
APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

This Appendix contains a summary of laws and regulations on companies and securities in the PRC. The principal objective of this summary is to provide potential investors with an overview of the principal laws and regulations applicable to us. This summary does not purport to include all the information which may be important to the potential investors. For discussion of laws and regulations specifically governing the business of the Company, see “Regulatory Overview”.

I. THE PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the PRC (《中華人民共和國憲法》) (the “**Constitution**”) and is made up of written laws, administrative regulations, local regulations, separate regulations, autonomous regulations, departmental rules and regulations, rules and regulations of local governments, international treaties signed by the PRC government, and other regulatory documents. Court verdicts are not binding precedents, but may be used as judicial reference and guidance. Pursuant to the Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》) (the “**Legislation Law**”), the National People’s Congress (the “**NPC**”) and the Standing Committee of the National People’s Congress (the “**NPCSC**”) of the PRC are empowered to exercise the legislative power of the state. The NPC has the power to formulate and amend the basic laws governing civil and criminal matters, state institutions and other matters. The NPCSC is empowered to formulate and amend laws other than those which shall be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during its adjournment, provided that such supplements and amendments do not contravene the general principles of such laws.

The State Council is the highest administrative organ of the PRC, and has the power to enact administrative regulations under the Constitution and laws.

The people’s congresses of provinces, autonomous regions and municipalities directly under the central government and their respective standing committees may, in accordance with the specific circumstances and practical needs of the local administrations concerned, formulate local regulations subject to the Constitution, laws and administrative regulations.

The ministries and commissions of the State Council, the People’s Bank of China, the National Audit Office, institutions with administrative functions directly under the State Council, and institutions prescribed by law may, in accordance with the laws and the administrative regulations, decisions and rulings of the State Council, formulate rules within their respective purview. The people’s congresses of cities divided into districts and their respective standing committees may, in accordance with the specific circumstances and practical needs of the cities concerned, formulate local regulations in such aspects as urban and rural development and management, ecological progress, grassroots governance, and protection of historical and cultural heritage subject to the Constitution, laws, administrative regulations, and the local regulations of the provinces or autonomous regions concerned. The local regulations as formulated shall become enforceable after being reported to and approved by the standing committees of the people’s congresses of the provinces or autonomous regions concerned. The people’s congresses of ethnic autonomous areas have the power to formulate autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the local ethnic groups concerned.

The people’s governments of the provinces, autonomous regions and municipalities directly under the central government, and the cities divided into districts or autonomous prefectures, may enact rules in accordance with laws, administrative regulations and the local regulations of the provinces, autonomous regions or municipalities concerned.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of local regulations is greater than that of the rules of the local governments at or below the corresponding level. The authority of the rules enacted by the people’s governments of the

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provinces or autonomous regions is greater than that of the rules enacted by the people’s governments of the cities divided into districts or autonomous prefectures within the administrative areas of the provinces or autonomous regions concerned.

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 Constitution or the Legislation Law. The NPCSC has the power to annul any administrative regulations that contravene the Constitution and laws, to annul any local regulations that contravene the 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 provinces, autonomous regions or municipalities directly under the central government, but which contravene the Constitution and the Legislation Law. The State Council has the power to alter or annul any inappropriate departmental rules and rules of local governments. The people’s congresses of provinces, autonomous regions or municipalities directly under the central government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The people’s governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people’s governments at a lower level. According to the Constitution and the Legislation Law, the power to interpret laws is vested in the NPCSC.

According to the Decision of the Standing Committee of the National People’s Congress 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 on June 10, 1981, general interpretation on the application of laws and decrees in court trials shall be given by the Supreme People’s Court of the PRC (the “**Supreme People’s Court**”). The State Council and its ministries and commissions have the power to give interpretation of the administrative regulations and department rules which they have promulgated. At the regional level, the power to give interpretation of the local laws, regulations and administrative rules is vested in the regional legislative and administrative organs which promulgate such laws, regulations and rules.

II. THE PRC JUDICIAL SYSTEM

Under the Constitution and the Law of the PRC on the Organisation of the People’s Courts (《中華人民共和國人民法院組織法》), the PRC judicial system is made up of the Supreme People’s Court, the local people’s courts at all levels and special people’s courts.

The local people’s courts at all levels are composed of the primary people’s courts, the intermediate people’s courts and the higher people’s courts. The higher people’s courts supervise the primary people’s courts and the intermediate people’s courts. The People’s Procuratorate also has the right to exercise legal supervision over the civil proceedings of the people’s court at the same level or at a lower level. The Supreme People’s Court is the highest judicial organ in the PRC and supervises the trial work of people’s courts at all levels.

The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》) (the “**Civil Procedure Law**”) was adopted in 1991 and amended in 2007, 2012, 2017, 2021 and 2023, and its latest version has come into effect on January 1, 2024. The Civil Procedure Law sets forth the criteria 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 ruling. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the province, municipality or city in which the defendant resides. The parties to a contract may, by express agreement, select a judicial court where civil actions may be instituted, provided that the judicial court is either at the plaintiff’s or the defendant’s place of domicile, the place of execution or implementation of the contract or the place of the object of the action, provided that the provisions of this law regarding the level of jurisdiction and exclusive jurisdiction shall not be violated.

