

## APPENDIX IV

## SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

*This Appendix summarizes certain aspects of PRC laws and regulations which are relevant to our Company’s operations and business. The principal objective of this summary is to provide potential investors with an overview of the principal laws and regulatory provisions applicable to our Company. This summary is not intended to include all data which is important to the potential investors. For a discussion of laws and regulations which are relevant to our Company’s business, see “Regulatory Overview” in this document.*

### 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, autonomous regulations and separate regulations, rules and regulations of departments of the State Council, rules and regulations of local governments, laws of special administrative regions and international treaties and other regulatory documents signed by the PRC government. Court decisions do not constitute binding precedents, although they are used for the purposes of judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》) (the “**Legislation Law**”), which was last 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 criminal and civil matters, state organs and other matters. The SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the Constitution and laws. The people’s congresses of provinces, autonomous regions and municipalities directly under the Central Government and their respective standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people’s congresses of cities divided into districts and their standing committees may formulate local regulations on matters such as urban and rural construction and management, environmental protection and historical and cultural protection based on the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of such provinces or autonomous regions. Where laws have other stipulations on matters of local regulations formulated by cities divided into districts, such stipulations shall prevail. The local regulations of cities divided into districts or autonomous regions shall be implemented after approval.

The standing committees of the people’s congresses of provinces or autonomous regions shall examine the legality of local regulations submitted for approval, and such approval shall be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. People’s congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in the light

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of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned. The ministries and commissions of the State Council, PBOC, National Audit Office and institutions with administrative functions directly under the State Council may formulate rules and regulations within the jurisdiction of their respective departments based on the laws and the administrative regulations, decisions and rulings of the State Council.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations and separate regulations or rules may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of the rules enacted by the people’s governments of the provinces and autonomous regions is greater than that of the rules enacted by the people’s governments of the cities divided into districts within their respective administrative regions.

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

According to the Constitution and the 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 on June 10, 1981 and becoming effective on the same date, issues related to the further clarification or supplement of laws and decrees shall be interpreted or provided by the SCNPC through decrees, issues related to the specific application of laws and decrees in a court trial shall be interpreted by the Supreme People’s Court, and issues related to the specific application of laws and decrees in the procuratorial work shall be interpreted by the Supreme People’s Procuratorate. If there are differences in principle in the interpretation of the Supreme People’s court and the Supreme People’s Procuratorate, they shall be submitted to the SCNPC for interpretation or decision, and issues related to the specific application of laws and decrees in areas unrelated to judicial and procuratorial work shall be interpreted by the State Council and the competent authorities.

Where the scope of local regulations needs to be further defined or additional stipulations need to be made, the standing committees of the people’s congresses of provinces, autonomous regions and municipalities directly under the Central Government which have enacted these regulations shall provide

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the interpretations or make the stipulations. Interpretation of questions involving the specific application of local regulations shall be provided by the competent departments of the people’s governments of provinces, autonomous regions and municipalities directly under the Central Government.

### The PRC Judicial System

According to the Constitution and the Law of Organization of the People’s Courts of the PRC (《中華人民共和國人民法院組織法》) last amended by the SCNPC on October 26, 2018 and becoming effective on January 1, 2019, the people’s courts are made up of the Supreme People’s Court, the local people’s courts, and special people’s courts. The local people’s courts are divided into three levels, namely the basic people’s courts, the intermediate people’s courts and the higher people’s courts. The basic people’s courts may set up certain people’s tribunals based on the status of the region, population and cases. The Supreme People’s Court shall be the highest judicial organ. The Supreme People’s Court shall supervise the judicial work by the local people’s courts at all levels and by the special people’s courts. The people’s courts at a higher level shall supervise the judicial work of the people’s courts at lower levels.

According to the Constitution and the Law of Organization of the People’s Procuratorate of the PRC (《中華人民共和國人民檢察院組織法》) last amended by the SCNPC on October 26, 2018 and becoming effective on January 1, 2019, the people’s procuratorates are the law supervision organs of the state. The Supreme People’s Procuratorate shall be the highest procuratorial organ. The Supreme People’s Procuratorate shall direct the work of the local people’s procuratorates at all levels and of the special people’s procuratorates; the people’s procuratorates at higher levels shall direct the work of those at lower levels.

The people’s courts employ a two-tier appellate system, and judgments or rulings of the second instance at the people’s courts are final. A party may appeal against the judgment or ruling of the first instance of a local people’s courts. The people’s procuratorate may present a protest to the people’s courts at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people’s procuratorate within the stipulated period, the judgments or rulings of the people’s courts are final. Judgments or rulings of the second instance of the intermediate people’s courts, the higher people’s courts and the Supreme People’s Court and those of the first instance of the Supreme People’s Court are final. However, if the Supreme People’s Court or the people’s court at the higher level finds any definite errors in a legally effective final judgment or ruling of the people’s court at a lower level, or if the chief judge of a people’s court at any level finds any definite errors in a legally effective final judgment or ruling of such court, the case can be retried according to judicial supervision procedures.

The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》) (the “**Civil Procedure Law**”), last amended by the SCNPC on September 1, 2023 and becoming effective on January 1, 2024, sets forth the requirements for instituting a civil action, the jurisdiction of the people’s courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Civil cases are generally heard by the courts where the defendants are located. The court of jurisdiction in a civil action may be chosen by the written agreement between the parties, provided that the court is located at a place that has direct connection with the dispute, such as the plaintiff’s or

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the defendant’s place of domicile, the place where the contract is performed or signed or the object of the action is located. However, such choice cannot be in conflict with the regulations of grade jurisdictions and exclusive jurisdictions in any case.

