

APPENDIX V

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

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

THE PRC LEGAL SYSTEM

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

Pursuant to the PRC Constitution and the Legislation Law (《中華人民共和國立法法》), which was first issued on March 15, 2000 and latest 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 amend basic laws governing State organs, civil, criminal and other matters. The SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend parts of the laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

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

The people’s congresses of the provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such regulations do not contravene any provision of the PRC Constitution, laws or administrative regulations. The people’s congresses of cities with districts and their respective standing committees may formulate local regulations on matters such as urban and rural construction and administration, ecological civilization construction, historical and cultural protection and grassroots governance based on the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the PRC Constitution, laws, administrative regulations and local regulations of such provinces or autonomous regions.

The people’s congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in the light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned.

The ministries and commissions of the State Council, PBOC, the National Audit Office of the PRC and the subordinate institutions with administrative functions directly under the State Council may formulate rules and regulations within the jurisdiction of their respective departments in accordance with the laws and administrative regulations, and the decisions and orders of the State Council.

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

The NPC has the power to alter or annul any inappropriate laws enacted by SCNPC, and to annul any autonomous regulations or separate regulations which have been approved by the SCNPC, but which contravene the PRC Constitution or the PRC Legislation Law. The SCNPC has the power to annul any administrative regulations that contravene the PRC Constitution and laws, to annul any local regulations that contravene the PRC Constitution, laws or administrative regulations, and to annul any autonomous regulations or local regulations which have been approved by the standing committees of the people’s congresses of the relevant provinces, autonomous regions or municipalities directly under the Central Government, but which contravene the PRC Constitution and the PRC Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people’s congresses of provinces, autonomous regions or municipalities directly under the Central Government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The standing committees of local people’s congresses have the power to annul inappropriate rules enacted by the people’s governments at the corresponding level. The people’s governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people’s governments at a lower level.

According to the PRC Constitution and the PRC Legislation Law, the power to interpret laws is vested in 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 SCNPC shall give interpretation or regulation on issues related to the further clarification or supplement of laws, the Supreme People’s Court shall give interpretation on issues related to the specific application of laws and decrees in court trials, the Supreme People’s Procuratorate shall give interpretation on issues related to the specific application of laws and decrees in the procuratorial work, the State Council and competent authorities shall give interpretation on issues related to the specific application of laws and decrees in areas unrelated to judicial and procuratorial work. If there are differences in principle in the interpretation of the Supreme People’s court and the Supreme People’s Procuratorate, they shall be submitted SCNPC for interpretation or decision. The State Council and its ministries and commissions are also vested with the power to give interpretations of the administrative regulations and departmental rules which they have promulgated. At the regional level, the power to interpret regional laws is vested in the regional legislative and administrative authorities which promulgate such laws.

THE PRC JUDICIAL SYSTEM

Pursuant to the PRC Constitution and the PRC Law of Organization of the People’s Courts (《中華人民共和國人民法院組織法》) most recently revised on October 26, 2018 by the SCNPC and taking effect on January 1, 2019, the people’s courts are classified into the Supreme People’s Court, the local people’s courts at various local levels, and other special people’s courts. The local people’s courts are divided into three levels, namely, the primary people’s courts, the intermediate people’s courts and the higher people’s courts. The primary people’s courts are further divided into civil, criminal and economic tribunals, to which the structure of the intermediate people’s court and other special tribunals is similar. The Supreme People’s Court is the highest judicial authority in the PRC. It supervises the administration of justice by the people’s courts at all levels. The Supreme

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People’s Procuratorate is authorized to supervise the judgement and ruling of the people’s courts at all levels which have been legally effective, and the people’s procuratorate at a higher level is authorized to supervise the judgement and ruling of a people’s court at a lower level which have been legally effective.

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

The PRC Civil Procedure Law (《中華人民共和國民事訴訟法》) recently amended on September 1, 2023 by the SCNPC and became effective on January 1, 2024, prescribes the conditions for instituting a civil action, the jurisdiction of the people’s courts, the procedures to be followed for conducting a civil action, and the procedures for enforcement of a civil judgement or ruling. All parties to a civil action conducted within the PRC must comply with the PRC Civil Procedure Law. A civil case is generally heard by the court located in the defendant’s place of domicile. The court of jurisdiction in respect of a civil action may also be chosen by explicit agreement among the parties, provided that the people’s court having jurisdiction should be located at places directly connected with the disputes, such as the plaintiff’s or the defendant’s place of domicile, the place where the contract is executed or signed or the place where the object of the action is located. However, such choice shall not in any circumstances contravene the provisions on grade jurisdiction and exclusive jurisdiction.

