the reduction in registered capital within ten days and publish an announcement of the reduction in newspapers or the National Enterprise Credit Information Publicity System within thirty days of the resolution approving the reduction being passed;
- (iv) the creditors of the company may within the statutory time limit require the company to repay its debts or provide guarantees for covering the debts; and
- (v) the company must apply to the relevant company registration authority for registration of the change and reduction in registered capital.

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Repurchase of Shares

Pursuant to the Company Law, a company shall not purchase its own shares other than in any of the following circumstances:

- (i) reducing its registered capital;
- (ii) merging with another company which holds its shares;
- (iii) utilising the shares for employee stock ownership plan or stock ownership incentive scheme;
- (iv) acquiring its own shares at the request of its shareholders who vote in a shareholders' general meeting against a resolution regarding a merger or separation;
- (v) utilising the shares for conversion of corporate bonds which are convertible into shares issued by a listed company; and
- (vi) where it is necessary for a listed company to maintain its corporate value and shareholders' equity.

Any company's purchase of its own shares for any reason specified in item (i) and item (ii) of the preceding paragraph shall be subject to a resolution of the general meeting; any company's purchase of its own shares for any reason specified in item (iii), item (v) and item (vi) of the preceding paragraph may be subject to a resolution of the board meeting with more than two thirds of directors present, according to the provisions of the articles of associations or upon authorisation by the general meeting.

The shares acquired under the circumstance stipulated in item (i) hereof shall be deregistered within ten days from the date of acquisition of shares; the shares shall be assigned or deregistered within six months if the repurchase of shares is made under the circumstances stipulated in either item (ii) or item (iv); and the shares held in total by a company after the repurchase under any of the circumstances stipulated in item (iii), item (v) or item (vi) shall not exceed 10% of the company's total outstanding shares, and shall be transferred or cancelled within three years.

Transfer of Shares

Shares held by shareholders may be transferred in accordance with the relevant laws. Pursuant to the Company Law, a shareholder should effect a transfer of his shares on a stock exchange established in accordance with laws or by any other means as required by the State Council. Registered shares may be transferred after the shareholders endorse the back of the share certificates or in any other manner specified by laws or administrative regulations. Following the transfer, the company shall enter the names and addresses of the transferees into its share register. No changes of registration in the share register described above shall be effected during a period of twenty days prior to convening a shareholders' general meeting or five days prior to the record date for the purpose of determining entitlements to dividend distributions, subject to any legal provisions on the registration of changes in the share register of listed companies.

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Shares of the company issued prior to the [REDACTED] of shares may not be transferred within one year of the date of the company's [REDACTED] on a stock exchange. Directors, supervisors and the senior management of a company shall declare to the company their shareholdings in the company and any changes thereof. During their terms of office, they may transfer no more than [REDACTED] of the total number of shares they hold in the company per annum. They shall not transfer the shares they hold within one year of the date of the company's [REDACTED] on a stock exchange, nor within half a year after they leave their positions in the company. The articles of association may set out other restrictive provisions in respect of the transfer of shares in the company held by its directors, supervisors and the senior management.

Shareholders

Under the Company Law, the rights of shareholders include the rights:

- (i) to receive a return on assets, participate in significant decision-making and select management personnel;
- (ii) to petition the people's court to revoke any resolution passed on a shareholders' general meeting or a meeting of the board of directors that has not been convened in compliance with the laws and regulations or the articles of association or whose voting has violated the laws, administrative regulations or the articles of association of the company, or any resolution the contents of which is in violation of the articles of association, provided that such petition shall be submitted within sixty days of the passing of such resolution;
- (iii) to transfer the shares according to the applicable laws and regulations and the articles of association;
- (iv) to attend or appoint a proxy to attend shareholders' general meetings and exercise the voting rights;
- (v) to inspect the articles of association, share register, counterfoil of company debentures, minutes of shareholders' general meetings, board resolutions, resolutions of the board of supervisors and financial and accounting reports, and to make suggestions or inquiries in respect of the company's operations;
- (vi) to receive dividends in respect of the number of shares held;
- (vii) to participate in distribution of residual properties of the company in proportion to their shareholdings upon the liquidation of the company; and
- (viii) any other shareholders' rights provided for in laws, administrative regulations, other normative documents and the articles of association.