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

All parties must comply with legally effective civil judgments and rulings. If any party to a civil action refuses to comply with a judgment or order made by a people’s court or an award made by an arbitration tribunal, the other party may apply to the people’s court for enforcement 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.

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

### **The Company Law, Overseas Listing Trial Measures and Guidelines for Articles of Association of Listed Companies**

A joint stock limited company established in the PRC seeking a listing on the Hong Kong Stock Exchange is mainly subject to the following laws and regulations of the PRC.

The Company Law was last amended by the SCNPC on December 29, 2023 and came into effect on July 1, 2024.

The Overseas Listing Trial Measures and its five interpretative guidelines, promulgated by the CSRC on February 17, 2023 and becoming effective on March 31, 2023, are applicable to companies within the PRC that directly or indirectly offer securities overseas or list their securities overseas.

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According to the Overseas Listing Trial Measures and its interpretative guidelines, where a domestic company directly offering and listing securities overseas, it shall formulate its articles of association in line with the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) (the “**Guidelines for Articles of Association**”) which were last amended by the CSRC on March 28, 2025 and became effective on the same date.

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

### General Provisions

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

A company shall conduct its business in accordance with laws and regulations, observe social ethics and business ethics, act in good faith, and be subject to government and public oversight. It may invest in other enterprises. Where any law provides that a company shall not become a capital contributor who has the joint liabilities associated with the debts of the invested enterprises, such provision shall prevail.

### Incorporation

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

The promoters of a joint-stock company incorporated by subscription shall convene an inaugural meeting of the company within 30 days after the share capital has been paid-up and shall notified all subscribers the date of the meeting or make an announcement in this regard 15 days before the meeting. The inaugural meeting shall only be held with the presence of subscribers representing a majority of voting rights. The convening and voting procedures for the inaugural meeting of a joint stock limited company incorporated by promotion shall be stipulated in the articles of association or the agreement of the promoters. Powers to be exercised at the inaugural meeting include but not limited to the adoption of articles of association and the election of members of the board of directors and the supervisory committee of a company. The aforesaid matters shall be passed by a majority of the voting rights held by subscribers presented at the meeting.

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

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### **Registered Shares**

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

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

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

### **Allotment and Issue of Shares**

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

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

### **Increase in Share Capital**

Under the Company Law, in the case of a joint stock limited company issuing new shares, resolutions shall be passed at the general meeting in respect of the class and number of new shares, the issue price of the new shares, the commencement and end dates for the issuance of new shares and the class and number of the new shares proposed to be issued to existing shareholders, if any. If no par value stock is issued, more than half of the proceeds from the issuance of shares shall be included into the registered capital. Additionally, if a company intends to make public offering of shares, it is required to complete the registration with the securities regulatory authority of the State Council and announces the documents.

### **Reduction of Share Capital**

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law: (i) to prepare a balance sheet and a property list; (ii) a company makes a resolution at the general meeting to reduce its registered capital; (iii) a company shall inform its creditors within 10 days and publish an announcement in newspapers or the National Enterprise Credit Information Publicity System within 30 days after the approval of resolution of reducing registered capital at the general meeting; (iv) the creditors shall have the right to require a company to repay its

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debts or provide corresponding guarantees within 30 days after receiving the notice or within 45 days after the announcement if the creditors have not received the notice; (v) when a company reduces its registered capital, it shall register the change with a company registration authority in accordance with the law.

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

### Share Buy-Back

Under the Company Law, a company shall not acquire its own shares, except for any following circumstances: (i) reducing the registered capital of the company; (ii) merging with other companies that hold the shares of the company; (iii) using the shares for employee stock ownership plans or equity incentives; (iv) with respect to shareholders voting against any resolution adopted at the general meeting on the merger or division of the company, the right to require the company to acquire the shares held by them; (v) using the shares for the conversion of convertible corporate bonds issued by the company; (vi) as required for maintenance of the corporate value and shareholders' rights and interests of a listed company.

The acquisition of shares of a company for reasons specified in the case of (i) to (ii) above shall be subject to the resolution of the general meeting; the purchase of shares of a company for reasons specified in the case of (iii), (v) and (vi) above shall be subject to the resolution of the Board meeting attended by more than two-thirds of the directors in accordance with the Articles of Association or the authorization from the general meeting.

Following the acquisition of a company's shares by a company in accordance with the above provisions, such shares shall be canceled within 10 days from the date of acquisition in the case of item (i) above; such shares shall be transferred or canceled within six months in the case of items (ii) and (iv) above; the total numbers of share of the Company held by a company shall not exceed 10% of the total issued shares of the Company, and shall be transferred or canceled within 3 years in the case of items (iii), (v) and (vi) above.

### Transfer of Shares

Shares held by a shareholder may be transferred according to the law. Under the Company Law, a shareholder of a joint stock limited company should affect a transfer of his/her shares through a legally established stock exchange or by any other means as required by the State Council. Registered shares may be transferred by endorsement of shareholders or by other means stipulated by laws or administrative regulations. After the transfer, a company shall record the name and domicile of the transferee in the register of shareholders. No changes to the shareholder register provided in the foregoing requirement shall be affected during a period of twenty days prior to the convening of the general meeting or five days prior to the record date for a company's distribution of dividends. If any law, administrative regulation, or any provision by the securities regulatory authority of the State Council specifies otherwise for the modification of the register of shareholders of a listed company, such provisions should prevail.