A foreign individual, a person without nationality, a foreign-invested enterprise or a foreign organization that institutes or responds to proceedings in a people’s court is given the same litigation rights and obligations as a citizen or legal person of the PRC. Should a foreign court limit the litigation rights of PRC citizens and enterprises, the PRC court shall apply the same limitations to the citizens and enterprises of such foreign country. A foreign individual, a person without nationality, a foreign-invested enterprise or a foreign organization must engage a PRC lawyer if such person needs to engage a lawyer for the purpose of initiating actions or defending against litigations at a PRC court. Under any international treaties to or the principle of reciprocity signed or acceded to by the PRC, a people’s court and a foreign court may request each other to act on their behalf to serve documents, conduct investigation, collect evidence and conduct other actions. A PRC court shall not accommodate any request made by a foreign court which will result in the violation of sovereignty, security or public interests of the PRC.

All parties to a civil action shall perform legally effective judgements and rulings. If any party to a civil action refuses to comply with a judgement or ruling made by a people’s court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people’s court for the enforcement of the same within two years. Suspension or disruption of the time limit for applying for such enforcement shall comply with the provisions of the applicable law concerning the suspension or disruption of the time-barring of actions.

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A party seeking to enforce an effective judgement or ruling by a people’s court against another party who is not or whose property is not within the PRC may apply to a foreign court with proper jurisdiction for recognition and enforcement of such judgement or ruling. A foreign judgment or ruling may also be recognized and enforced by the people’s court according to the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court’s examination according to the principle of reciprocity, unless the people’s court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security, or for reasons of social and public interests.

THE PRC COMPANY LAW, TRAIL MEASURES AND PRC AOA GUIDANCES

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

- (i) The PRC Company Law which was promulgated on December 29, 2023 and took effect on July 1, 2024;
- (ii) The Trail Measures and five relevant guidelines which were promulgated by the CSRC on February 17, 2023 pursuant to the PRC Securities Law and are applicable to the direct and indirect overseas share offering or listing of domestic companies; and
- (iii) The PRC AoA Guidances issued by the CSRC on December 16, 1997, which was last amended on March 28, 2025 and became effective on the same date, provides guidance on the articles of association. Accordingly, the contents of the PRC AoA Guidances are set out in the AoA, and the summary of which is set out in the section headed “Appendix VI — Summary of the Articles of Association” of this document.

Set out below is a summary of the major provisions of the PRC Company Law, Trial Measures and PRC AoA Guidelines which are applicable to the Company.

General

According to the Company Law, a joint stock limited company refers to a corporate legal person established in China under the PRC Company Law with its registered capital divided into shares. The liability of such company is limited to the total amount of all assets it owns and the liability of its shareholder is limited to the extent of the shares they subscribed for.

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 and joint stock limited companies and its liabilities with respect 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. To establish a joint stock limited company, there shall be not less than 1 but not more than 200 promoters, with more than half of whom shall have their domiciles within the PRC.

For companies incorporated by way of promotion, the promoters shall subscribe in writing for the shares required to be subscribed for by them and pay up their capital contributions under the articles of association. Procedures relating to the transfer of titles to non-monetary assets shall be

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duly completed if such assets are to be contributed as capital. Promoters who fail to pay up their capital contributions in accordance with the foregoing provisions shall assume default liabilities in accordance with the covenants set out in the promoters' agreements.

The promoters shall preside over and convene an inauguration meeting within 30 days from the date of the full payment of subscription capital. The inauguration meeting shall be formed by the promoters and subscribers. Where the shares issued are not fully subscribed for within the offer period stipulated in the share offering document, or where the promoter fails to convene an inauguration meeting within 30 days of the subscription capital for the shares issued being fully paid up, the subscribers may demand that the promoters refund the subscription capital so paid together with the interest calculated at bank rates of a deposit for the same period. Within 30 days of the conclusion of the inauguration meeting, the board of directors shall apply to the registration authority for registration of the establishment of the company. A company is formally established and has the status of a legal person after the registration with the relevant administration for market regulation has been completed and a business license has been issued.