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The obligations of shareholders include the obligation to abide by the company's articles of association, to pay the subscription capital in respect of the shares subscribed for, to be liable for the company's debts and liabilities to the extent of the amount of subscription capital agreed to be paid in respect of the shares taken up by them and any other shareholder obligation specified in the articles of association.

Shareholders' General Meetings

The general meeting is the governing body of the company, which exercises its powers in accordance with the Company Law. The general meeting may exercise its powers:

- (i) to elect and remove the directors and supervisors and to decide on the matters relating to the remuneration of directors and supervisors;
- (ii) to review and approve the reports of the board of directors;
- (iii) to review and approve the reports of the board of supervisors or supervisors;
- (iv) to review and approve the company's profit distribution proposals and loss recovery proposals;
- (v) to decide on any increase or reduction of the company's registered capital;
- (vi) to decide on the issue of corporate bonds;
- (vii) to decide on merger, division, dissolution and liquidation of the company or change of its corporate form;
- (viii) to amend the company's articles of association; and
- (ix) to exercise any other authority stipulated in the articles of association.

The general meeting may authorise the board of directors to make resolutions on the issuance of corporate bonds.

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

- (i) the number of directors is less than the number stipulated by the law or less than two thirds of the number specified in the articles of association;
- (ii) the outstanding losses of the company amounted to one-third of the company's total share capital;
- (iii) shareholders individually or collectively holding 10% or more of the company's shares request that an extraordinary general meeting is convened;

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- (iv) the board of directors deems necessary;
- (v) the board of supervisors so proposes; or
- (vi) any other circumstances as provided for in the articles of association.

A shareholders' general meeting 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 is 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 is not performing his duties, a director nominated by half or more of the 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 board of supervisors shall convene and preside over such meeting in a timely manner. If the board of supervisors fails to convene and preside over such meeting, shareholders individually or in aggregate holding 10% or more of the company's shares for ninety days or more consecutively may unilaterally convene and preside over such meeting. Where shareholders individually or in aggregate holding 10% or more of the company's shares request to convene an extraordinary general meeting, the board of directors and the board of supervisors shall, within ten days after receipt of such request, decide whether to convene the extraordinary general meeting and reply to the shareholders in writing.

In accordance with the Company Law, a notice of the general meeting stating the date and venue of the meeting and the matters to be considered at the meeting shall be given to all shareholders twenty days before the meeting. A notice of extraordinary general meeting shall be given to all shareholders fifteen days prior to the meeting.

There is no specific provision in the Company Law regarding the number of shareholders constituting a quorum in a shareholders' general meeting.

Pursuant to the Company Law, shareholders (excluding classified shareholders) present at a shareholders' general meeting have one vote for each share they hold, save that shares held by the company are not entitled to any voting rights.

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

Pursuant to the Company Law, resolutions of the general meeting must be passed by more than half of the voting rights held by shareholders present at the meeting, with the exception of resolutions relating to merger, division or dissolution of the company, increase or reduction of registered share capital, change of corporate form or amendments to the articles of association, which in each case must be passed by more than two-thirds of the voting rights held by the shareholders present at the meeting. Where the Company Law and the articles of association provide that the transfer or acquisition of significant assets or the provision of external guarantees by the company must be approved by way of resolution of the general meeting, the board of directors shall convene a shareholders' general meeting promptly to vote on such matters.

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A shareholder may entrust a proxy to attend the general meeting on his/her behalf and the matters, power and time limit of the proxy shall be clarified by such shareholder. The proxy shall present the shareholders' power of attorney to the company and exercise voting rights within the scope of authorisation.