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

Where the shares are pledged within the time limit for transfer prescribed by laws or administrative regulations, the pledgee may not exercise the pledge right within the time limit for transfer.

### **Shareholders**

Under the Company Law and Guidelines for Articles of Association, the rights of a shareholder of a company include: (i) to receive dividends and other distributions in proportion to the number of shares held; (ii) to request, convene, preside over, attend and vote in person or appoint a proxy to attend and vote correspondingly on their behalf at general meetings in accordance with the laws; (iii) to supervise the company's operations, and to put forward proposals or raise enquiries; (iv) to transfer, gift or pledge the company's shares held in accordance with the laws, administrative regulations and the Articles of Association; (v) to review and copy the Articles of Association, the register of members, counterfoil of company debentures, minutes of general meetings, resolutions of the Board meetings, resolutions of meetings of the Supervisory Committee, and financial and accounting reports; (vi) shareholders who individually or jointly hold more than 3% of the shares of a company for more than 180 consecutive days may review the accounting books and accounting vouchers of a company in accordance with the law; (vii) in the event of the termination or liquidation of a company, to participate in the distribution of remaining assets of the Company in accordance with the number of shares held; (viii) shareholders who object to resolutions of merger or division made by the general meeting may request a company to purchase their shares; (ix) other rights conferred by laws, administrative regulations, department rules or the Articles of Association.

The obligations of a shareholder of a company include: (i) to abide by laws, administrative regulations and the Articles of Association; (ii) to pay capital contribution as per the shares subscribed for and the method of subscription; (iii) not to return shares unless prescribed otherwise in laws and administrative regulations; (iv) not to abuse shareholders' rights to infringe upon the interests of a company or other shareholders; not to abuse a company's status as an independent legal entity or the limited liability of shareholders to harm the interests of a company's creditors; (v) to assume other obligations required by laws, administrative regulations and the Articles of Association.

### **General Meetings**

Under the Company Law, the general meeting of a joint stock limited company is made up of all shareholders. The general meeting is the organ of authority of a company, which exercises the following functions and powers: (i) to elect and replace directors and supervisors and to decide on matters relating to the remuneration of directors and supervisors; (ii) to examine and approve reports of the Board; (iii) to examine and approve reports of the Supervisory Committee; (iv) to examine and approve a company's

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profit distribution plans and loss recovery plans; (v) to resolve on the increase or reduction of a company's registered capital; (vi) to resolve on the issuance of corporate bonds; (vii) to resolve on the merger, division, dissolution, liquidation or change of corporate form of a company; (viii) to amend the Articles of Association; (ix) other functions and powers specified in provision of the Articles of Association.

Under the Company Law, the annual general meetings are required to be held once every year. An extraordinary general meeting is required to be held within two months after the occurrence of any of the following circumstances: (i) the number of directors is less than the number stipulated in the Company Law or less than two-thirds of the number specified in the Articles of Association; (ii) when the unrecovered losses of a company amount to one-third of the total paid-up share capital; (iii) shareholders individually or jointly holding 10% or more of the company's shares request; (iv) when deemed necessary by the Board; (v) the Supervisory Committee proposes to convene the meeting; (vi) other circumstances as stipulated in the Articles of Association.

The general meeting shall be convened by the Board, and presided over by the chairman of the Board. In the event that the chairman of the Board is incapable of performing or not performing his/her duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his/her duties, a director nominated by more than half of directors shall preside over the meeting.

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

If the shareholders who individually or jointly hold more than 10% of the shares of the company request to convene an extraordinary general meeting, the Board and the Supervisory Committee should, within 10 days after the receipt of such request, decide whether to hold an extraordinary general meeting and reply to the shareholders in writing.

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

Shareholders who individually or jointly hold more than 1% of the company's shares may put forward interim proposals and submit them to the Board in writing 10 days before the general meeting. The Board shall notify other shareholders within 2 days after receiving the proposal, and submit the interim proposal to the general meeting for consideration.

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

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

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

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

### Directors

Under the Company Law, a joint stock limited company should have a Board, which consists of more than three members. The term of office of a director shall be stipulated in the Articles of Association, but each term of office shall not exceed three years. Directors may serve consecutive terms if re-elected.

Board meetings shall be convened at least twice a year. All directors and supervisors shall be notified 10 days before the meeting for every meeting. The Board exercises the following functions and powers: (i) to convene general meetings and report its work to general meetings; (ii) to implement the resolutions of the general meeting; (iii) to decide on a company's business plans and investment plans; (iv) to formulate a company's profit distribution plan and loss recovery plan; (v) to formulate proposals for the increase or reduction of a company's registered capital and the issue of corporate bonds; (vi) to formulate plans for merger, division, dissolution or change of corporate form of a company; (vii) to decide on the internal management structure of a company; (viii) to decide on the appointment or dismissal of the manager of a company and his/her remuneration; to decide on the appointment or dismissal of the deputy manager and financial officer of a company based on the nomination of the manager and as well as remuneration; (ix) to formulate a company's basic management system; (x) other functions and powers specified in the Articles of Association or granted by the general meeting.

Board meetings shall be held only if more than half of the directors are present. If a director is unable to attend a board meeting, he/she may appoint another director by a power of attorney specifying the scope of the authorization for another director to attend the meeting on his/her behalf. If a resolution of the Board violates the laws, administrative regulations or the Articles of Association, and as a result of which the company suffers serious losses, the directors participating in the resolution shall be liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be exempt from such liability.