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In general, foreign nationals or enterprises shall have equal procedural rights and obligations as citizens or legal persons of the PRC. Where the judicial system of a foreign country imposes any restrictions on the procedural rights of PRC citizens or enterprises, the PRC courts shall impose reciprocal restrictions on citizens or enterprises of that foreign country within the PRC.

If a party to a civil action refuses to comply with a judgment or ruling made by a people’s court or an award made by an arbitration panel in the PRC, the other party may apply to the people’s court for the enforcement of the same. There is a time limit of two years imposed on the right to apply for such enforcement. If a party fails to satisfy a judgment made by the court within the stipulated period of time, the court may, upon application by either party, enforce the judgment in accordance with law.

A party seeking to enforce a judgment or ruling of a people’s court against a party who is outside the territory of the PRC or whose property is not located in the PRC, may apply to a foreign court with jurisdiction over the case for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognised and enforced by the people’s court according to enforcement procedures in the PRC in the event that the PRC has entered into or acceded to an international treaty which provides for such recognition and enforcement with the foreign country concerned, or that the judgment or ruling satisfies the court’s examination according to the principle of reciprocity. However, if the people’s court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the general principles of the PRC laws, cause harm to its sovereignty, security or public interests, or if other circumstances as specified in Article 300 of the Civil Procedure Law occur, the people’s court shall, upon examination, not to recognise or enforce such judgment or ruling.

III. COMPANY LAW OF THE PRC, INTERIM MEASURES FOR THE ADMINISTRATION OF OVERSEAS SECURITIES OFFERING AND LISTING BY DOMESTIC ENTERPRISES, AND GUIDELINES ON THE BYLAWS OF LISTED COMPANIES

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

The Company Law of the PRC (《中華人民共和國公司法》) (the “**Company Law**”), which was latest amended by the NPCSC on December 29, 2023, came into effect on July 1, 2024.

The Interim Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) and 7 supporting guidelines, which were issued by the CSRC on February 17, 2023 and came into effect from March 31, 2023, are applicable to overseas offering and listing of securities by joint stock companies. The Guidelines on the Bylaws of Listed Companies (《上市公司章程指引》) (the “**Bylaws Guidelines**”) were latest amended by the CSRC on March 28, 2025 and effective from that date. The Bylaws Guidelines are in the Articles of Association, with a summary thereof provided in the section headed “Appendix V — Summary of the Articles of Association” in this document.

The following sets out a summary of the principal provisions of the Company Law, the Interim Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises, and the Bylaws Guidelines.

1. General

A joint stock company refers to an enterprise legal person incorporated under the Company Law with its registered capital divided into shares. The liabilities of its shareholders are limited to the amount of shares held by them and the company is liable to its creditors for an amount equal to the total value of its assets.

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

2. Incorporation

A joint stock company may be incorporated by promotion or public subscription.

To incorporate a joint stock company by promotion, there shall be more than one but not more than 200 promoters, with over half of them residing within the territory of the PRC.

For a joint stock company incorporated by promotion, the timing and voting procedures for the inaugural meeting are determined by the company’s articles of association or the promoters’ agreement. For a joint stock company incorporated by public subscription, the promoters must convene the inaugural meeting within thirty days from the date when the subscription monies for the shares are paid up. The promoters shall notify all subscribers or make a public announcement of the meeting date at least fifteen days in advance. The inaugural meeting may only be held if more than half of the shareholders with voting rights are present. The meeting will discuss and adopt the company’s articles of association and elect directors. Any resolutions made at the inaugural meeting shall be approved by a majority of the voting rights held by the shareholders present.

Within 30 days following the conclusion of the inaugural meeting, an authorised representative of the board of directors shall apply for the registration of the joint stock company’s incorporation with the company registration authorities.

If a promoter fails to pay for the shares they have subscribed to, or if the actual value of non-monetary properties contributed as capital is significantly less than the value of the subscribed shares, the other promoters shall assume joint and several liabilities for the deficiency.

3. Share Capital

The promoters of a company may contribute capital in cash, or by way of valued non-monetary properties such as intellectual property rights and land use rights that can be monetarily valued and legally transferred.

If capital contribution is made other than in cash, valuation and verification of the properties contributed must be carried out and converted into shares.

A company may issue registered shares.

Pursuant to the Interim Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》), a domestic enterprise issuing shares overseas may raise funds and distribute its profits in a foreign currency or Renminbi.

According to the Company Law, a company shall decide between issuing par value shares or no-par value shares as specified in its articles of association.

The transfer of shares by shareholders shall be conducted via a legally established stock exchange or in such other ways as specified by the State Council.

A joint stock company shall prepare a register of shareholders, with a copy of which maintained in the company, detailing the following: (i) the names and addresses of each shareholder; (ii) The type and number of shares subscribed by each shareholder; (iii) If shares are issued in physical (paper) form, the serial numbers of the share certificates; and (iv) The date on which each shareholder acquired the shares.

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4. Allotment and Issue of Shares

Any share issuance of a joint stock company shall accord with the principles of fairness and impartiality. Each share of the same class shall carry the same rights. The offering conditions and price per share shall be the same for the shares of the same class in an issue. The offering price of par value shares may be equal to or greater than the nominal value, but shall not be less than the nominal value.