Minutes shall be prepared in respect of matters considered at the general meeting and the chairman and directors attending the meeting shall endorse such minutes by signature. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Board of Directors

A joint stock limited company shall have a board of directors which shall have at least three members. For a company that has three hundred or more employees, the board of directors shall include the staff representative unless the board of supervisors has been established and already included the staff representative supervisor. The term of a director shall be stipulated in the articles of association, provided that no term of office shall last for more than three years. A director may serve consecutive terms if re-elected. A director shall continue to perform his/her duties as a director in accordance with the laws, administrative regulations and the articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of directors results in the number of directors being less than the quorum.

Under the Company Law, the board of directors may exercise its powers:

- (i) to convene shareholders' general meetings and report on its work to the shareholders' general meetings;
- (ii) to implement the resolutions passed by the shareholders at the shareholders' general meetings;
- (iii) to decide on the company's operational plans and investment proposals;
- (iv) to formulate the company's profit distribution proposals and loss recovery proposals;
- (v) to formulate proposals for the increase or reduction of the company's registered capital and the issue of corporate bonds;
- (vi) to formulate proposals for the merger, division or dissolution of the company or change of corporate form;
- (vii) to decide on the setup of the company's internal management organs;
- (viii) to appoint or dismiss the company's manager and decide on his/her remuneration and, based on the manager's recommendation, to appoint or dismiss any deputy manager and financial officer of the company and to decide on their remunerations;
- (ix) to formulate the company's basic management system; and
- (x) to exercise any other authority stipulated in the articles of association.

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Meetings of the board of directors shall be convened at least twice each year. Notices of meeting shall be given to all directors and supervisors ten days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of the voting rights, more than one-third of the directors or the board of supervisors. The chairman shall convene the meeting within ten days of receiving such proposal, and preside over the meeting. The board of directors may otherwise determine the means and the period of notice for convening an interim board meeting. Meetings of the board of directors shall be held only if more than half of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors. Each director shall have one vote for a resolution to be approved by the board of directors. Directors shall attend the meetings of the board of directors in person. If a director is unable to attend for any reason, he/she may appoint another director to attend the meeting on his/her behalf by a written power of attorney specifying the scope of authorisation. The board of directors shall make minutes of the meeting's decisions on the matters discussed at the meeting, and the directors attending the meeting shall sign the minutes.

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

Under the Company Law, the following person may not serve as a director, supervisor or senior management in a company:

- (i) a person without capacity or restricted capacity to undertake any civil liabilities;
- (ii) a person who has been sentenced to any criminal penalty for corruption, bribery, embezzlement, misappropriation of property or destruction of the socialist economic order, or who has been deprived of his political rights due to his crimes and such sentence has expired for no more than five years, or who is granted probation, if no more than two years have passed since the expiration of the probation period;
- (iii) a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where no more than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;
- (iv) a person who has been a legal representative of a company or an enterprise that has had its business licence revoked due to violations of the law or has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of such revocation or the order to close down; or
- (v) a person who is listed as a dishonest person subject to enforcement by the people's court due to failure to pay off a large amount of unliquidated mature debts.

Any election, appointment or engagement of directors, supervisors or senior management personnel in violation of the foregoing provisions shall be null and void.

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A director to which any of the above circumstances applies during his/her term of office shall be released of his/her duties by the company.

Pursuant to the Company Law, the board of directors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman shall be elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and review the implementation of board resolutions. The vice chairman shall assist the chairman to perform his/her duties. Where the chairman is incapable of performing or is not performing his/her duties, the duties shall be performed by the vice chairman. Where the vice chairman is incapable of performing or is not performing his/her duties, a director elected by more than half of the directors shall perform his/her duties.

Manager and Senior Management

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

Pursuant to the Company Law, senior management refers to the manager, deputy manager, financial officer, secretary to the board of directors of a listed company and other personnel as stipulated in the articles of association.