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

The Board shall have one chairman of the Board, who shall be elected by more than half of all the directors. The chairman of the Board shall exercise the following functions and powers (including but not limited to): (i) to preside over general meetings and convene and preside over Board meetings; (ii) to examine the implementation of resolutions of the Board; (iii) to exercise other powers conferred by the Board.

### **Managers and Other Senior Management Members**

Under the Company Law, a company should have a manager who is appointed or removed by the Board. The manager is responsible to the Board and exercises his/her functions and powers according to the Articles of Association or the authorization of the Board. The manager attends the meetings of the Board.

According to the Company Law, senior management shall refer to the managers, deputy managers, financial controller, secretary of the Board and other personnel as stipulated in the Articles of Association.

### **Duties of Directors, Supervisors and Senior Management Members**

Directors, supervisors and senior management members of the Company are required under the Company Law to comply with the relevant laws, regulations and the Articles of Association, and owe fiduciary and diligent duties to the Company. Directors, supervisors and senior management members are prohibited from abusing their powers to accept bribes or other illegal income and from misappropriating the Company’s properties.

Directors, supervisors and senior management members are prohibited from: (i) embezzling the Company’s property or misappropriating the Company’s funds; (ii) depositing the Company’s funds into accounts under their own names or the names of other individuals; (iii) accepting bribes or any other illegal proceeds by taking advantage of their powers; (iv) accepting and possessing commissions paid by a third party for transactions conducted with the Company; (v) disclosing the Company’s secrets without authorization; or (vi) other acts in violation of their fiduciary duty to the Company.

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If any director, supervisor or senior management members directly or indirectly concludes a contract or conducts a transaction with the Company, he/she should report the matters relating to the conclusion of the contract or transaction to the Board or general meeting, subject to the approval of the Board or general meeting according to the Articles of Association.

The provisions of the preceding paragraph shall apply if any near relatives of the Directors, supervisors or senior management members, or any of the enterprises directly or indirectly controlled by the directors, supervisors or senior management members or any of their near relatives, or any related parties with any other related-party relationship with the directors, supervisors or senior management members, concludes a contract or conducts a transaction with the Company.

Neither Directors, supervisors nor senior management members may take advantage of their positions to seek any business opportunity that belongs to the Company for themselves or any other person except under the following circumstances: (i) where they have reported to the Board or the general meeting and the matter has been approved by a resolution of the Board or the general meeting according to the Articles of Association; or (ii) where the Company cannot make use of the business opportunity as stipulated by laws, administrative regulations or the Articles of Association.

Where any director, supervisor or senior management member fails to report to the Board or the general meeting and obtains approval by a resolution of the Board or the general meeting according to the Articles of Association, he/she may not engage in any business that is similar to that of the Company where he/she serves for himself/herself or for any other person.

A director, supervisor or senior management member who contravenes any laws, administrative regulations or the Articles of Association in the performance of his/her duties, thus causing any loss to the Company, shall be personally liable for the damages to the Company.

### **Finance and Accounting**

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

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

When distributing each year's after-tax profits, the Company shall set aside 10% of its profits into its statutory reserve fund. The Company can no longer withdraw statutory reserve fund if its statutory reserve fund has accumulated to more than 50% of the registered capital. If the statutory reserve fund of the Company is insufficient to make up for the losses of the previous years, the current year profits shall be used to make up for the losses before making allocations to the statutory reserve in accordance with

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## **SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS**

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

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

The premium over the nominal value of the shares of a joint stock limited company from the issue of shares, the amount of share proceeds from the issuance of no-par shares that have not been credited to the registered capital 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.

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 fund shall not be less than 25% of the registered capital before such conversion.

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

### **Appointment and Dismissal of Accounting Firms**

Pursuant to the Company Law, the engagement or dismissal of an accounting firm responsible for the Company's auditing shall be determined by the general meeting, the Board or the Supervisory Committee in accordance with the Articles of Association. The accounting firm shall be allowed to make representations when the general meeting, the Board or the Supervisory Committee votes on the dismissal of the accounting firm. The Company shall provide true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting materials to the engaged accounting firm, and shall not refuse, conceal or make false statements.

The Guidelines for the Articles of Association provide that the Company guarantees to provide true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting materials to the engaged accounting firm, and shall not refuse, conceal or make false statements. The audit fee of the accounting firm shall be decided by the general meeting.

### **Profit Distribution**

Where the Company distributes profits to shareholders in violation of the provisions of the Company Law, the shareholders shall return the profits distributed in violation of the provisions to the Company. If losses are caused to the Company, the shareholders, as well as the responsible directors, supervisors and senior management members, shall bear liability for compensation.

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### Dissolution and Liquidation

According to the Company Law, a company shall be dissolved for the following reasons: (i) the term of business stipulated in the Articles of Association has expired or other events of dissolution specified in the Articles of Association have occurred; (ii) a resolution on dissolution is adopted by the general meeting; (iii) dissolution is required due to the merger or division of the Company; (iv) the business license is revoked, or the Company is ordered to be closed down or is deregistered in accordance with the law; (v) where the Company encounters serious difficulties in its operation and management, and its continued existence will cause significant losses to the interests of shareholders, and where the issue cannot be resolved through other means, shareholders holding more than 10% of the total shareholders’ voting rights of the Company may request the People’s Court to dissolve the Company.

