

APPENDIX V

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

This Appendix summarizes certain aspects of PRC laws and regulations which are relevant to our Company’s operations and business. Laws and regulations relating to taxation in the PRC are discussed separately in “Appendix IV — Taxation and Foreign Exchange” to this document. This Appendix also contains a summary of laws and regulatory provisions of the PRC Company Law. The principal objective of this summary is to provide [REDACTED] with an overview of the principal laws and regulatory provisions applicable to our Company. This summary is not intended to include all the information which is important to the [REDACTED]. For a discussion of laws and regulations which are relevant to our Company’s business, see “Regulatory Overview” in this document.

I. THE PRC LEGAL SYSTEM

The PRC legal system is based on the PRC Constitution (《中華人民共和國憲法》) (the “**Constitution**”), 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**”), which was amended by the NPC on March 13, 2023 and became effective on March 15, 2023, the NPC and the SCNPC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and revise basic laws governing criminal offenses, civil matters, state institutions and other matters. The SCNPC is empowered to formulate and revise laws other than the ones to be formulated by the NPC, and when the NPC is not in session, shall supplement and revise the laws formulated by the NPC, on the premise that the supplementation and revision are not in contradiction to the basic principles of such laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations in accordance with the Constitution and the law. The people’s congresses and their committees of the provinces, autonomous regions and municipalities directly under the Central Government may, based on the specific conditions and actual needs of their respective administrative regions, formulate local regulations, provided that such regulations do not contravene the Constitution, laws or administrative regulations. The people’s congresses and their standing committees of the cities divided into districts may, based on their specific local conditions and actual needs, formulate local regulations on matters such as urban-rural development and management, promotion of ecological conservation, historic and cultural preservation, and community-level governance provided that they do not contravene the Constitution, laws, administrative regulations, or the local regulations of their respective provinces or autonomous regions. Where a law otherwise provides for a matter for which cities divided into districts may formulate local regulations, the provisions of the said law shall prevail. Before coming into effect, local regulations made by the cities divided into districts shall be submitted to and approved by the standing committees of the people’s congresses of their corresponding provinces or autonomous regions.

The standing committees of the people’s congresses of the provinces or autonomous regions shall review the legality of the local regulations submitted for approval, and shall approve them within four months if these regulations are found in no contravention of the Constitution, laws, administrative regulations, or the local regulations of their respective provinces or autonomous regions. The people’s congresses of ethnic autonomous areas have the power to formulate autonomous regulations and separate regulations in the light of the political, economic and cultural characteristics of the local ethnic group(s). The ministries and commissions under the State Council, the People’s Bank of China, the National Audit Office, authorities directly under the State Council with administrative management functions, as well as the bodies prescribed by law, may formulate rules within the scope of their respective authorities in accordance with laws and the State Council’s administrative regulations, decisions, and orders.

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The Constitution has the highest authority. No laws, administrative regulations, local regulations, autonomous regulations, separate regulations, or rules may contravene the Constitution. Laws are superior to administrative regulations, local regulations, and rules. Administrative regulations are superior to local regulations and rules. Rules formulated by the people's governments of the provinces or autonomous regions are superior to rules formulated by the people's governments of cities divided into districts and autonomous prefectures within the administrative regions of the provinces or autonomous regions.

The NPC has the authority to modify or annul any inappropriate law formulated by its Standing Committee, and to annul any autonomous regulation or separate regulation approved by its Standing Committee that contravenes the Constitution or the provisions of the second paragraph of Article 85 of this Law; the SCNPC has the authority to annul any administrative regulation that contravenes the Constitution or laws, to annul any local regulation that contravenes the Constitution, laws or administrative regulations, and to annul any autonomous regulation or separate regulation approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the Central Government that contravenes the Constitution or the provisions of the second paragraph of Article 85 of this Law; the State Council has the authority to modify or annul any inappropriate departmental rule and local government rule; the people's congress of a province, an autonomous region or a municipality directly under the Central Government has the authority to modify or annul any inappropriate local regulation formulated or approved by its standing committee; the standing committee of a local people's congress has the authority to annul any inappropriate rule formulated by the people's government at the same level; the people's government of a province or an autonomous region has the authority to modify or annul any inappropriate rule formulated by people's governments at the next lower level.