The Audit Committee

Under the Company Law, a joint stock limited company may, under the articles of association, set up an audit committee composed of directors in the board of directors, which shall exercise the functions and powers of the board of supervisors as provided for in this Law. It may not have a board of supervisors or supervisors. The audit committee shall be composed of at least 3 members, and more than half of the members shall not hold any position in the company other than that of the director and shall not have any relationship with the company that may affect their independent and objective judgment. Among the members of the board of directors of the company, an employees' representative may become a member of the audit committee. A resolution made by the audit committee shall be adopted by more than half of the members thereof. For voting on a resolution of the audit committee, each member shall have one vote. The discussion methods and voting procedures of the audit committee shall be prescribed in the articles of association, unless it is otherwise provided for by the Company Law.

Duties of Directors, Supervisors, Managers and Other Senior Management

Directors, supervisors and senior management are required under the Company Law to comply with the relevant laws, regulations and the articles of association, and shall be obliged to be faithful and diligent towards the company. Where the controlling shareholder or actual controller of the company who does not serve as a director but actually executes the company's affairs, shall comply with the foregoing provisions.

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Directors, supervisors and senior management are prohibited from:

- (i) seizing the assets of the company or misappropriating company funds;
- (ii) depositing company funds into accounts under their own names or the names of other individuals;
- (iii) taking advantage of power to accept bribes or other illegal income;
- (iv) accepting commissions paid by a third party for transactions conducted with the company for their own benefit;
- (v) unauthorised divulgence of confidential information of the company; and
- (vi) other acts in violation of their duty of loyalty to the company.

Where directors, supervisors and senior management directly or indirectly conclude any contract or engage in transactions with the company, they shall report to the board of directors or the shareholders' meeting and seek approval by resolutions of the board of directors or the shareholders' meeting in accordance with the articles of association. Such requirement shall also apply to the conclusion of contracts or engaging in transactions by close relatives of the directors, supervisors and senior management or enterprises directly or indirectly controlled by the directors, supervisors and senior management or their close relatives of as well as persons who are otherwise related to the directors, supervisors and senior management.

Directors, supervisors and senior management shall not take advantage of duty to seek business opportunities for themselves or others that would have been directed to the company, unless such act has been reported to and approved by the board of directors or the shareholders' meeting in accordance with the articles of association or the company is unable to take the business opportunity in accordance with applicable laws, administrative regulations, and the articles of association.

The Guidance for Articles of Association provides that a company's directors and senior management shall have duties of diligence towards the company, for example, the directors and senior management shall be prudent, serious and diligent in exercising the authority conferred by the company to ensure that the business activities of the company comply with state's laws, administrative regulations and various economic policy requirements and that the business activities do not go beyond the scope of business activities specified in the company's business licence; the directors and senior management shall treat all shareholders equally and shall keep abreast of the company's business management status; both the directors and the senior management shall sign written statements confirming periodic reports of the company and ensure that the information disclosed by the company is true, accurate and complete; both the directors and the senior management shall provide accurate information and materials to the audit committee and shall not interfere with the performance of duties by the audit committee; both the directors and the senior management shall have other diligence duties prescribed by laws, administrative regulations, departmental rules and the company's articles of association.

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Finance and Accounting

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

The company's financial reports shall be made available for shareholders' inspection at the company twenty days before the convening of an annual general meeting. A joint stock limited company that makes public stock offerings shall publish its financial reports.

When distributing each year's profits after taxation, the company shall set aside 10% of its profits after taxation for the company's statutory common reserve fund until the fund has reached more than 50% of the company's registered capital. When the company's statutory common reserve fund is not sufficient to make up for the company's losses for the previous years, the current year's profits shall first be used to make good the losses before any allocation is set aside for the statutory common reserve fund. After the company has made allocations to the statutory common reserve fund from its profits after taxation, it may, upon passing a resolution at a shareholders' general meeting, make further allocations from its profits after taxation to the discretionary common reserve fund. After the company has made good its losses and made allocations to the abovementioned reserve fund, the remaining profits after taxation shall be distributed in proportion to the number of shares held by the shareholders, except for those which are not distributed in a proportionate manner as provided by the articles of association.

The company shall not be entitled to any distribution of profits in respect of shares held by it.