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

Where the Company is dissolved in accordance with sub-paragraph (i) above, it may carry on its existence by amending its Articles of Association or upon a resolution of the general meeting, which must be approved by more than two-thirds of the voting rights held by the shareholders present at the general meeting. Where the Company is dissolved pursuant to sub-paragraphs (i), (ii), (iv) or (v) above, it shall be liquidated. The directors, who are the liquidation obligors of the Company, shall form a liquidation group to carry out liquidation within 15 days from the date of occurrence of the cause of dissolution. The liquidation group shall be composed of the directors, unless it is otherwise provided for in the Articles of Association or it is otherwise elected by the resolution of the general meeting. The liquidation obligors shall be liable for compensation if they fail to fulfill their obligations of liquidation in a timely manner, and thus any loss is caused to the company or the creditors.

If the liquidation group fails to be formed within the time limit or fails to carry out the liquidation after its formation, any interested party may request the People’s Court to designate relevant persons to form a liquidation group. The People’s Court shall accept such request and organize a liquidation group to carry out the liquidation in a timely manner.

The liquidation group shall exercise the following functions and powers during the liquidation period: (i) to liquidate the Company’s property and prepare the balance sheet and the list of property; (ii) to notify creditors by sending notices or making public announcements; (iii) to deal with the outstanding business of the Company involved in the liquidation; (iv) to pay all outstanding taxes and taxes arising in the course of liquidation; (v) to liquidate claims and debts; (vi) to distribute the remaining property of the Company after paying off debts; (vii) to participate in civil litigation activities on behalf of the Company.

The liquidation group shall notify the company’s creditors within ten days from 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 from 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.

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The remaining property of the Company after the payment of liquidation expenses, employees’ wages, social insurance expenses and statutory compensation, outstanding taxes and the company’s debts, shall be distributed to shareholders in proportion to their shareholdings. During the liquidation period, the Company shall continue to exist but shall not carry out any business activities unrelated to the liquidation. The Company’s assets shall not be distributed to the shareholders before the liquidation in accordance with the preceding paragraph.

If the liquidation group, having thoroughly liquidated the Company’s assets and having prepared the balance sheet and the inventory of assets, discovers that the Company’s assets are insufficient to pay its debts in full, it shall file an application to the People’s Court for bankruptcy liquidation. After the People’s Court accepts the application for bankruptcy, the liquidation group shall hand over the liquidation matters to the bankruptcy administrator designated by the People’s Court.

Upon completion of the liquidation, the liquidation group shall prepare the liquidation report to be submitted to the general meeting or the People’s Court for confirmation, and submit the liquidation report to the company registration authority to apply for cancellation of the Company’s registration.

The members of the liquidation group performing their duties of liquidation are obliged to be loyal and diligent. Any member of the liquidation group who neglects to fulfill his/her liquidation duties and thus causes any loss to the Company shall be liable for compensation, and any member of the liquidation group who causes any loss to any creditor due to his/her intentional or gross negligence shall be liable for compensation.

Where, after three years since the business license of the Company is revoked, or the Company is ordered to close down or is deregistered, the Company fails to apply for its deregistration with the company registration authority, the said authority may announce the Company’s deregistration through the National Enterprise Credit Information Publicity System for a period of no less than 60 days. If there is no objection after the announcement period expires, the company registration authority may deregister the Company.

### Overseas Listing

According to the Overseas Listing Trial Measures (《境外上市試行辦法》), where an issuer makes an overseas initial public offering or listing, it shall file with the CSRC within 3 working days after submitting the application documents for overseas issuance and listing. If an issuer issues securities in the same overseas market after overseas issuance and listing, it shall file with the CSRC within 3 working days after the completion of the issuance. If an issuer issues and lists in other overseas markets after overseas issuance and listing, it shall file in accordance with the provisions of Paragraph 1, Article 16 of the Overseas Listing Trial Measures. Moreover, if the filing materials are complete and meet the requirements, the CSRC shall complete the filing within 20 working days from the date of receiving the filing materials, and publicize the filing information through the website. If the filing materials are incomplete or do not meet the requirements, the CSRC shall inform the issuer of the materials to be supplemented within 5 working days after receiving the filing materials. The issuer shall supplement the materials within 30 working days.

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### Loss of Share Certificates

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

### Termination of Listing

According to the Overseas Listing Trial Measures (《境外上市試行辦法》), in case of active or compulsory termination of listing, the issuer shall report the specific situation to the CSRC within 3 working days from the date of occurrence and announcement of the relevant matters.

### Securities Laws And Regulations

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

The Provisional Regulations Concerning the Issue and Trading of Shares (《股票發行與交易管理暫行條例》) promulgated by the State Council and effective on 22 April 1993 cover the application and approval procedures for public offerings of shares, trading in shares, the acquisition of listed companies, the deposit, settlement and transfer of listed shares, the disclosure of information with respect to a listed company, investigation and penalties and dispute arbitration.

The Regulations of the State Council Concerning the Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》), which were promulgated by the State Council and came into effect on 25 December 1995, mainly cover the issue, subscription, trading and payment of dividends of domestic listed foreign shares and disclosure of information of joint stock limited companies with domestic listed foreign shares.