According to the Constitution and the Legislation Law, the power of legal interpretation belongs to the SCNPC. According to the Decision of the SCNPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed by the SCNPC and effective on June 10, 1981, the Supreme People's Court shall give interpretation on questions involving the specific application of laws and decrees in court trials. The Supreme People's Procuratorate shall interpret all issues involving the specific application of laws and decrees in the procuratorial work. Interpretation of questions involving the specific application of laws and decrees in areas unrelated to judicial and procuratorial work shall be provided by the State Council and competent authorities.

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.

II. PRC JUDICIAL SYSTEM

According to the Constitution and Organic Law of People's Courts of the PRC (《中華人民共和國人民法院組織法》) revised 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 People's Court, local people's courts, and other special people's courts. Local people's courts at various levels are divided into high people's courts, intermediate people's courts and primary people's courts. Primary people's courts may establish dispatched people's tribunals according to their local situations, population size and caseloads. The Supreme People's Court is the highest adjudicatory organ. The Supreme People's Court shall oversee the adjudicatory work of local people's courts at all levels and of special people's courts; people's courts at higher levels shall oversee the adjudicatory work of those at lower levels.

According to the Constitution and Organic Law of People's Procuratorates of the PRC (《中華人民共和國人民檢察院組織法》) revised by the SCNPC on October 26, 2018 and becoming effect on January 1, 2019, the people's procuratorates are the state's legal oversight

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organs. The Supreme People’s Procuratorate is the highest procuratorial organ. The Supreme People’s Procuratorate shall direct the work of local people’s procuratorates at all levels and of special people’s procuratorates; 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, and judgments or rulings of the second instance at the people’s courts are final. A party may appeal against the judgment or ruling of the first instance of a local people’s 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》) adopted by the SCNPC on September 1, 2023 and effective on January 1, 2024 sets forth the requirements for instituting a civil action, the jurisdiction of the people’s courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the 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.

Foreign nationals, stateless persons and foreign enterprises and organizations that institute or respond to proceedings in a people’s court shall have the same procedural rights and obligations as citizens, legal persons and other organizations of the PRC. If the courts of a foreign country impose restrictions on the civil procedural rights of citizens, legal persons and other organizations of the PRC, the people’s courts of the PRC shall implement the principle of reciprocity in respect of the civil procedural rights of citizens, enterprises and organizations of that foreign country. An alien, stateless person or foreign enterprise or organization that needs to be represented by a lawyer as his or its agent ad litem in instituting and responding to an action in a people’s court shall appoint a lawyer of the PRC. Pursuant to international treaties concluded or acceded to by the PRC or in accordance with the principle of reciprocity, people’s courts and foreign courts may request mutual assistance in the service of legal documents, investigation, collection of evidence, and other acts in connection with litigation, on each other’s behalf. If the request by a foreign court would result in the violation of the PRC’s sovereignty, security or public interest of the PRC, the people’s court shall refuse to comply with the request.

The parties must perform civil judgments or rulings that have become legally effective. Where a party refuses to perform a ruling or judgment, the other party may apply to the people’s court for execution. The time limit applicable to applications to execute a judgment is two years. The provisions relating to the suspension or discontinuance of the litigation limitation period shall be applicable to the suspension or discontinuance of the limitation period for applications to execute a judgment.

If a party applies for execution of a legally effective judgment or ruling made by a people’s court and the party subject to execution or his property is not located within the territory of the PRC, the applicant may directly apply for recognition and execution to the foreign court with jurisdiction. Having received an application or a request for recognition and execution of a legally effective judgment or ruling of a foreign court, a people’s court shall review such judgment or ruling pursuant to international treaties concluded or acceded

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to by the PRC or in accordance with the principle of reciprocity. If, upon such review, the people’s court considers that such judgment or ruling neither violates the basic principles of the laws of the PRC nor harms national sovereignty, security, and the public interest, it shall rule to recognize its effectiveness.