The premium over the nominal value of the shares of the company on issue and other income as required by relevant government authorities to be treated as the capital reserve fund shall be accounted for as the capital reserve fund. The common reserve fund of a company shall be applied to make good the company's losses, expand its business operations or increase its capital. Where any losses need to be covered with reserve fund of the company, discretionary reserve fund and statutory common reserve fund shall first be used and if still insufficient, capital reserve fund can be used in accordance with applicable provisions. Upon the transfer of the statutory common reserve fund into increasing capital, the balance of the statutory common fund shall not be less than 25% of the registered capital of the company before such transfer.

The company shall have no accounting books other than the statutory books.

Appointment and Retirement of Auditors

The Guidance for Articles of Association provides that a company shall engage an accounting firm which is qualified under the PRC Securities Law to provide services including the audit of financial statements, the verification of net assets and other relevant consultancy services. The engagement term is one year and may be extended.

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Pursuant to the Company Law, the appointment or dismissal of an accounting firm responsible for the company's auditing shall be determined by shareholders at a shareholders' general meeting or the board of directors or the board of supervisors in accordance with the articles of association. The accounting firm shall be allowed to make representations when the general meeting or the board of directors conduct a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal, withholding or falsification of information. Furthermore, the Guidance for Articles of Association provides that the audit fee for the accounting firm shall also be determined by shareholders at a general meeting.

Profit Distribution

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

Dissolution and Liquidation

Pursuant to the Company Law, a company shall be dissolved for any of the following reasons:

- (i) the term of its operation set out in the articles of association has expired or other events of dissolution specified in the articles of association have occurred;
- (ii) the shareholders have resolved at a shareholders' general meeting to dissolve the company;
- (iii) the company is dissolved by reason of its merger or division;
- (iv) the business licence of the company is revoked or the company is ordered to close down or to be dissolved in accordance with the laws; or
- (v) the company is dissolved by a people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all shareholders of the company, on the grounds that the operation and management of the company has suffered serious difficulties that cannot be resolved through other means, rendering ongoing existence of the company a cause for significant losses to the shareholders' interests.

In the event of paragraphs (i) and (ii) above, the company may carry on its existence by amending its articles of association if no property has been distributed to any shareholder. The amendments to the articles of association in accordance with the provisions described above shall require the approval of more than two-thirds of voting rights of shareholders attending a shareholders' general meeting. Where the company is dissolved under the circumstances set out in paragraph (i), (ii), (iv) or (v) above, the liquidation procedures shall be conducted and directors shall be the company's liquidation obligor and it should establish a liquidation group within fifteen days of the date on which the dissolution event occurs. The liquidation group shall be composed of directors or any other persons determined by a shareholders' general meeting. If a liquidation group is not established within the prescribed period or the liquidation fails to proceed after the establishment of a liquidation group, the interested party may

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file an application with a people's court, requesting that the court appoint relevant personnel to form a liquidation group to administer the liquidation. The people's court shall accept such application and form a liquidation group to conduct liquidation in a timely manner.

The liquidation group may exercise following powers during the liquidation:

- (i) to dispose of the company's assets and to prepare a balance sheet and an inventory of assets;
- (ii) to notify the company's creditors or publish announcements;
- (iii) to deal with any outstanding business related to the liquidation;
- (iv) to pay any outstanding taxes together with any taxes arising during the liquidation process;
- (v) to settle the company's claims and liabilities;
- (vi) to distribute the company's remaining assets after its debts have been paid off; and
- (vii) to represent the company in any civil procedures.

Upon disposal of the company's property and preparation of the required balance sheet and inventory of assets, the liquidation group shall draw up a liquidation plan and submit this plan to a shareholders' general meeting or a people's court for endorsement. The remaining assets of the company, after payment of liquidation expenses, employee wages, social insurance expenses and statutory compensation, outstanding taxes and the company's debts, shall be distributed to shareholders in proportion to shares held by them. The company shall continue to exist during the liquidation period, although it cannot engage in operating activities that are not related to the liquidation. The company's property shall not be distributed to shareholders before repayments are made in accordance with the requirements described above.