Share Capital

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

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

Under the PRC Company Law, a joint stock limited company shall maintain a register of shareholders, stating the following matters:

- (i) the name and domicile of each shareholder;
- (ii) class and number of shares subscribed for by each shareholder;
- (iii) the serial number of the shares if the shares are issued in paper form; and
- (iv) the date on which each shareholder acquired the shares.

Increase in Share Capital

Under the PRC Company Law, in the case of a joint stock limited company issuing new shares, resolutions shall be passed at the shareholders' general meeting in respect of the class and number of new shares, the issue price of the new shares, the commencement and end dates for the issuance of new shares and the class and number of the new shares proposed to be issued to existing shareholders.

Pursuant to the Trial Measures, to offer shares overseas, the domestic company shall report the application documents for offering and listing to the CSRC for record-filing within 3 business days after submission of the application documents for offering and listing overseas.

Reduction of Share Capital

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

- (i) the company shall prepare a balance sheet and an inventory of assets;

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- (ii) a resolution to reduce the registered capital shall be made by shareholders at the general meeting;
- (iii) the company shall notify the creditors within 10 days from the date of the resolution to decrease its registered capital, and publish an announcement within 30 days on the newspaper or on the National Enterprise Credit Information Publicity System;
- (iv) the creditors of the company may within the statutory time limit (30 days upon the receipt of such notice or 45 days from the date of such announcement) require the company to settle its debts or provide corresponding guarantees; and
- (v) the company shall register the change to the relevant company registration authority in accordance with the laws.

Repurchase of Shares

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

- (i) reduction of registered capital;
- (ii) merger with other companies that hold shares in the company;
- (iii) use of shares for employee stock ownership plan or equity incentives;
- (iv) purchasing shares held by shareholders (upon their request) who vote against any resolution proposed in any general meeting of the company on the merger or division of the company;
- (v) use of shares for conversion of corporate bonds issued by the company that can be converted into shares; or
- (vi) necessity for the purpose of maintaining the value of the company and shareholders' equity.

Where a company purchases its own shares due to the circumstances set out in items (1) and (2) above, it shall be subject to the resolution of the general meeting; where a company acquires its own shares under the circumstances set out in items (3), (5) and (6) above, it 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.

After the company has bought back its own shares, such shares shall be cancelled within 10 days from the date of buy-back in the case of item (1), which is solely for the purpose reduction of its registered capital; such shares shall be transferred or cancelled within 6 months in the case of items (2) and (4); such shares shall not exceed 10% of the total issued shares of the company in the case of items (3), (5) and (6), and shall be transferred or cancelled within 3 years.

Transfer of Shares

Shares held by shareholders may be transferred in accordance with the relevant laws. Pursuant to the PRC Company Law, a shareholder should effect a transfer of his shares on a stock exchange established in accordance with laws or by any other means as required by the State Council. Registered shares may be transferred after the shareholders endorse the back of the share certificates or in any other manner specified by laws or administrative regulations. Following the

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transfer, the company shall enter the names and addresses of the transferees into its share register. No changes of registration in the share register described above shall be effected during a period of 20 days prior to convening a shareholders’ general meeting or 5 days prior to the record date for the purpose of determining entitlements to dividend distributions. However, if any law provides otherwise for the registration of changes in the register of members of a listed company, such provisions shall prevail.

Under the PRC Company Law, shares of the company issued prior to the public offering of shares may not be transferred within 1 year of the date of the company’s listing on a stock exchange. Directors, supervisors and the senior management of a company shall declare to the company their shareholdings in the company and any changes thereof. During their terms of office as determined when they assume the posts, they may transfer no more than 25% of the total number of shares they hold in the company per annum. They shall not transfer the shares they hold within 1 year of the date of the company’s listing on a stock exchange, nor within half a year after they leave their positions in the company. The articles of association may set out other restrictive provisions in respect of the transfer of shares in the company held by its directors, supervisors and the senior management.