The Securities Law (《證券法》), which was last amended by the SCNPC on December 28, 2019 and came into effect on March 1, 2020, provides a series of provisions regulating, among other things, the issue and trading of securities, takeovers by listed companies, stock exchanges, securities companies and the duties and responsibilities of the State Council’s securities regulatory authorities in the PRC, and comprehensively regulates activities in the PRC securities market. The Securities Law provides that a domestic enterprise must comply with the relevant provisions of the State Council in issuing securities directly or indirectly outside the PRC or listing and trading its securities outside the PRC. Currently, the issue and trading of foreign issued shares are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

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### Arbitration and Enforcement of Arbitral Awards

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

Under the Arbitration Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party may apply to the people’s court for enforcement according to the Civil Procedure Law. If evidence demonstrates any of the following circumstances: the parties do not include an arbitration clause in the contract or subsequently fail to reach a written arbitration agreement; the respondent is not properly notified of the appointment of the arbitrator or the arbitration proceedings, or is unable to present its case due to reasons not attributable to the respondent; the composition of the arbitral tribunal or the arbitration procedure is inconsistent with the arbitration rules; the matters decided in the award fall outside the scope of the arbitration agreement or the arbitration commission lacks jurisdiction, the people’s court may rule to refuse enforcement. A party seeking to enforce an arbitral award of foreign arbitration commission against the other party who or whose property is not within the PRC shall apply to a foreign court with jurisdiction over the case for recognition and enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the people’s court in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC.

According to the Arrangement of the Supreme People’s Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的安排》) promulgated by the Supreme People’s Court on January 24, 2000 and 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, awards made by PRC arbitral authorities may be applied for enforcement in Hong Kong, and Hong Kong arbitration awards may also be applied for enforcement in the PRC.

### Regulations Relating to Property Leasing

According to the Management Measures for the Lease of Commercial House (《商品房屋租賃管理辦法》) promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010, and came into effect on February 1, 2011, within 30 days after the entry into the lease contract, the parties shall register and file the lease contract with relevant authority. Violation of the foregoing, the competent construction (real estate) departments may order rectification within a time limit, failure to do

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so within the time limit by an entity, a fine of more than RMB1,000 but less than RMB10,000 for each lease contract will be imposed. Failure to register will not affect the validity of lease contract pursuant to Civil Code of the PRC.

### Regulations on Intellectual Property Rights

#### *Patent*

The Patent Law of the PRC (《中華人民共和國專利法》) was enacted by the SCNPC on March 12, 1984, implemented on April 1, 1985, and most recently revised on October 17, 2020, with implementation from June 1, 2021. The Detailed Rules for the Implementation of the Patent Law of the PRC (《中華人民共和國專利法實施細則》) were issued by the State Council on June 15, 2001, implemented on July 1, 2001, and most recently revised on December 11, 2023, with implementation from January 20, 2024. According to these laws, regulations and detailed rules, patents in China are categorised into three types: invention patents, utility model patents and design patents. The term of an invention patent right is 20 years, the term of a utility model patent is 10 years, and the term of a design patent is 15 years, all of which are calculated from the filing date. Any entity or individual that exploits another’s patent must conclude a licencing agreement with the patent holder and pay royalties. Exploiting a patent without the permission of the patent holder constitutes an infringement of their patent rights.

#### *Trademark*

The Trademark Law of the PRC (《中華人民共和國商標法》) was promulgated by the SCNPC on August 23, 1982, implemented on March 1, 1983, and most recently revised on April 23, 2019, with implementation from November 1, 2019. The Regulations for the Implementation of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) were issued by the State Council on August 3, 2002, implemented on September 15, 2002, and most recently revised on April 29, 2014, with implementation from May 1, 2014. According to these laws and regulations, the validity period of a registered trademark is 10 years from the date of approval. To continue using a trademark upon the expiry of its validity, renewal procedures must be completed in accordance with the provisions within the 12 months preceding expiration. If renewal procedures are not completed within this period, a six-month extension is allowed. Each renewal extends the validity period for 10 years, starting from the day following the expiration of the last validity period. Trademark registrants may authorise others to use their registered trademarks by signing trademark licencing agreements.

#### *Copyright*

Pursuant to the Copyright Law of the PRC (《中華人民共和國著作權法》) promulgated by the SCNPC on September 7, 1990, implemented on June 1, 1991 and amended on October 27, 2001, February 26, 2010, and November 11, 2020 (the latest revision came into effective on June 1, 2021), and the Implementing Regulations of the Copyright Law of the PRC (《中華人民共和國著作權法實施條例》) promulgated by the State Council on August 2, 2002, amended on January 8, 2011, and January 30, 2013 (the latest revision became effective on March 1, 2013), the PRC nationals, legal persons, and other organisations shall, enjoy copyright in their works, whether published or not, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software.

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### *Domain Name*

The Internet Domain Name Management Measures (《互聯網域名管理辦法》) were issued by the Ministry of Industry and Information Technology of the PRC (the “MIIT”) on August 24, 2017, and implemented on November 1, 2017. According to these management measures, the MIIT is the primary regulatory authority for the management of Internet domain names in China. Domain name registration is processed through domain name root servers and their operating institutions, domain name registration management institutions and domain name registration service institutions established in accordance with the relevant regulations.

### **Regulations Relating to Overseas Investment**

According to the Measures for the Administration of Overseas Investment of Enterprises (《企業境外投資管理辦法》) promulgated by the NDRC on December 26, 2017 and implemented on March 1, 2018, an investor shall, in overseas investment, undergo the formalities for the confirmation or recordation, among others, of an overseas investment project, report the relevant information, and cooperate in supervisory inspection.