5. Increase of Share Capital

According to the Company Law, when the joint stock company issues new shares, a resolution shall be passed by a shareholders’ meeting approving the class and quantity of the new shares to be issued, the issue price of the new shares, the starting and closing time for the new share issuance, and the class and quantity of the new shares to be issued to existing shareholders. For issuance of no-par value shares, the amount of proceeds from the new share issue shall be credited to the registered capital. When the company is registered by the securities regulatory authority of the State Council to publicly issue new shares, it shall publish a document and financial and accounting reports, and prepare the share subscription form. After the new share issuance has been paid up, the change shall be registered with the company registration authorities and an announcement shall be made.

6. Reduction in Share Capital

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

it shall prepare a balance sheet and a property list;

the reduction of registered capital shall be approved by the resolution of a shareholders’ meeting;

it shall inform its creditors within 10 days, and publish an announcement in the newspaper or the National Enterprise Credit Information Publicity System within 30 days, of the resolution regarding the reduction in registered capital;

creditors may within 30 days upon receipt of the notice, or within 45 days of the public announcement if no notice has been received, require the company to pay its debts or provide guarantees covering the debts; and

it shall apply to the relevant administration of registration for the registration of its reduction in registered capital.

7. Repurchase of Shares

Pursuant to the Company Law, a joint stock company may not purchase its shares other than for one of the following purposes: (i) to reduce its registered capital; (ii) to merge with another company that holds its shares; (iii) to grant its shares for carrying out an employee stock ownership plan or equity incentive plan; (iv) to purchase its shares from shareholders who are against the resolution regarding the merger or division with other companies at a shareholders’ meeting; (v) use of shares for conversion of corporate bonds issued by the company that can be converted into stock; and (vi) the share purchase is necessary for a listed company to maintain its company value and protect its shareholders’ interest.

The purchase of shares on the grounds set out in (i) and (ii) above shall require approval by way of a resolution passed by the shareholders’ meeting. For a company’s share purchase under any of the circumstances stipulated in (iii), (v) or (vi) above, a resolution of the company’s board of directors shall be made by a two-third majority of directors attending the meeting according to the company’s articles of association or as authorised by the shareholders’ meeting.

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Following the purchase of shares in accordance with (i), such shares shall be cancelled within ten days of the date of purchase. The shares shall be assigned or deregistered within six months if the share purchase is made under the circumstances stipulated in either (ii) or (iv). The shares held in total by a company after a share purchase under any of the circumstances stipulated in (iii), (v) or (vi) shall not exceed 10% of the company’s total issued shares, and shall be assigned or deregistered within three years.

Listed companies making a share purchase shall perform their obligation of information disclosure according to the provisions of the Securities Law of the PRC (the “**Securities Law**”). If the share purchase is made under any of the circumstances stipulated in (iii), (v) or (vi) hereof, centralised trading in a public manner shall be adopted.

8. Transfer of Shares

Shares held by shareholders may be transferred in accordance with the relevant laws and regulations. Pursuant to the Company Law, transfer of shares by shareholders shall be conducted via a legally established stock exchange or in such other ways as specified by the State Council. No changes in the registration of shareholders shall be made within twenty days prior to the convening of a shareholders’ meeting, or within five days prior to the record date for the distribution of dividends. Where there are separate provisions by law, administrative regulations or the securities regulatory authorities of the State Council on changes in the registration of shareholders of listed companies, such provisions shall prevail.

Pursuant to the Company Law, shares issued prior to a public offering shall not be transferred within one year from the listing date of the shares on a stock exchange. Where there are separate provisions by law, administrative regulations or the securities regulatory authorities of the State Council on the transfer of shares held by shareholders or de facto controllers of listed companies, such provisions shall prevail. The Directors and senior management of a joint stock company shall not transfer more than 25% of the total amount of the Company’s shares held by them each year during their tenure, and the Company’s shares held by them shall neither be transferred within one year from the listing date of such shares nor within half a year after they have left office. The articles of association may set other restrictive requirements on the transfer of the Company’s shares held by its directors and senior management.

9. Shareholders

In accordance with the Company Law and the Bylaws Guidelines, the rights of holders of ordinary shares of a joint stock company include:

the right to request the convening and calling of, preside over, and attend shareholders’ meetings in person or by proxy, and exercise their corresponding voting rights, in accordance with laws;

the right to transfer, gift, or pledge shares held by them in accordance with laws, administrative regulations and the company’s articles of association;

the right to oversee the operations of the company, make recommendations or raise enquiries;

the right to inspect the company’s articles of association, the register of shareholders, minutes of shareholders’ meetings, resolutions of board meetings, and financial and accounting reports;

shareholders who object to resolutions passed by the shareholders’ meeting concerning the merger or division of the company shall have the right to require the company to purchase their shares;

the right to receive dividends and other forms of profit distribution commensurate with their shareholding;

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upon the company’s dissolution or liquidation, the right to participate in the distribution of the Company’s residual assets in proportion to their shareholding; and such other rights as stipulated by laws, administrative regulations, departmental rules, and the company’s articles of association.

the obligations of shareholders include complying with the Articles of Association, paying the subscription monies in light of their subscribed shares as capital contribution, bearing debts and liabilities to the extent of the quantity of their subscribed shares, and any other shareholder obligations stipulated in the Articles of Association.