Shareholders

Under the PRC Company Law and the PRC AoA Guidelines, the rights of a shareholder of ordinary shares of a company include:

- (i) to receive dividends and other distributions in proportion to the number of shares held;
- (ii) to legally require, convene, preside over, participate in or appoint a shareholder proxy to participate in the general meeting and exercise corresponding rights to speak and vote;
- (iii) to supervise the Company’s operations, and to put forward proposals or raise inquiries;
- (iv) to transfer, give as gift or pledge shares held in accordance with laws, administrative regulations and the articles of association;
- (v) to review and copy the company’s articles of association, shareholder registers, minutes of shareholder meetings, resolutions of board meetings, and financial accounting reports. Shareholders who meet the prescribed requirements may also review the company’s accounting books and accounting vouchers;
- (vi) in the event of the termination or liquidation of the company, to participate in the distribution of remaining assets of the company in proportion to the number of shares held;
- (vii) with respect to the shareholders who voted against any resolution adopted at any general meetings of the company on the merger or division of the company, to request the company to purchase the shares held; and
- (viii) other rights as stipulated by laws, administrative regulations, departmental rules, the listing rules of the stock exchange where the Company’s shares are listed or the articles of association.

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

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The General Meetings of Shareholders

Under the PRC Company Law, the shareholders' general meeting of a joint stock limited company is made up of all shareholders. The general meeting is the organ of authority of the company, which exercises its powers in accordance with the PRC Company Law. Pursuant to the PRC Company Law and the PRC AoA Guidelines, the general meeting may exercise its powers:

- (i) to elect and replace directors, and to determine the remuneration matters of the directors;
- (ii) to consider and approve the reports of board;
- (iii) to consider and approve the profit distribution plan and loss compensation plan of the company;
- (iv) to decide on any increase or reduction of the registered capital of the company;
- (v) to decide on the issuing of corporate bonds;
- (vi) to decide on merger, division, dissolution, liquidation and change of the form of the company;
- (vii) to amend the articles of association;
- (viii) to decide on the engagement or dismissal of the accounting firm that undertakes the auditing of the company;
- (ix) to consider and approve the guarantees as regulated by the articles of association;
- (x) to consider the purchase or disposal of substantial assets of the company with an amount exceeding 30% of the latest audited total assets of the company within a year;
- (xi) to consider and approve the changes in usage of proceeds;
- (xii) to consider equity incentive plans and employee stock ownership plans; and
- (xiii) to consider other matters which shall be decided by the general meeting as provided in laws, administrative regulations or the articles of association.

Under the PRC Company Law, the annual general meetings shall be held once every year. Under any of the following circumstances, the company shall convene an extraordinary general meeting within 2 months from the date of occurrence:

- (i) the number of directors is less than the number stipulated in the PRC Company Law or less than 2/3 of the number specified in the articles of association;
- (ii) when the unrecovered losses of the company amount to 1/3 of the total amount of its paid-up share capital;
- (iii) when request by the shareholders severally or jointly holding more than 10% of the Company's shares;
- (iv) when deemed necessary by the board;
- (v) as proposed by the board of supervisors; or

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- (vi) other circumstances stipulated by laws, administrative regulations or the articles of association.

The general meetings shall be convened by the board of directors and presided over by the chairman of the board. Where the chairman of the board fails to or refuses to perform the duties of presiding, the vice chairman of the board shall preside. If the vice chairman of the board fails to or refuses to perform the duties of presiding, a director jointly elected by more than half of the directors shall preside. Where the board of directors fails to or refuses to perform its duty to convene a general meeting, the board of supervisors shall promptly convene and preside over the meeting. If the board of supervisors does not convene and preside over the meeting, shareholders who individually or collectively hold 10% or more of the company's shares for a continuous period of 90 days or more may convene and preside over the meeting themselves.

If shareholders who severally or jointly hold 10% or more of the company's shares request the convening of an extraordinary general meeting, the board of directors or the board of supervisors shall, within 10 days upon the receipt of such request, decide whether to convene the extraordinary general meeting and respond to the shareholders in writing.

Notice of a general meeting shall state the time, venue and matters to be considered at the meeting. All shareholders shall be notified 20 days prior to an annual general meeting, and 15 days prior to an extraordinary general meeting.

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

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

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

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

Directors

Under the PRC Company Law, a joint stock limited company shall have a board of directors which shall have at least 3 members. For a company that has 300 or more employees, the board of directors shall include the staff representative unless the board of supervisors has been established and already included the staff representative supervisor. The term of a director shall be stipulated in the articles of association, provided that no term of office shall last for more than 3 years. A director may serve consecutive terms if re-elected. A director shall continue to perform his/her

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duties as a director in accordance with the laws, administrative regulations and the articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of directors results in the number of directors being less than the quorum.