Pursuant to the Measures for the Administration of Overseas Investment (《境外投資管理辦法》) promulgated by the MOFCOM on March 16, 2009, lastly amended on September 6, 2014 and implemented on October 6, 2014, the MOFCOM and the provincial counterparts promulgate regulations providing that overseas investment of enterprises to be subject to recordation or confirmation management, depending on the actual circumstances of investment. Overseas investment involving any sensitive country or region or any sensitive industry shall be subject to confirmation management. Overseas investment under other circumstances shall be subject to recordation management. When an overseas enterprise invested by an enterprise conducts overseas reinvestment, the enterprise shall report to the commerce departments after completing the overseas legal procedures.

Pursuant to the Provisions on the Foreign Exchange Administration of the Overseas Direct Investment of Domestic Institutions (《境內機構境外直接投資外匯管理規定》) promulgated by the SAFE on July 13, 2009 and implemented on August 1, 2009 and the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) promulgated by the SAFE on February 13, 2015, implemented on June 1, 2015 and was partially repealed on December 30, 2019, stipulates that, upon obtaining the approval for overseas investment, the overseas direct investment of PRC enterprises shall apply for foreign exchange registration to the banks at their places of registration.

### **Regulations on Foreign Exchange**

Pursuant to the Foreign Exchange Administrative Regulations of the PRC (《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996, effective on April 1, 1996 and last amended on August 5, 2008, and the Administrative Regulations on Foreign Exchange Settlement, Sales and Payment (《結匯、售匯及付匯管理規定》) promulgated by the PBOC on June 20, 1996 and effective on July 1, 1996, Renminbi is freely convertible for payments of current account items such as trade and service-related foreign exchange transactions and dividend payments after the relevant financial institutions have reasonably examined the authenticity of the transactions and their consistency with

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foreign exchange receipts and payments, but are not freely convertible for capital expenditure items such as direct investment, loans or investments in securities outside the PRC unless the approval of the SAFE or its local counterparts is obtained in advance.

According to the Notice of the State Administration of Foreign Exchange on Issues concerning the Foreign Exchange Administration of Overseas Listing (《關於境外上市外匯管理有關問題的通知》) promulgated by the SAFE on December 26, 2014, a domestic company shall, within 15 working days after the completion of its overseas listing, go through the registration of overseas listing with the foreign exchange bureau at its place of registration. A domestic issuer may transfer the capital raised through overseas listing to its local bank account or deposit at its overseas account. The use of proceeds shall be consistent with the purposes disclosed in this document or other public documents.

According to the Circular of the State Administration of Foreign Exchange on Reforming and Regulating Policies for the Administration over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) announced by SAFE and effective on June 9, 2016, and the Notice of the State Administration of Foreign Exchange on Further Deepening Reform to Promote Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》) announced and effective on December 4, 2023, the foreign exchange receipts under capital accounts of domestic institutions are subject to discretionary settlement policies. The foreign exchange receipts under capital accounts (including foreign exchange capital, foreign debts, and repatriated funds raised through overseas listing) subject to discretionary settlement as expressly prescribed in the relevant policies may be settled with banks according to the actual need of the domestic institutions for business operation. Domestic institutions may, at their discretion, settle up to 100% of foreign exchange receipts under capital accounts for the time being. SAFE may adjust the above proportion in due time according to the balance of payments. While eligible for the discretionary settlement of foreign exchange receipts under capital accounts, domestic institutions may also opt to use their foreign exchange receipts according to the payment-based settlement system. A bank shall, in handling each transaction of foreign exchange settlement for a domestic institution according to the principle of payment-based settlement, review the authenticity and compliance of the use of the funds settled in the previous foreign exchange settlement (including discretionary settlement and payment-based settlement) of such domestic institution. Domestic institutions' foreign exchange receipts under the capital account and the Renminbi funds obtained from the settlement thereof shall not, directly or indirectly, be used for expenditure beyond the enterprise's business scope or expenditure prohibited by laws and regulations of the state. Unless otherwise specified, the funds shall not, directly or indirectly, be used for investments in securities or other investments or wealth management other than banks' principal-secured products. The funds shall not be used for the granting of loans to non-affiliated enterprises, except where it is expressly permitted in the business scope. The funds shall not be used for the construction or purchase of real estate for purposes other than self-use (except for real estate enterprises).

According to the Circular on Optimising Administration of Foreign Exchange to Support the Development of Foreign-related Business by the State Administration of Foreign Exchange (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) issued by SAFE on April 10, 2020, eligible enterprises are allowed to make domestic payments by using receipts under capital accounts, such as their capital funds, foreign credits and the income from overseas listing, with no need to provide the evidentiary materials concerning authenticity on a transaction-by-transaction basis to banks in advance,

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provided that their capital use shall be authentic and in line with provisions, and conform to the prevailing administrative regulations on the use of receipts under capital accounts. Local foreign exchange authorities shall strengthen monitoring analysis and interim and post regulation.

### Regulations on Taxation

#### *Enterprise Income Tax*

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the “**EIT Law**”) which was promulgated on March 16, 2007 and amended on February 24, 2017 and December 29, 2018, a unified income tax rate of 25% will be applied towards foreign investment and foreign enterprises which have set up institutions or facilities in the PRC as well as PRC enterprises. Under the EIT Law, enterprises established outside of China whose “defacto management bodies” are located in PRC are considered “resident enterprises” and will generally be subject to the unified 25% enterprise income tax rate as to their global income.

#### *Value-added Tax*

Pursuant to the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》) amended by the State Council and became effective on November 19, 2017 and the Detailed Rules for the Implementation of the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例實施細則》) amended by the Ministry of Finance (the “**MOF**”) on October 28, 2011 and became effective on November 1, 2011, all entities and individuals in the PRC engaging in the sale of goods, the provision of processing, repairs and replacement services, and the importation of goods are required to pay value-added tax. For taxpayers selling or importing goods, the general tax rate shall be 17% unless otherwise specified in the aforesaid regulations.