10. Shareholders’ meetings

The shareholders’ meeting constitutes the company’s governing body, exercising its powers in accordance with the Company Law. Pursuant to the Company Law, the shareholders’ meeting exercises the following principal powers:

to elect and replace directors not serving as employee representatives, determine matters relating to directors’ remuneration;

review and approve the directors’ report;

to deliberate and approve the company’s plans for profit distribution and loss recovery;

to adopt resolutions on the increase or decrease of the company’s registered capital;

to adopt resolutions on the issue of corporate bonds;

to adopt resolutions on the company’s merger, division, dissolution, liquidation, change in corporate form and other matters;

to amend the Articles of Association; and

to exercise such other powers as stipulated in the company’s articles of Association.

An annual shareholders’ meeting shall be held once every year. Pursuant to the Company Law, a special shareholders’ meeting shall be convened within two months in case of any of the following circumstances:

when the number of directors is less than the number prescribed by law or two-thirds of the number specified by the articles of association;

when the uncovered losses of the company reach one-third of its total share capital;

upon request by a shareholder holding or shareholders in aggregate holding 10% or more of the shares of the company;

where the board of directors deems it necessary;

when the board of supervisors proposes the holding of a special shareholders’ meeting; or

such other circumstances as stipulated by the articles of association.

Pursuant to the Company Law, general meetings of shareholders shall be convened by the board of directors and chaired by the chairman. Should the chairman be unable to perform his duties or fail to do so, the vice-chairman shall preside. Should the vice-chairman be unable to perform his duties or fail to do so, a director shall be jointly nominated by a majority of directors to preside.

Where the board of directors is unable or fails to fulfil its duty to convene a shareholders’ meeting, the audit committee shall promptly convene and preside over the meeting. Where the audit committee fails to convene and preside, shareholders holding individually or collectively more than 10% of the company’s shares for a continuous period of ninety days may convene and preside over the meeting themselves.

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Pursuant to the Company Law, notice of a shareholders’ general meeting containing the time, venue and agenda of the meeting shall be given to all shareholders twenty days before the meeting. Notice of an extraordinary general meeting shall given to all shareholders fifteen days before the meeting. Pursuant to the Bylaws Guidelines, after the notice of the general meeting is issued, without proper reason, the general meeting shall not be postponed or canceled, and the proposals set out in the notice shall not be canceled. In the case of any postponement or cancellation of the meeting, the convener shall notify the shareholders in writing at least 2 business days prior to the scheduled date of convening and give explanations.

There is no specific provision in the Company Law regarding the number of shareholders constituting a quorum in a shareholders’ meeting. For the shareholders’ meetings convened by the Audit Committee or the shareholders, the board of directors and the secretary to the board of directors shall coordinate accordingly. The Board of Directors shall provide the register of shareholders as of the record date for the registration of shareholding. Where the presence of directors and senior management members is required at a general meeting, the directors and senior management members shall be present at the meeting and reply the enquiries from shareholders. Pursuant to the Bylaws Guidelines, shareholders individually or jointly holding 1% or more of the shares of the Company may submit ad hoc proposals to the convener of a general meeting in writing ten days prior to general meeting. The convener shall issue a supplementary notice of the general meeting to announce the information of such ad hoc proposals within 2 days after receipt thereof, and submit such ad hoc proposals to general meetings for consideration

Pursuant to the Company Law, at a shareholders’ meeting, each share held by a shareholder shall carry one vote, except for shares issued by the Company with different voting rights. However, shares held by the Company in its own capital do not carry voting rights.

An accumulative voting system may be adopted for the election of directors at the shareholders’ meeting pursuant to the provisions of the Articles of Association of the company or a resolution of the shareholders’ meeting. Under the accumulative voting system, when the shareholders’ meeting elects directors, each share has the same voting rights as the number of directors to be elected, and the voting rights owned by shareholders can be used collectively.

Pursuant to the Company Law and the Bylaws Guidelines, resolutions of the shareholders’ meeting shall be passed by a majority of the votes cast by shareholders present at the meeting. However, resolutions concerning the following matters shall be passed by a majority of two-thirds of the voting rights held by shareholders present at the meeting: (i) amendment of the Articles of Association; (ii) increase or reduction of registered capital; (iii) merger, division, dissolution, liquidation or change of corporate form; (iv) the purchase, sale, or provision of guarantees by the company within one year for major assets exceeding 30% of the company’s most recent audited total assets; (v) equity incentive schemes; and (vi) other matters stipulated by laws, administrative regulations, or the Articles of Association, or matters determined by the shareholders’ meeting through an ordinary resolution to have a significant impact on the company and requiring approval by a special resolution.

Pursuant to the Company Law, the shareholders’ meeting shall prepare minutes recording decisions on matters deliberated. The chairperson and directors present at the meeting shall sign the minutes. The minutes shall be preserved together with the attendance register of shareholders and the proxy authorisation documents for proxy attendance.