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 the general meetings and report its work to the general meeting of the company;
- (ii) to implement the resolutions of the general meeting;
- (iii) to determine the business plans and investment plans of the company;
- (iv) to formulate the profit distribution and loss recovery plans of the company;
- (v) to formulate plans for increasing or decreasing the registered capital of the company, the issuance of bonds;
- (vi) to formulate plans for merger, division, dissolution or change of corporate form;
- (vii) to determine the establishment of the company's internal management structure;
- (viii) to engage or dismiss the company's general manager, and determine their remuneration, rewards and punishments; to engage or dismiss the company's deputy general manager(s) and the financial controller upon the nomination by the general manager, and determine their remuneration, rewards and punishments;
- (ix) to formulate the Company's basic management system; and
- (x) to formulate proposals for any amendment to the articles of association.

Under the PRC Company Law, a person may not serve as a director of a company if he/she is:

- (i) a person without capacity or with limited capacity for civil conduct;
- (ii) a person who has been sentenced to criminal punishment for corruption, bribery, infringement of property, misappropriation of property or for damaging the order of the socialist market economy, or who has been deprived of his/her political rights due to criminal offense, where less than 5 years have elapsed since the sentence was served; or where less than 2 years have elapsed since the date of expiration of the probationary period if such person is sentenced to probation;
- (iii) a person who served as a director, or factory director or manager, and who assumed personal liability for the bankruptcy liquidation of a company or enterprise, where less than 3 years have elapsed since the date of completion of the bankruptcy liquidation of such company or enterprise;

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- (iv) a person who served as the legal representative of a company or enterprise which had its business license revoked and was ordered to close down due to violation of law, and who assumed personal liability for such violation, where less than 3 years have elapsed since the date of the revocation of business license and closing down of such company or enterprise;
- (v) a person who has a relatively large amount of debts which have fallen due but have not been settled and was listed as a dishonest person subject to enforcement by the People's Court; or
- (vi) other contents required by the laws, administrative regulations.

Where a company elects or appoints a director to which any of the above circumstances applies, such election or appointment shall be null and void. A director to which any of the above circumstances applies during his/her term of office shall be released of his/her duties by the company.

The chairman of the board shall be elected by more than 1/2 of all the directors of the board. The chairman of the board exercises the following functions and powers:

- (i) to preside over the general meetings, and to convene and preside over the board meetings;
- (ii) to supervise and inspect the implementation of the resolutions of the board;
- (iii) other functions and powers authorized by the board.

Supervisors

Under the PRC Company Law, a joint stock limited company shall have a board of supervisors composed of not less than 3 members. A joint stock limited company may, in accordance with its articles of association, instead of having set up a supervisory board or supervisors, establish an audit committee which comprises directors of the board of directors and exercises the functions and powers of the supervisory board as stipulated in this Law. A joint stock limited company with a smaller scale or fewer shareholders may appoint one supervisor without establishing a supervisory board to exercise the functions and powers prescribed for the supervisory board by the PRC Company Law.

The supervisory committee shall comprise shareholder representatives and an appropriate proportion of the company's staff representatives, of which the proportion of staff representatives shall not be less than 1/3 and the specific proportion shall be stipulated in the articles of association. Staff representatives of the board of supervisors shall be democratically elected by the company's employees at the employee representative assembly, employee general meeting or otherwise. Directors or senior management may not act concurrently as supervisors.

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 general meetings;

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- (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' general meetings when the board fails to perform the duty of convening and presiding over shareholders' general meetings under the PRC Company Law;
- (v) to submit proposals to the general meeting;
- (vi) to initiate legal proceedings against directors and senior management in accordance with the PRC Company Law;
- (vii) other functions and powers specified in the articles of association.

Senior Management

Pursuant to the PRC Company Law, a company shall have a general manager who shall be appointed or removed by the board of directors. The general manager shall exercise his/her powers in accordance with the company's articles of association or the authorization of the board of directors.

The manager shall be present at meetings of the board of directors.

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

Financing and Accounting

Pursuant to the PRC Company Law, a company shall establish its financial and accounting system, as well as its profit distribution and audit system in accordance with the laws, regulations, normative document, the requirements of relevant authorities of PRC.