III. THE PRC COMPANY LAW, TRIAL MEASURES AND GUIDELINES FOR ARTICLES OF ASSOCIATION

A joint stock limited company established in the PRC seeking a listing on The Stock Exchange of Hong Kong Limited 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》) (the “**Company Law**”) was adopted by the Fifth Session of the Standing Committee 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, October 26, 2018 and December 29, 2023. The latest revised Company Law came into effect on July 1, 2024.

Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Trial Measures**”) and 5 supporting guidelines promulgated by the CSRC on February 17, 2023 came into effect on March 31, 2023 and were applicable to the direct and indirect overseas share subscription and listing of domestic companies.

According to the Trial Measures 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 (《上市公司章程指引》) (the “**Guidelines for Articles of Association**”), in place of the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (《到境外上市公司章程必備條款》) which ceased to apply from March 31, 2023. The Guidelines for Articles of Association were promulgated by the CSRC on December 16, 1997 and last amended on March 28, 2025.

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

General Provisions

“A joint stock limited company” means a corporate legal person incorporated under the Company Law, whose registered capital is divided into shares of equal par value. 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.

A company must conduct its business in accordance with laws as well as public and commercial ethics. A company may invest in other limited liability companies. The liabilities of the company to such invested companies are limited to the amount invested. Unless otherwise provided by laws, a company cannot be the capital contributor who has the joint liabilities associated with the debts of the invested enterprises.

Incorporation

A joint stock limited company may be incorporated by promotion or subscription. A joint stock limited company may be incorporated by a minimum of one but not more than 200 promoters, and at least half of the promoters must have residence within the PRC.

The promoters shall convene an inaugural meeting of the company within 30 days after the share capital has been paid-up and shall notified all subscribers the date of the meeting or make an announcement in this regard 15 days before the meeting. The inaugural meeting may be held only the presence of promoters and subscribers holding more than 50% of the total number of shares. Powers to be exercised at the inaugural meeting include but not limited to the adoption of articles of association and the election of members of the board of directors and the supervisory committee of a company. The aforesaid matters shall be resolved by more than 50% of the votes to be casted by subscribers presented at the meeting.

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

Registered Shares

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

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

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

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

Allotment and Issue of Shares

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

Domestic enterprises issued and listed overseas shall file with the CSRC in accordance with Trial Measures, submit filing reports, legal opinions and other relevant materials, and truthfully, accurately and completely explain shareholder information and other information. Where a domestic enterprise directly issues and is listed overseas, the issuer shall file with the CSRC. If a domestic enterprise is indirectly listed overseas, the issuer shall designate a major domestic operating entity as the domestic responsible person and file with the CSRC.

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' 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 any. If no par value stock is issued, the proceeds from the issuance of the new stocks shall be included into 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 document.

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Reduction of Share Capital

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

- (i) to prepare a balance sheet and a property list;
- (ii) a company makes a resolution at shareholders' meeting to reduce its registered capital;
- (iii) a company shall inform its creditors within 10 days and publish an announcement in newspapers or the National Enterprise Credit Information Publicity System within 30 days after the approval of resolution of reducing registered capital;
- (iv) the creditors shall have the right to require a company to repay its debts or provide corresponding guarantees within 30 days after receiving the notice or within 45 days after the announcement if the creditors have not received the notice;
- (v) when a company reduces its registered capital, it shall register the change with a company registration authority in accordance with the law.

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 circumstance:

- (i) reducing the registered capital;
- (ii) merging with other company that holds the shares of the company;
- (iii) using the shares for employee stocks plan or equity incentives;
- (iv) with respect to shareholders voting against any resolution adopted at the shareholders' meeting on the merger or division of our Company, the right to demand our Company to acquire the shares held by them;
- (v) using the shares for the conversion of convertible corporate bonds issued by the listed company;
- (vi) as required for maintenance of the corporate value and shareholders' rights and interests of a listed company.

The purchase of shares of a company for reasons specified in the case of (i) to (ii) 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 (iii), (v) and (vi) 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 cancelled within 10 days from the date of buy-back in the case of item (i) above; such shares shall be transferred or cancelled within six months in the case of items (ii) and (iv) 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 cancelled within three years in the case of items (iii), (v) and (vi) above.