11. Board of Directors

Pursuant to the Company Law, a joint stock limited company shall establish a board of directors consisting of no fewer than three members. The members of the board of directors may include representatives of the company’s employees, who shall be democratically elected by the employees through an employee representatives’ congress, an employees’ assembly, or other means. The term of office of directors shall be stipulated in the Company’s Articles of Association, provided that each term shall not exceed three years, and directors may be re-elected upon the expiration of

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their terms. Where, upon the expiration of a director’s term, a re-election is not conducted in a timely manner, or where a director resigns during his or her term resulting in the number of board members falling below the statutory minimum, the original directors shall, prior to the assumption of office by the newly elected directors, continue to perform their duties in accordance with the provisions of laws, administrative regulations, and the Company’s Articles of Association.

Pursuant to the Company Law, the Board of Directors shall primarily exercise the following powers and functions: convening shareholders’ meetings and reporting on its work to the shareholders’ meeting;

implementing the resolutions of the shareholders’ meeting;

deciding on the Company’s business plans and investment proposals;

formulating plans for profit distribution and loss recovery;

formulating plans for the increase of or reduction in the Company’s registered capital and for the issue of corporate bonds;

formulating plans for the merger, division, dissolution, or change in corporate form;

formulating the company’s basic management systems; and

exercising such other powers and functions as are stipulated in the Company’s articles of association or conferred by the shareholders’ meeting.

12. Meetings of Board of Directors

Pursuant to the Company Law, the Board of Directors of a joint stock limited company shall convene at least two meetings each year. Notice of each meeting shall be given to all directors at least ten days prior to the convening of the meeting. Shareholders representing more than ten per cent of the voting rights, or more than one third of the directors, may propose the convening of an interim meeting of the Board of Directors. The chairman of the board shall, within ten days after receipt of such proposal, convene and preside over the meeting of the Board of Directors. A meeting of the Board of Directors shall not be held unless more than one half of the directors are present. Resolutions of the Board of Directors shall be adopted by a majority of all directors. Voting on board resolutions shall be conducted on a one-director-one-vote basis. Meetings of the Board of Directors shall be attended by the directors in person; where a director is unable to attend due to reasons, he or she may appoint another director in writing to attend on his or her behalf, and the written power of attorney shall specify the scope of authorisation.

Where a resolution of the Board of Directors violates laws, administrative regulations, the Articles of Association of the Company, or resolutions of the shareholders’ meeting, and causes serious losses to the Company, the directors who participated in the resolution shall be liable to compensate the Company; however, where it is proved that a director expressly stated an objection at the time of voting and such objection was recorded in the meeting minutes, that director may be exempted from liability.

13. Chairman of the Board of Directors

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 are elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and examine the implementation of board resolutions. The vice chairman shall assist the work of the chairman. In the event that the chairman is incapable of performing or not performing his duties, the duties shall be performed 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 the directors shall perform his duties.

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14. Qualification of Directors

The Company Law provides that the following persons may not serve as a director:

a person who is unable or has limited ability to undertake any civil liabilities;

a person who has been convicted of bribery, corruption, embezzlement, misappropriation of property, or destruction of the socialist market economy order; or who has been deprived of political rights due to crimes, in cases where less than five years have passed since completing the sentence; or who has been deprived of political rights due to crimes, in cases where less than two years have passed since completing the probation period;

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 less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;

a person who has been a legal representative of a company or an enterprise that has had its business license revoked due to violations of the law and 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

a person who is liable for a relatively large amount of debts that are overdue or is designated by the people’s court as a dishonest person subject to enforcement.

15. Audit Committee

A joint stock company may, in accordance with its articles of association, instead of setting up a supervisory committee or appointing supervisor(s), establish an audit committee consisting of directors within the board of directors and exercise the powers of the supervisory committee as prescribed under the Company law. The audit committee shall consist of not less than three members, with a majority of the members neither holding positions in the company other than as directors nor having any relationship with the company that may affect their independent and objective judgment.

Any resolution of the audit committee shall be passed by a majority of its members. When voting on a resolution of the audit committee, each director shall have one vote. The manner of proceedings and voting procedures of the audit committee should be specified in the articles of association, except as otherwise prescribed by the Company Law.

Where a listed company establishes an audit committee within its board of directors, the board of directors shall obtain the approval of a majority of all members of the audit committee before adopting resolutions on the following matters:

the appointment and dismissal of the accounting firm undertaking the company’s audit engagement;

the appointment and dismissal of the person-in-charge of finance;

disclosure of financial and accounting reports;

such other matters as stipulated by the securities regulatory authorities of the State Council.

16. Managers and Senior Management

Pursuant to the Company Law and the Bylaws Guidelines, the Company shall appoint a manager, whose appointment or removal shall be determined by the Board of directors. The manager shall be accountable to the Board of directors and exercise his or her powers in accordance with the provisions of the Articles of Association or as authorised by the Board. The manager shall attend meetings of the Board of directors.

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Pursuant to the Company Law, members of the senior management refers the manager, deputy manager, person-in-charge of finance, the secretary to the Board of directors of a listed company, and any other persons specified in the Articles of Association.