Upon liquidation of the company's property and preparation of the required balance sheet and inventory of assets, if the liquidation group becomes aware that the company does not have sufficient assets to repay its liabilities, it must apply to a people's court for a declaration of bankruptcy in accordance with the laws. Following such declaration by the people's court, the liquidation group shall hand over the administration matters to the bankruptcy administrator designated by the people's court.

Upon completion of the liquidation, the liquidation group shall prepare a liquidation report and submit it to the shareholders' general meeting or a people's court for confirmation of its completion, and to the company registration authority to cancel the company's registration. Members of the liquidation group are required to discharge their duties in good faith and in compliance with relevant laws. Members of the liquidation group shall fulfill liquidation responsibilities with a duty of loyalty and diligence. Any member of the liquidation group who neglects their liquidation responsibilities and causes losses to the company shall be liable for compensation; if losses are caused to any creditor due to intent or gross negligence, such member shall be liable for compensation. Liquidation of a company declared bankrupt according to laws shall be processed in accordance with the laws on corporate bankruptcy.

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Overseas Listing

Pursuant to the Overseas Listing Trial Measures, both initial public offerings and listings in overseas markets shall be filed with the CSRC within three business 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 three business days after the offering is completed. Moreover, where the filing documents are complete and in compliance with stipulated requirements, the CSRC will, within twenty business days after receiving the filing documents, conclude the filing procedure and publish the filing results on the CSRC website. Where the filing documents are incomplete or do not conform to stipulated requirements, the CSRC shall request supplementation and amendment thereto within five business days after receiving the filing documents. The issuer shall then complete supplementation and amendment within thirty business days.

Loss of Share Certificates

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

Merger and Demerger

Merger of companies may be conducted by absorption or consolidation. If companies adopt the method of absorption, the absorbed company shall be dissolved. If companies are incorporated in the form of consolidation, the parties to the merger shall be dissolved.

The parties to the merger shall enter into a merger agreement and prepare a balance sheet and a list of properties. Within ten days of the date on which the resolution on merger is made, the creditors shall be notified by the company and a public announcement shall be made in the press or on the National Enterprise Credit Information Publicity System within thirty days. The creditors may require the company to repay its debts or provide guarantees for covering the debts within thirty days of receipt of the notification or within forty-five days of the date of the announcement if the creditor has not received any notification; and in case of a merger, the credits and debts of the merging parties shall be assumed by the surviving or the new company.

Where a company merges with another company in which the former holds not less than 90% of the shares, the acquired company is not required to obtain approval by resolution of its shareholders' meeting, but shall notify the other shareholders who have the right to request the company to buy its equities or shares as a reasonable price. If the price paid for a company's merger does not exceed 10% of the company's net assets, approval by resolution of its shareholders' meeting may not be required unless otherwise provided by the company's articles of association. Where a company's merger is exempt from approval by resolution of the shareholders' meeting in the previous two cases, it shall be subject to approval by resolution of the board of directors.

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In case of a division, the company’s assets shall be divided and a balance sheet and an inventory of assets shall be prepared. Within ten days of the date on which the resolution on division is made, the creditors shall be notified by the company and a public announcement shall be made in the press or on the National Enterprise Credit Information Publicity System within thirty days. The liabilities of the company which have accrued prior to the division shall be jointly borne by the separated companies, unless otherwise stipulated in the agreement in writing entered into by the company with creditors in respect of the settlement of debts prior to division.

The PRC Securities Law, Regulations and Regulatory Regimes

The PRC has promulgated a series of regulations that relate to the issue and trading of the shares and disclosure of information. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions governing securities markets, supervising securities companies, regulating public offerings of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking relevant research and analysis. In April 1998, the State Council consolidated the Securities Committee and the CSRC and reformed the CSRC.

The PRC Securities Law is the first national securities law in China, and the regulatory matters include the issuance and trading of securities, the acquisition of listed companies, information disclosure, obligations and responsibilities of stock exchanges, securities companies and securities regulatory authorities, etc. The PRC Securities Law comprehensively regulates activities in the PRC securities market.