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Transfer of Shares

Shares held by a shareholder may be transferred according to the law. Under the Company Law, a shareholder should affect a transfer of his shares on securities established exchange according to the law or by any other means as required by the State Council. Registered shares may be transferred by endorsement of shareholders or by other means stipulated by laws or administrative regulations. After the transfer, a company shall record the name and address of the transferee in the register of shareholders. No changes of registration in the share register provided in the foregoing requirement shall be affected 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. If any law, administrative regulation, or any provision by the securities regulatory authority of the State Council specifies otherwise for the modification of the register of shareholders of a listed company, such provisions should prevail.

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

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

Shareholders

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

- (i) to receive dividends and other forms of distributions in proportion to their shareholdings;
- (ii) to attend or appoint a proxy to attend shareholders' meetings and to exercise voting rights;
- (iii) to supervise and manage a company's business operations, and to present proposals or to raise inquiries;
- (iv) to transfer shares in accordance with laws, administrative regulations and the provisions of the articles of association;
- (v) to inspect and copy the company's articles of association, share register, minutes of shareholder's general meetings, resolutions of meetings of the board of directors, and financial and accounting reports and to make proposals or enquiries on the company's operations;
- (vi) 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;
- (vii) other rights conferred by laws, administrative regulations and the articles of association.

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

- (i) to comply with the articles of association;
- (ii) to pay subscription money according to the number of shares subscribed and the method of subscription;
- (iii) 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;

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- (iv) other obligations conferred by laws, administrative regulations and the articles of association.

Shareholders’ Meetings

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

- (i) to elect and replace directors and supervisors and to decide on matters relating to the remuneration of directors and supervisors;
- (ii) to examine and approve reports of the board of directors;
- (iii) to examine and approve reports of the supervisory committee;
- (iv) to examine and approve a company’s profit distribution plans and loss recovery plans;
- (v) to resolve on the increase or reduction of a company’s registered capital;
- (vi) to resolve on the issuance of corporate bonds;
- (vii) to resolve on the merger, division, dissolution, liquidation or change of corporate form of a company;
- (viii) to amend the company’s articles of association;
- (ix) to make a resolution on the Company’s engagement or dismissal of an accounting firm;
- (x) to approve upon deliberation the guarantees under Article 47 of the Guidelines for Articles of Association;
- (xi) to deliberate purchases and sales of significant assets within a year exceeding 30% of the Company’s total assets as audited in the latest period;
- (xii) to approve upon deliberation changes in the use of funds raised;
- (xiii) to deliberate equity incentive plans and employee stock ownership plans;
- (xiv) other functions and powers specified in provision of the articles of association.

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

- (i) 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;
- (ii) when the unrecovered losses of a company amount to one-third of the total paid-up share capital;
- (iii) shareholders individually or jointly holding 10% or more of the company’s shares request;
- (iv) when deemed necessary by the Board of directors;
- (v) the Supervisory Committee proposes to convene the meeting;
- (vi) other circumstances as stipulated in the articles of association.

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

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

If the shareholders who separately or aggregately hold more than 10% of the shares of the company request to convene an interim shareholders' meeting, the board of directors and the supervisory committee should, within 10 days after the receipt of such request, decide whether to hold an interim shareholders' meeting and reply 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 jointly hold more than 1% of the company's shares may put forward interim proposals and submit them to the convener in writing 10 days before the general meeting of shareholders. The convener shall issue a supplementary notice of the general meeting of shareholders within two days after receiving the proposal and announce the contents of the interim proposal.

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

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

The cumulative voting system may be adopted for the election of directors and supervisors at the shareholders' meeting in accordance with the provisions of the articles of association or the resolutions of the shareholders' meeting. Under the 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' meeting, and shareholders may consolidate their voting rights when casting a vote.

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

Directors

Under the Company Law, a joint stock limited company should have a board of directors, which consists of more than three members. The term of office of a director shall be stipulated in the articles of association, but each term of office shall not exceed 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 noticed 10 days before the meeting for every meeting. The Board exercises the following functions and powers:

- (i) to convene shareholder's general meetings and report its work to the shareholder's general meetings;
- (ii) to implement the resolutions of the shareholder's general meeting;
- (iii) to decide on a company's business plans and investment plans;

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- (iv) to formulate a company's profit distribution plan and loss recovery plan;
- (v) to formulate proposals for the increase or reduction of a company's registered capital and the issue of corporate bonds;
- (vi) to formulate plans for cake, division, dissolution or change of corporate form of a company;
- (vii) to decide on the internal management structure of a company;
- (viii) to decide on the appointment or dismissal of the manager of a company and their remuneration;
- (ix) 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;
- (x) to formulate a company's basic management system;
- (xi) other functions and powers specified in the articles of association or granted by the shareholders' meeting.