17. Obligations of Directors and Senior Management

Pursuant to the Company Law, the directors and senior management of a company shall comply with the relevant laws, regulations and the articles of association, and shall bear the duties of loyalty and diligence to the company. The directors and senior management shall not, by virtue of their powers, accept bribes or other unlawful gains, nor shall they misappropriate the properties of the company. In performing their duties, they shall exercise reasonable care normally expected of a manager in the best interests of the company. Where a company’s controlling shareholder or de facto controller does not hold any directorship in the company but in fact performs the company’s operational functions, the foregoing provisions shall apply. The directors and senior management shall not engage in any of the following acts:

- misappropriating the company’s properties or embezzling the company’s funds;
- depositing the company’s funds in accounts opened in his/her own name or in the name of other individuals;
- offering bribes or accepting other illegal income by taking advantage of his/her position;
- accepting commissions from transactions between others and the company for personal gain;
- unauthorized disclosure of company secrets; or
- such other acts in breach of the duty of loyalty to the company.

Where the directors or senior management enter into contracts or conduct transactions with the Company, directly or indirectly, they shall report matters relating to the conclusion of such contracts or transactions to the board of directors or the shareholders’ meeting and obtain approval by resolution of the board of directors or the shareholders’ meeting in accordance with the articles of association of the Company. The foregoing provisions shall also apply to contracts or transactions entered into with the Company by the close relatives of directors or senior management, enterprises directly or indirectly controlled by directors or senior management or their close relatives, and other related parties having an association with directors or senior management.

The Directors and senior management of the company shall not, by taking advantage of their positions, seek for themselves or others commercial opportunities belonging to the Company. However, this restriction shall not apply under any of the following circumstances: (i) where the matter is reported to the board of directors or the shareholders’ meeting and approved by resolution of the board of directors or the shareholders’ meeting in accordance with the articles of association of the Company; or (ii) where, pursuant to laws, administrative regulations or the articles of association of the Company, the Company is unable to utilise such commercial opportunity.

Without reporting to the board of directors or the shareholders’ meeting and obtaining approval by resolution of the board of directors or the shareholders’ meeting in accordance with the Articles of Association of the Company, directors and senior management personnel shall not engage in, or operate for others, businesses of the same kind as that of the company in which they hold office.

Any income derived by directors or senior management personnel in violation of the foregoing provisions shall belong to the Company.

Where directors or senior management personnel, in the performance of their duties, violate laws, administrative regulations or the Articles of Association of the Company and thereby cause losses to the Company, they shall bear liability for compensation.

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18. Finance and Accounting

Pursuant to the Company Law, a company shall establish its financial and accounting systems in accordance with laws, administrative regulations and the provisions of the financial department of the State Council. A company shall prepare financial accounting reports at the end of each fiscal year and have them audited in accordance with law by an accounting firm. The company's financial accounting reports shall be prepared in accordance with laws, administrative regulations and the provisions of the financial department of the State Council.

Pursuant to the Company Law, a company shall deliver its financial accounting reports to each shareholder within the time limit prescribed by the Company's Articles of Association. The Company's financial accounting reports shall be kept at the Company for shareholders' inspection at least twenty days prior to the annual general meeting of shareholders. The Company shall also make an announcement of its financial accounting reports.

When distributing after-tax profits for the current year, a company shall appropriate 10% of the after-tax profits to the Company's statutory surplus reserve; where the cumulative amount of the statutory surplus reserve has reached 50% of the Company's registered capital, further appropriation may cease. Where the statutory surplus reserve is insufficient to make up losses from previous years, the current year's profits shall first be used to make up such losses before appropriating the statutory surplus reserve in accordance with the foregoing provisions.

After the company has made an allocation to the statutory reserve fund from its after-tax profit, it may also make an allocation to the discretionary reserve fund from its after-tax profit upon a resolution of the shareholders' meeting.

The remaining after-tax profits after making up losses and appropriating surplus reserves shall be distributed in proportion to the shares held by the shareholders, unless otherwise provided in the articles of association.

No profits shall be distributed in respect of the shares held by the company itself.

The premium obtained from issuing shares at a price exceeding the par value, the proceeds from issuing no-par-value shares that are not included in registered capital, and other items that shall be included in the capital surplus as prescribed by the financial department of the State Council shall be recorded as the company's capital surplus.

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

In addition to the statutory accounting books, a company shall not maintain any other accounting books. No accounts shall be opened in the name of any individual for the deposit of company funds.

19. Appointment and Retirement of Accounting Firms

Pursuant to the Company Law, the appointment or dismissal of accounting firms for the audit engagement of the company shall be determined by a shareholders' meeting or the board of directors in accordance with the provisions of the Articles of Association. When a shareholders' meeting or the board of directors votes on the dismissal of an accounting firm, the accounting firm should be allowed to make a representation. The company should provide the accounting firm it employs with

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true and complete accounting documents, account books, financial and accounting reports and other accounting information. It may not refuse to provide, conceal or falsify such material and information.

The Bylaws Guidelines provides that the company shall ensure the provision of true and complete accounting documents, account books, financial and accounting reports and other accounting information to the accounting firm it employs, and that it may not refuse to provide, conceal or falsify such material and information. The audit fees of the accounting firm shall be determined by a shareholders’ meeting.

20. Profit Distribution

Pursuant to the Company Law, a company shall not distribute profits before the recovery of its losses and the allocation of the statutory reserve.