Pursuant to the PRC Securities Law, domestic enterprises issuing securities overseas directly or indirectly or listing and trading their securities overseas shall comply with the relevant provisions of the State Council. At present, the issuance and trading of shares issued overseas is mainly regulated by rules and regulations issued by the State Council and the CSRC.

Arbitration and Enforcement of Arbitral Awards

The PRC Arbitration Law (中華人民共和國仲裁法) was enacted by the NPC Standing Committee on 31 August 1994, which became effective on 1 September 1995 and was last amended on 12 September 2015, with effect from 1 March 2026. The PRC Arbitration Law provides that the PRC Arbitration Association shall formulate model arbitration rules in accordance with this Law and the relevant provisions of the Civil Procedure Law of the PRC. Where the parties have agreed to settle disputes by means of arbitration, a people’s court will refuse to handle a legal proceeding initiated by one of the parties at such people’s court, unless the arbitration agreement is invalid.

Under the PRC Arbitration Law and the Civil Procedure Law of the PRC, an arbitral award shall be final and binding on the parties involved in the arbitration. If any party fails to comply with the arbitral award, the other party to the award may apply to a people’s court for its enforcement.

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Where an arbitral award made outside the territory of the PRC has legal effect and requires recognition and enforcement by the people's court, the party seeking enforcement may directly apply to the intermediate people's court at the place where the party subject to enforcement is domiciled or where the party's property is located. If neither the domicile nor the property of the party subject to enforcement is located within the territory of the PRC, the party seeking enforcement may apply to the intermediate people's court at the place of the applicant's own domicile or at a location that has an appropriate connection to the dispute addressed in the arbitral award. The people's court shall handle the matter in accordance with the international treaties concluded or acceded to by the PRC, or on the basis of the principle of reciprocity.

Pursuant to a resolution of the SCNPC passed on 2 December 1986, the PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (承認及執行外國仲裁裁決公約) (the "New York Convention") adopted on 10 June 1958. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognised and enforced by other parties thereto subject to their rights to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of that state. At the time of the PRC's accession to the convention, the SCNPC declared that (i) the PRC will only apply the New York Convention to the recognition and enforcement of arbitral awards made in the territory of another contracting state based on the principle of reciprocity; and (ii) the New York Convention will only apply to disputes deemed under PRC law to be arising from contractual or non-contractual mercantile legal relations.

Pursuant to the Arrangements on 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安排), adopted by the Judicial Committee of the Supreme People's Court on 18 June 1999 and effective as of 1 February 2000, as well as the Supplementary Arrangements of Supreme People's Court on Reciprocal Enforcement of Arbitration 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 taking full effect on 19 May 2021, if a party fails to perform the arbitral award rendered in the Mainland or the Hong Kong, the other party may apply for enforcement to the relevant court in the place where the respondent is domiciled or where the property is located.

Judicial Judgement and its Enforcement

On 14 January 2019, the Judicial Committee of the Supreme People's Court adopted the Arrangement on Reciprocal Recognition and Enforcement of Judgements in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (最高人民法院關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排), which took effect on 29 January 2024 and seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgements in wider range of civil and commercial matters between Hong Kong and the Chinese Mainland. The arrangement discontinued the requirement for a choice of court agreement for bilateral recognition and enforcement. The arrangement further regulates, among others, the scope and particulars of judgements, the procedures and methods of the application for recognition or enforcement, the review of the jurisdiction of the court that issued the original judgement, the circumstances where the recognition and enforcement of judgement shall be refused, and the approaches towards remedies for

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the reciprocal recognition and enforcement of judgements in civil and commercial matters between the courts in Chinese Mainland and those in the Hong Kong. Upon implementation of this Arrangement, the Arrangement between the Mainland and the Hong Kong Special Administrative Region on Reciprocal Recognition and Enforcement of Judgements of Civil and Commercial Matters under Consensual Jurisdiction (最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) which was adopted by the Judicial Committee of the Supreme People's Court on 12 June 2006 and took effect on 1 August 2008 has been repealed.