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 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/she is:

- (i) a person without capacity or with restricted capacity;
- (ii) a person who has been sentenced to any criminal penalty due to an offence of corruption, bribery, encroachment of property, misappropriation of property, or disrupting the order of the socialist market economy, or has been deprived of political rights due to a crime, where a five-year period has not elapsed since the date of completion of the sentence; if he/she is pronounced for suspension of sentence, a two-year period has not elapsed since the expiration of the suspension period;
- (iii) a person who was a director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise;
- (iv) 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
- (v) being listed as one of "dishonest persons subject to enforcement" by the people's court due to his/her failure to pay off a relatively large amount of due debts.

The board of directors shall have one 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):

- (i) to preside over shareholders' meetings and convene and preside over board meetings;

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- (ii) to supervise, promote and oversee the implementation of resolutions of the board of directors;
- (iii) to exercise other powers conferred by the Board.

Supervisors

Under the Company Law, a joint stock limited company may, in accordance with the provisions of its articles of association, establish an audit committee under the board of directors comprising directors to exercise the powers and functions of the supervisory committee, in place of a supervisory committee or supervisors. Otherwise, a joint stock limited company shall have a supervisory committee consisting of three or more members. The members of the supervisors committee shall include representatives of shareholders and at an appropriate percentage, representatives of employees of the corporation, and the percentage of representatives of employees shall not be less than one-third, with the specific percentage prescribed in the company bylaws. The representatives of employees on the supervisors committee are democratically elected by the employees of the corporation through the assembly of representatives of employees or assembly of employees or otherwise. No director or senior management may concurrently hold the post of supervisor.

The supervisory committee exercises the following powers:

- (i) to examine the company's financial affairs;
- (ii) to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, administrative regulations, the articles of association or resolutions of shareholders' meetings;
- (iii) to demand rectification by a director or senior management when the acts of such persons are harmful to the company's interest;
- (iv) to propose the convening of extraordinary general meetings, and to convene and preside over shareholders' meetings when the Board fails to perform the duty of convening and presiding over shareholders' meetings under the Company Law;
- (v) to submit proposals to the shareholders' meeting;
- (vi) to initiate legal proceedings against directors and senior management in accordance with the Company Law;
- (vii) to review the Company's periodical reports prepared by the board of directors and making written comments thereon after review;
- (viii) to conduct investigations at its discretion if it discovers any abnormal operations of the Company; and when necessary, at its discretion, retain an accounting firm, a law firm, or any other professional institution to assist in its work, at the expenses of the Company;
- (ix) other functions and powers specified in the articles of association.

Managers and Senior Management

Under the Company Law, a company should have a manager who is appointed or removed by the board of directors. The manager is responsible to the board of directors and exercise his/her functions and powers according to the Articles of Association or the authorization of the board of directors. The manager attends the meetings of the board of directors as a non-voting member.

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.

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Duties of Directors, Supervisors and Senior Management

Directors, supervisors and senior management of the company are required under the Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company. Directors, supervisors and senior management are prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating the company's properties.

Directors, supervisors and senior management are prohibited from:

- (i) to embezzle any property or misappropriate any funds of the company;
- (ii) to deposit any funds of the company in an account opened in his or her own name or in the name of any other individual;
- (iii) to commit bribery or accept any other illegal revenue by taking advantage of his or her powers;
- (iv) to accept and pocket commissions on transactions between others and the company;
- (v) to illegally disclose any confidential information of the company; and
- (vi) otherwise violate the duty of loyalty to the company.

A director, supervisor, or senior management of a company who directly or indirectly enters into a contract or conducts a transaction with the company shall report to the board of directors or the shareholders' meeting on the matters related to the contracting or transaction, and a resolution of the board of directors or the shareholders' meeting regarding the matters shall be adopted in accordance with the company bylaws.