21. Amendments to the Articles of Association

Any amendment to the company’s articles of association must be effected in accordance with the procedures stipulated therein. Where such amendments involve matters requiring registration, a change of registration shall be made with the registration authorities. Pursuant to the Company Law, a resolution proposed by a shareholders’ meeting to amend the articles of association must be adopted by shareholders holding more than two-thirds of the voting rights present at the meeting.

22. Dissolution and Liquidation

Pursuant to the Company Law, a company may dissolve in one of the following cases: (i) the term of operation prescribed in the articles of association has expired or other conditions for dissolution as prescribed in the articles of association have arisen; (ii) the resolution on dissolution has been adopted by a shareholders’ meeting; (iii) the merger or division of the company has necessitated its dissolution; (iv) where the company’s business licence has been revoked, its closure ordered, or the company deregistered; or (v) where the company encounters serious difficulties in its business management such that its continuous existence will cause major damage to the interests of shareholders, and when such difficulties cannot be resolved through other means, shareholders holding more than 10% of the voting rights may petition the people’s court to dissolve the company.

Where a company falls under the circumstances set out in sub-paragraph (i) or (ii) above and has not yet distributed its assets to shareholders, it may continue to exist by amending its articles of association or by a resolution of the shareholders’ meeting. Any such amendment or resolution shall be adopted by shareholders representing not less than two-thirds of the voting rights held by shareholders attending the shareholders’ meeting.

Where a company is dissolved due to any of the circumstances set out in sub-paragraphs (i), (ii), (iv) or (v) above, a liquidation group shall be formed to carry out liquidation within fifteen days from the date on which the cause of dissolution arises.

The liquidation group of the company shall be composed of the directors, unless otherwise provided in the articles of association of the company or unless other persons are appointed by a resolution of the shareholders’ meeting. Where a liquidation group is not formed within the prescribed time limit to carry out liquidation, or where liquidation is not carried out after the liquidation group is formed, interested parties may apply to the People’s Court for designation of relevant personnel to form a liquidation group to carry out liquidation. The People’s Court shall accept such application and promptly organize the liquidation group to conduct liquidation.

During the liquidation period, the liquidation group shall exercise the following powers:

to clean up the company’s assets and separately prepare a balance sheet and an inventory of assets;

to notify and make public announcements to creditors;

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- to handle the company’s outstanding business related to the liquidation;
- to pay outstanding taxes and taxes arising during the liquidation process;
- to clean up claims and debts;
- to distribute the remaining assets of the company after settlement of debts; and
- to represent the company in civil litigation activities.

The liquidation group shall notify the company’s creditors within ten days as of its formation and shall make a public announcement in the newspaper or on the National Enterprise Credit Information Publicity System within 60 days. The creditors shall file their proofs of claim with the liquidation group within 30 days as of the receipt of the notice or within 45 days as of the issuance of the public announcement in the case of failing to receive such notice. When declaring claims, creditors shall specify the relevant matters of the claims and provide supporting documents. The liquidation group shall register the claims. During the period for declaring claims, the liquidation group shall not make repayments to the creditors.

After the liquidation group has sorted out the company’s assets, prepared the balance sheet and inventory of assets, it shall formulate a liquidation plan and submit it to the shareholders’ meeting or the court for confirmation.

The Company’s assets shall be used to pay the liquidation expenses, employees’ wages, social insurance fees, and statutory compensation, to pay the taxes owed, and to repay the company’s debts. The remaining assets shall be distributed among the shareholders in proportion to their shareholdings. During the liquidation period, the Company shall continue to exist but shall not engage in any business activities unrelated to the liquidation. The Company’s assets shall not be distributed to the shareholders before the aforementioned provisions have been complied with.

After sorting out the Company’s assets and preparing the balance sheet and inventory of assets, the liquidation group finds that the Company’s assets are insufficient to repay the debts, it shall apply to the court for bankruptcy liquidation in accordance with the law.

After the court accepts the bankruptcy application, the liquidation group shall transfer the liquidation affairs to the bankruptcy administrator appointed by the court.

Upon the completion of the company’s liquidation, the liquidation group shall prepare a liquidation report, submit it to the shareholders’ meeting or the court for confirmation, and file it with the company registration authority to apply for the cancellation of the company registration.

Members of the liquidation group shall perform their liquidation duties with obligations of loyalty and due diligence. Where members of the liquidation group fail to perform their liquidation duties and cause losses to the company, they shall bear liability for compensation. In addition, where losses are caused to creditors due to intentional misconduct or gross negligence, they shall bear liability for compensation.

23. Overseas Listing

Subject to the specific circumstances, the Interim Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises (《境内企业境外发行证券和上市管理试行办法》) and the relevant supporting guidelines provide, among other things, that: (i) where a domestic enterprise conducts an initial public offering or listing overseas, it shall file with the China Securities Regulatory Commission (“CSRC”) within 3 working days after submitting the offering and listing application documents overseas; (ii) where, after completing an overseas offering and listing, the issuer issues securities in the same overseas market, it shall file with the CSRC within 3 working days after completion of the issuance; and (iii) where, after completing an overseas offering and listing, the issuer conducts an offering and listing in another overseas market, it shall file with the CSRC within 3 working days after submitting the offering and listing application documents overseas. In

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addition, where the filing materials are complete and in compliance with the relevant requirements, the CSRC shall complete the filing within 20 working days from the date of receipt of the filing materials and publish the filing information on its website. Where the filing materials are incomplete or do not comply with the relevant requirements, the CSRC shall, within 5 working days after receipt of the filing materials, notify the issuer of the materials to be supplemented. The issuer shall supplement the required materials within 30 working days.

24. Mergers and Divisions

A company merger may take the form of an absorption merger or a merger by establishment of a new entity. In the case of an absorption merger, the absorbed company shall be dissolved. In the case of a merger by establishment of a new entity, all parties to the merger shall be dissolved.

IV. SECURITIES LAWS AND REGULATIONS

The CSRC is a ministry-level institution directly under the State Council. In accordance with relevant laws, regulations and the authorization of the State Council, it exercises unified supervision and administration over the nationwide securities and futures markets, maintains order in the securities and futures markets, and safeguards the lawful operation of the capital markets.

Pursuant to Article 224 of the Securities Law, as most recently amended by the NPCSC and effective from March 1, 2020, domestic enterprises that directly or indirectly issue securities overseas or list their securities for trading overseas shall comply with the relevant provisions of the State Council. At present, the issuance and trading of shares already issued overseas (including H shares) are mainly regulated by rules and regulations promulgated by the State Council and the CSRC.

Delisting

The Securities Law provides that a stock exchange may decide to terminate the listing and trading of a company’s securities.

Where a securities exchange decides to terminate the listing and trading of securities, it shall make a timely announcement and file the decision with the securities regulatory authorities of the State Council for record.

The Interim Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises provide that, where an issuer, after issuing securities and listing them on an overseas market, undergoes voluntary delisting or mandatory delisting, the issuer shall report to the CSRC within three working days from the date of occurrence and announcement of such event.

V. JUDICIAL JUDGMENTS AND THEIR ENFORCEMENT

Pursuant to the Arrangement of the Supreme People’s Court on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters between the Courts of 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法院相互認可和執行民商事案件判決的安排》) promulgated by the Supreme People’s Court (effective from January 29, 2024), parties may apply to the relevant people’s courts in the PRC or the courts of Hong Kong for recognition and enforcement of enforceable final judgments rendered by any designated people’s court in the PRC or any designated court in Hong Kong in respect of civil and commercial matters (with certain types of cases excluded).

The PRC has not entered into any treaties with the United States, the United Kingdom, Japan or many other countries for the mutual recognition and enforcement of court judgments. In addition, Hong Kong has not entered into any arrangement with the United States for the mutual enforcement of judgments. Pursuant to the Civil Procedure Law and other applicable laws, regulations and interpretations, and subject to the existence of treaties on mutual recognition and

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enforcement of judgments between the PRC and the jurisdiction in which the judgment is rendered, court judgments obtained in the United States or any of the other jurisdictions mentioned above may be recognized and enforced in the PRC or Hong Kong.

VI. ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

Pursuant to the Arbitration Law of the People’s Republic of China (《中華人民共和國仲裁法》) (the “**Arbitration Law**”), as last amended by the NPCSC on September 12, 2025 and effective from March 1, 2026, the Arbitration Law applies to foreign-related economic disputes where the parties have entered into a written agreement to submit the matters to arbitration by an arbitration commission established in accordance with the Arbitration Law. Prior to the promulgation of arbitration rules by the China Arbitration Association, arbitration commissions may formulate provisional arbitration rules in accordance with the Arbitration Law and the relevant provisions of the Civil Procedure Law. Where the parties adopt arbitration as the means of dispute resolution and one party institutes legal proceedings before a people’s court, the people’s court shall not accept the case.

Pursuant to the Arbitration Law, arbitration follows the principle of finality of a single award, which is binding on all parties to the arbitration. If one party fails to comply with an arbitral award, the other party may apply to a people’s court for compulsory enforcement of the arbitral decision in accordance with the Civil Procedure Law. Where there is evidence proving the existence of any of the following circumstances: the parties did not stipulate an arbitration clause in the contract or did not subsequently reach a written arbitration agreement; the respondent was not notified of the appointment of arbitrators or of the conduct of the arbitration proceedings, or was otherwise unable to present its case for reasons not attributable to the respondent; the composition of the arbitral tribunal or the arbitration procedure does not conform to the arbitration rules; or the matters decided in the award fall outside the scope of the arbitration agreement or the arbitration commission has no authority to arbitrate such matters, the people’s court may rule not to enforce the relevant award. Where a party seeks to enforce an arbitral award made by a foreign-related arbitration commission against another party and the person subject to enforcement or its property is not located within the territory of Mainland China, the party shall apply directly to the competent foreign court for recognition and enforcement. Likewise, a people’s court may, in accordance with the principle of reciprocity or any international treaty concluded or acceded to by China, recognize and enforce arbitral awards rendered by foreign arbitration institutions.

Pursuant 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 from February 1, 2000, and the Supplemental Arrangement 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 on November 26, 2020 and effective from November 27, 2020, arbitral awards made by arbitration institutions in Mainland China may be enforced in Hong Kong.