A joint stock limited company shall prepare its annual report in the company for shareholders' reference at least 20 days prior to the holding of the annual general meeting. A joint stock limited company that makes public stock offerings shall publish its financial reports.

In distributing the after-tax profit of the current year, the company shall withdraw 10% of the profit as its statutory reserve funds. When the aggregate amount of such funds of the company reaches 50% of its registered capital, further appropriations are not required.

Where the statutory reserve funds of the company are insufficient to make up for the losses of the previous year, the profits of the current year shall be used to make up for such losses before making allocation to its statutory reserve funds in accordance with the preceding paragraph.

After withdrawing the statutory reserve funds from the after-tax profit, the company may, subject to the resolution of the general meeting, withdraw the discretionary reserve funds from the after-tax profit. The remaining after-tax profit shall be distributed to the shareholders in proportion to their respective shareholdings, unless otherwise regulated by the articles of association.

The premium over the nominal value of the shares of a joint stock limited company from the issue of shares and other incomes required by the financial department of the State Council to be treated as the capital reserve fund shall be accounted for as the capital reserve fund of the company.

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A company shall not establish any other accounting books except for the statutory ones. No funds of the company shall be deposited in any account opened in the name of any individual.

Appointment and Retirement of Auditors

Pursuant to the PRC AoA Guidances, a company shall engage an accounting firm which complies with the PRC Securities Law to conduct accounting statements audit, net assets verification and other relevant consultancy services. The term of appointment is 1 year, such appointment may be renewed.

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

Profit Distribution

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

Dissolution and Liquidation

Pursuant to the PRC Company Law, in any of the following circumstances, a company shall be dissolved:

- (i) the term of business operation set out in the articles of association has expired or other events of dissolution specified in the articles of association have occurred;
- (ii) a resolution for dissolution is made by the general meeting;
- (iii) such dissolution is necessary due to a merger or division of the Company;
- (iv) the business license of the company is revoked, the company is ordered to close or eliminated according to the laws;
- (v) the company has experienced material difficulties in operation and management, and the continuous operation would lead to substantial losses to the interests of the shareholders and there are no other solutions to resolve the matters. Shareholders holding more than 10% of the voting right of the company may appeal to the People's Court for dissolution of the company.

The company shall, within 10 days of the occurrence of the circumstances for dissolution set forth in the preceding paragraph, disclose the reasons for the dissolution on the National Enterprise Credit Information Publicity System.

In the circumstances set forth in (i) and (ii) above, and where no property has been distributed to shareholders, the company may carry on its existence by amending the articles of association or resolution of the general meeting.

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The amendments to the articles of association pursuant to the preceding paragraph or by resolution of the general meeting shall require approval of more than 2/3 of voting rights of shareholders attending such meeting.

The company shall be liquidated where the company is dissolved pursuant to (i), (ii), (iv) and (v) above. The directors shall be the liquidation obligors of the company and shall form a liquidation committee to conduct liquidation within 15 days from the date of occurrence of such grounds for dissolution to start the liquidation process. The composition of such liquidation committee shall be directors or person(s) designated by the general meeting.

The liquidation committee exercises the following functions and powers during the liquidation period:

- (i) to sort out the assets of the company and prepare balance sheets and inventories of assets respectively;
- (ii) to notify creditors by notices or announcements;
- (iii) to deal with and settle any outstanding businesses of the company;
- (iv) to pay outstanding taxes as well as taxes arising in the course of liquidation;
- (v) to settle claims and debts;
- (vi) to allocate the remaining assets of the company after the repayment of debt; and
- (vii) to represent the company in any civil proceedings.

The liquidation committee shall notify the creditors within 10 days from the date of its establishment and publish an announcement within 60 days on the newspaper or on the National Enterprise Credit Information Publicity System. Within 30 days upon the receipt of such notice or within 45 days from the date of such announcement, the creditors shall declare their claims to the liquidation committee.

When declaring the claims, the creditors shall specify the relevant matters about the claims and provide corresponding evidence. The liquidation committee shall register such claims.

The liquidation committee shall not repay any debts to the creditors during the period of declaration of claims.

After sorting out the assets of the company and preparing balance sheets and inventories of assets, the liquidation committee shall formulate a liquidation plan and present to the general meeting or the People's Court for confirmation.