Where a close relative of a director, supervisor, or senior management of a company, an enterprise directly or indirectly controlled by a director, supervisor, or senior management of a company or a close relative of him or her, or an affiliate that is otherwise affiliated to a director, supervisor, or senior management of a company enters into a contract or conducts a transaction with the company, the provision of the preceding paragraph applies.

A director, supervisor, or senior management may not take advantage of his or her position to seek any business opportunity belonging to the company for himself or herself or any other person, except under any of the following circumstances:

- (i) The director, supervisor, or senior management reports it to the board of directors or the shareholders' meeting, and in accordance with the company bylaws, an affirmative resolution of the board of directors or the shareholders' meeting regarding it is adopted; or
- (ii) The company is unable to use the business opportunity, in accordance with a law, an administrative regulation, or the company bylaws.

A director, supervisor, or senior management of a company may not engage in the same kind of business as the company for his or her own account or for the account of any other person without reporting it to the board of directors or the shareholders' meeting and without a resolution of the board of directors or the shareholders' meeting regarding it adopted in accordance with the company bylaws.

A director, supervisor, or senior executive of a company who violates a law, an administrative regulation, or the company bylaws in executing his or her functions, causing any loss to the company, is liable in damages.

Finance and Accounting

Under the Company Law, a company shall establish its financial affairs and accounting system in accordance with laws, administrative regulations, and the provisions issued by the finance department of the State Council. A company shall, at the end of each fiscal year, prepare a financial accounting report, which shall be audited by an accounting firm in accordance with the law. The financial accounting report shall be prepared in accordance with laws, administrative regulations, and the provisions issued by the finance department of the State Council.

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The financial accounting report of a joint stock limited company shall be placed at the corporation for consultation by the shareholders 20 days before the annual shareholders' meeting is held; and a joint stock limited company offering shares to the public shall announce its financial accounting report.

Where a company distributes its after-tax profits of the current year, it shall set aside 10% of the profits as funds of the statutory reserve of the company. The company may discontinue setting aside funds of the statutory reserve if the cumulative amount of the statutory reserve is 50% or more of the registered capital of the company. Where the statutory reserve of a company is not sufficient to cover loss from the previous years of the company, the profits of the current year shall be used for covering loss before the funds of the statutory reserve are set aside under the preceding paragraph. After setting aside funds of the statutory reserve from its after-tax profits, a company may, upon resolution of the shareholders' meeting, set aside funds of a discretionary reserve from its after-tax profits.

The remaining after-tax profit after loss is covered and reserve funds are set aside may be distributed by a corporation in proportion to the shares held by the shareholders, except as otherwise prescribed in the company bylaws.

The premium obtained by a company from an offering of shares at an offering price above the par value of stock, the portion of proceeds from an offering of no-par shares which is not included in the registered capital, and other items included in the capital reserve as prescribed by the finance department of the State Council shall be listed as the capital reserve of the company.

The reserves of a company shall be used for covering loss and expanding production and other operations or be converted to increase the registered capital of the company. Where reserves are used to cover loss of a company, the discretionary and statutory reserves shall be first used; and if they are insufficient for covering loss, the capital reserve may be used according to the applicable provisions. Where the statutory reserve is converted to increase the registered capital, the remainder of the reserve may not be less than 25% of the registered capital of the company before the conversion.

A company may not create any account books other than the statutory account books.

Appointment and Dismissal of Accounting Firms

Pursuant to the Company Law, the engagement or dismissal by a company of an accounting firm undertaking the audit of the company shall be decided by the shareholders' meeting, board of directors, or supervisors committee in accordance with the provisions of the company bylaws. When the shareholders' meeting, board of directors, or supervisors committee votes on the dismissal of the accounting firm, the accounting firm shall be allowed to present its opinions. A company shall provide the accounting firm engaged with truthful and complete accounting vouchers, account books, financial accounting reports, and other accounting materials, and may not decline provision, conceal any materials, or provide any false materials.