According to the Notice on the Adjustment to VAT Rates (《財政部、稅務總局關於調整增值稅稅率的通知》) (Cai Shui [2018] No. 32), promulgated by the MOF and the State Administration of Taxation on April 4, 2018, and became effective as at May 1, 2018, the VAT rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively.

According to the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》) (2019 No. 39 of MOF, State Administration of Taxation and General Administration of Customs), promulgated by the MOF, the State Administration of Taxation (the “**SAT**”) and the General Administration of Customs on March 20, 2019 and became effective on April 1, 2019, the VAT rates of 16% and 10% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 13% and 9%, respectively.

On December 25, 2024, the SCNPC promulgated the VAT Law of the PRC (《中華人民共和國增值稅法》), which will come into effective on January 1, 2026, and will replace the Provisional Regulations on Value-added Tax of the PRC.

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### *Tax on Dividends*

#### *For Individual Investors*

According to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》), or the Individual Income Tax Law, amended by the SCNPC on August 31, 2018 and effective on January 1, 2019, and the Implementation Rules of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》) amended by the State Council on December 18, 2018 and effective on January 1, 2019, dividends paid by PRC companies to individual investors are ordinarily subject to a withholding income tax levied at a flat rate of 20%. Meanwhile, according to the Notice on Issues Concerning Differentiated Individual Income Tax Policies on Dividends and Bonus of Listed Companies (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》) issued by the MOF, the SAT and the CSRC on September 7, 2015 and effective on September 8, 2015, where an individual holds the shares of a listed company obtained from the public offering for more than one year and transfers the stock of the listed company on the stock market, the dividend and bonus income shall be temporarily exempted from individual income tax. Where an individual acquires shares of a listed company from the public offering and transfers the stock of the listed company on the stock market, if the holding period is within one month (inclusive), the dividend income shall be included in the taxable income in full; if the holding period is more than one month but less than one year (inclusive), the dividend income shall be included in the taxable income at the rate of 50%; the aforesaid income shall be subject to individual income tax at a uniform rate of 20%.

#### *For Enterprise Investors*

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), or the EIT Law, amended by the SCNPC and effective on December 29, 2018, and the Implementation Rules of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), or the Implementation Rules of the EIT Law, last amended by the State Council on December 6, 2024 and effective on January 20, 2025, a non-resident enterprise is subject to a reduced rate of 10% enterprise income tax on PRC-sourced income, including dividends paid by a PRC resident enterprise that issues and lists shares in Hong Kong, if such non-resident enterprise does not have an establishment or place of business in the PRC or has an establishment or place of business in the PRC but the PRC-sourced income is not actually connected with such establishment or place of business in the PRC. The aforesaid income tax payable by non-resident enterprises shall be withheld at source, and the payer shall be the withholding agent, and the tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Such tax may be reduced or exempted pursuant to an applicable treaty for the avoidance of double taxation.

Pursuant to the Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Which Are Overseas Non-resident Enterprises (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) issued by the SAT and effective on November 6, 2008, a PRC resident enterprise is required to withhold enterprise income tax at a rate of 10% on dividends paid to non-PRC resident enterprise holders of H Shares which are derived out of profit generated since 2008. The Reply on the Collection of Enterprise Income Tax on Dividends Received by Non-resident Enterprises from Holding B Shares and Other Shares (《關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》) promulgated by

## APPENDIX IV

## SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

the SAT and effective July 24, 2009 further provides that PRC-resident enterprises listed on Chinese and overseas stock exchanges by issuing stocks (including A shares, B shares and overseas shares) must withhold enterprise income tax at a flat rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprise shareholders. Such tax rates may be further modified pursuant to the tax treaty or agreement that China has concluded with a relevant jurisdiction, where applicable.

### *Tax related to equity transfer income*

#### *For Individual Investors*

Under the Individual Income Tax Law and its implementation rules, individuals are subject to individual income tax at a rate of 20% on gains realised on the sale of equity interests in PRC resident enterprises. Pursuant to the Circular on Continuing the Temporary Exemption of Individual Income Tax on Gains from Share Transfers by Individuals (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》), which was promulgated by the MOF and The SAT and became effective on March 30, 1998, from January 1, 1997, income of individuals from the transfer of shares in listed companies continues to be temporarily exempted from individual income tax. The State Administration of Taxation does not specify whether to continue to exempt individuals from personal income tax on the income from the transfer of shares in listed company in the newly revised EIT Law and Implementation Rules of the EIT Law.

#### *For Enterprise Investors*

Under the EIT Law and its implementation rules, a non-PRC resident enterprise is subject to enterprise income tax at the rate of 10% with respect to PRC-sourced income, including gains derived from the disposal of shares in a PRC resident enterprise, if it does not have an establishment or premises in the PRC or has an establishment or premises in the PRC but the PRC-sourced income is not actually connected with such establishment or premises in the PRC. The aforementioned income tax payable by non-PRC resident enterprises is subject to source withholding, and the payer is the withholding agent. The tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Such tax may be reduced or exempted under applicable tax treaties or arrangements.

### *Stamp Duty*

According to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》), which was promulgated on June 10, 2021 and came into effect on July 1, 2022, the disposal of H Shares by non-mainland China investors outside of the Chinese Mainland is not subject to the requirements of the Stamp Duty Law of the PRC.