The remaining assets of the company, after repayment of liquidation expenses, staff wages and social insurance expenses and statutory compensation, payment of outstanding taxes and payment of the debts of the company, shall be distributed by the company to the shareholders in proportion to their respective shareholdings.

The company shall continue to exist during the period of liquidation, but shall not commence any business activities unrelated to the liquidation.

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If, after sorting out the assets of the company and preparing balance sheets and inventories of assets, the liquidation committee discovers that the assets of the company are insufficient to repay its debts in full, it shall apply to the People’s Court for bankruptcy in accordance with the laws.

Once the People’s Court has accepted the application of bankruptcy, the liquidation committee shall hand over the liquidation matters to the bankruptcy administrator designated by the People’s Court.

Upon completion of the liquidation of the company, the liquidation committee shall prepare a liquidation report and submit such documents to the general meeting or the People’s Court for confirmation. The liquidation committee shall, within 30 days from the confirmation of the general meeting or the People’s Court, submit the aforementioned documents to the company registration authorities to apply for deregistration of the Company and announce the termination of the company.

Overseas Listing

According to the Trial Measures, a PRC domestic company seeking an overseas listing shall apply to the CSRC in accordance with the administrative filing procedures as required by the Overseas Listing Trial Measures.

THE PRC 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 governing securities markets, supervising securities companies, regulating public offerings of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking relevant research and analysis. In April 1998, the State Council consolidated the Securities Committee and the CSRC and reformed the CSRC.

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

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.

The Guidelines for the Application for “Full Circulation” of Domestic Unlisted Shares of H Share Companies (《H股公司境内未上市股份申请“全流通”业务指引》) issued by the CSRC on November 14, 2019 and revised on August 10, 2023 regulates the list and circulation (hereinafter referred to as “Full Circulation”) of listed domestic shares of domestic stock companies (hereinafter referred to as “H share companies”) listed on the Hong Kong Stock Exchange. Shareholders of domestic unlisted shares have the flexibility to jointly decide the amount and proportion of shares that will be included in the circulation application. This decision should be reached through mutual consultation, ensuring compliance with relevant laws, regulations and policies governing state-owned asset administration, foreign investment and industry regulation. Meanwhile, H share

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companies corresponding to these shares may be authorized to file for “full circulation” with the CSRC. An unlisted domestic joint stock company may file with the CSRC for “full circulation” at the time of its initial public offering and listing overseas.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The PRC Arbitration Law (《中華人民共和國仲裁法》) was enacted by the SCNPC on August 31, 1994, with its effective amendment on September 1, 2017. The PRC Arbitration Law was last amended on September 12, 2025 and will become effective from March 1, 2026. The PRC Arbitration Law provides that an arbitration committee may, before the promulgation of arbitration regulations by the PRC Arbitration Association, formulate interim arbitration rules in accordance with the PRC Arbitration Law and the Civil Procedure Law of the PRC. Where the parties have agreed to settle disputes by means of arbitration, a people’s court will refuse to handle a legal proceeding initiated by one of the parties at such people’s court, unless the arbitration agreement is invalid.

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

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

JUDICIAL JUDGEMENT AND ITS ENFORCEMENT

On January 14, 2019, the Judicial Committee of the Supreme People’s Court adopted the New Arrangement, which took effect on January 29, 2024 and seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgements in wider range of civil and commercial matters between Hong Kong and the Chinese Mainland. The Arrangement discontinued the requirement for a choice of court agreement for bilateral recognition and enforcement. The Arrangement further regulates, among others, the scope and particulars of judgements, the procedures and methods of the application for recognition or enforcement, the review of the jurisdiction of the court that issued the original judgement, the circumstances where the recognition and enforcement of judgement shall be refused, and the approaches towards remedies for the reciprocal recognition and enforcement of judgements in civil and commercial matters between the courts in Chinese Mainland and those in the Hong Kong. Upon implementation of this Arrangement, the Arrangement between the Mainland and the Hong Kong Special Administrative Region on Reciprocal Recognition and Enforcement of Judgements of Civil and Commercial Matters under Consensual Jurisdiction (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) which was adopted by the Judicial Committee of the Supreme People’s Court on June 12, 2006 and took effect on August 1, 2008 has been repealed.