The Guidelines for Articles of Association provides that the company shall guarantee the provision of true and complete accounting documents, accounting books, financial accounting reports, and other accounting materials to the accounting firm engaged, and may not refuse to provide, conceal, or provide false materials. The auditing fees payable to the accounting firm shall be subject to the decision of the shareholders' meeting.

Profit Distribution

Where a company distributes profits to the shareholders in violation of this Law, the shareholders shall return the profits so distributed to the company; and if any loss is thus caused to the company, the shareholders and liable directors, supervisors, and senior executives shall pay damages.

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Dissolution and Liquidation

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

- (i) the business duration prescribed in the company bylaws expires or any other cause of dissolution prescribed in the company bylaws occurs;
- (ii) the shareholders’ meeting adopts a resolution to dissolve the company;
- (iii) the combination or division of the company requires dissolution of the company;
- (iv) the company forfeits its business license, is ordered to close down, or is abolished in accordance with the law;
- (v) where the operational management of a company encounters any difficulty that is so serious that the continuous existence of the company will cause any major loss to the interests of the shareholders, which cannot be solved by other means, a shareholder or shareholders holding ten percent or more of the voting rights of the company may petition a people’s court for dissolution of the company.

Where any of the causes of dissolution of a company set out in the preceding paragraph occurs, the company shall, within ten days, publish the cause of dissolution through the National Enterprise Credit Information Publicity System.

Where any of the circumstances in subparagraphs (1) and (2) of paragraph 1 of the preceding article occurs to a company, and the company has not distributed property to the shareholders, the company may continue to exist by amending the company bylaws or by a resolution of the shareholders’ meeting. The amendment of the company bylaws or a resolution of the shareholders’ meeting under the preceding paragraph must be adopted by two-thirds or more of the voting rights of the shareholders present at a shareholders’ meeting in the case of a corporation.

Where a company is dissolved under subparagraph (1), (2), (4), or (5) above, the company shall be liquidated. The directors of the company as the liquidation obligors shall, within 15 days of occurrence of the cause of dissolution, form a liquidation group to conduct liquidation. The liquidation group are composed of the directors, except as otherwise prescribed in the company bylaws or unless any other person is appointed to the liquidation group by a resolution of the shareholders’ meeting. Where the liquidation obligors fail to perform their liquidation obligations in a timely manner, causing any loss to the company or any creditor, the liquidation obligors are liable in damages.

The liquidation group fails to be formed within the prescribed time limit or liquidation is not conducted after the formation of a liquidation group, an interested person may petition a people’s court to designate the relevant persons to form a liquidation group to conduct liquidation. The people’s court shall accept the petition, and organize the liquidation by the liquidation group in a timely manner.

The liquidation group exercises the following powers during liquidation:

- (i) identifying the property of the company and preparing respectively a balance sheet and a list of property;
- (ii) notifying creditors and issuing an announcement;
- (iii) handling the unfinished business of the company related to liquidation;
- (iv) identifying and paying the taxes owed and the taxes arising in the process of liquidation;
- (v) identifying and disposing of claims and debts;
- (vi) distributing the remaining property of the company after paying off debts;
- (vii) participating in civil litigations on behalf of the company.

The liquidation group shall, within ten days of its formation, notify the creditors, and within 60 days of its formation, issue a public announcement in a newspaper or the National Enterprise Credit Information Publicity System. The creditors shall, within thirty days of

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receipt of the notice or within 45 days of issuance of the announcement if they fail to receive the notice, declare their claims to the liquidation group.

After the liquidation expenses, wages of employees, social insurance expenses, and statutory indemnities are paid, the taxes owed are paid, and the debts of the company are repaid, the residual property of the company may be distributed in proportion to the capital contributions of the shareholders in the case of a limited liability company or in proportion to the shares held by the shareholders in the case of a corporation.

During liquidation, the company continues to exist but may not conduct any operation irrelevant to liquidation. The property of the company may not be distributed to the shareholder before the payment and repayment under the preceding paragraph.

Where the liquidation group discovers that the property of the company is insufficient for paying off debts after identifying the property of the company and preparing a balance sheet and a list of property, the liquidation group shall, in accordance with the law, petition a people's court for bankruptcy liquidation. After the people's court accepts the petition for bankruptcy, the liquidation group shall transfer the liquidation affairs to the bankruptcy administrator designated by the people's court.

After completion of liquidation of a company, the liquidation group shall prepare a liquidation report, submit the report to the shareholders' meeting or the people's court for confirmation, submit the confirmed report to the company registration authority, and apply for cancellation of company registration.

The members of a liquidation group shall, in performing their liquidation duties, have the duty of loyalty and duty of diligence. Where the members of the liquidation group are slow to perform their liquidation duties, causing any loss to the company, they are liable in damages. Where the members of the liquidation group cause any loss to the creditors intentionally or with gross negligence, they are liable in damages.

Where a company fails to apply to the company registration authority for cancellation of company registration three years after its forfeiture of business license, ordered closedown, or abolition, the company registration authority may issue an announcement through the National Enterprise Credit Information Publicity System, and the period of announcement shall not be less than 60 days. If there is no objection raised upon expiry of the period of announcement, the company registration authority may cancel the registration of the company.

Overseas Listing

According to the Trial Measures, initial public offerings or listings in overseas markets shall be filed with the CSRC within 3 working days after the relevant application is submitted overseas. Subsequent securities offerings of an issuer in the same overseas market where it has previously offered and listed securities shall be filed with the CSRC within 3 working days after the offering is completed. Subsequent securities offerings and listings of an issuer in other overseas markets than where it has offered and listed shall be filed pursuant to provisions in the first paragraph of this Article. Moreover, where the filing documents are complete and in compliance with stipulated requirements, the CSRC will, within 20 working 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 courtesy translation supplementation and amendment thereto within 5 working days after receiving the filing documents. The issuer should then complete supplementation and amendment within 30 working days.

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Suspension and Termination of Listing

The Company Law has deleted provisions governing suspension and termination of listing. The Securities Law of the People’s Republic of China (《中華人民共和國證券法》) (the “**PRC Securities Law**”), which was amended by the SCNPC on December 28, 2019 and came into effect on March 1, 2020, has also deleted provisions regarding suspension of listing. Where listed securities fall under the delisting circumstances stipulated by the stock exchange, the stock exchange shall terminate its listing and trading in accordance with the business rules.

According to the Trial Measures, in case of voluntary or mandatory delisting, the issuer shall submit a report thereof to CSRC within 3 working days after the occurrence and public disclosure of the event.

IV. SECURITIES LAW AND REGULATIONS

In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by Chinese companies in the mainland China or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking research and analysis. In April 1998, the State Council consolidated the above two departments and reformed 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 April 22, 1993 provides 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 December 25, 1995, mainly provide for 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 PRC Securities Law provides a series of provisions regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities 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 PRC Securities Law provides that a domestic enterprise must comply 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 regulations promulgated by the State Council and the CSRC.

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V. 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》) (the “**Arbitration Law**”), amended by the SCNPC 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. The Arbitration Law was recently revised on September 12, 2025 and came into effect from March 1, 2026.

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. 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, unless the arbitration agreement is void or as otherwise provided by a law.

Under the Arbitration Law, an arbitral award is final and binding on the parties. The parties shall perform the arbitration award. If a party fails to perform the arbitration award, the other party may apply to the people’s court for enforcement in accordance with the relevant provisions of the 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). Where a party applies for enforcement of a legally effective arbitration award rendered within the territory of the People’s Republic of China and if the party against whom the enforcement is sought or such party’s property is not within the territory of the People’s Republic of China, the party may directly apply to a competent foreign court for recognition and enforcement of the award.

Where an effective arbitration award rendered outside the territory of the People’s Republic of China requires recognition and enforcement by a people’s court, a party may directly apply to the intermediate people’s court at the place of domicile of the party subject to enforcement or at the place where the property thereof is located. If the domicile of the person subject to enforcement or the property thereof is not within the territory of the People’s Republic of China, the party may file an application with the intermediate people’s court at the place of domicile of the applicant or at the place that has appropriate connections with the dispute involved in the arbitration award. The people’s court shall process the application in accordance with an international treaty concluded or acceded to by the People’s Republic of China or under the principle of reciprocity.

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 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 on November 26, 2020 and effective on November 27, 2020, awards made by PRC arbitral authorities can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC.