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## APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

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This Appendix summarizes the principal PRC laws, regulations and policies which are relevant to the Company’s operations and business. Laws and regulations relating to taxation in the PRC are discussed separately in “Appendix III—Taxation and Foreign Exchange”. The principal objective of this summary is to provide potential investors with an overview of the principal laws and regulatory provisions applicable to the 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 the Company’s business, see 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》) (the “**Constitution**”), which was last amended and came into effect on March 11, 2018, and is made up of written laws, administrative regulations, local regulations, autonomous regulations, separate regulations, rules and regulations of departments of the State Council, rules and regulations of local governments, special administrative region law and international treaties and other regulatory documents signed by the PRC government. Court decisions do not constitute legally 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 on March 13, 2023 and became effective on March 15, 2023, the National People’s Congress (the “**NPC**”) and the National People’s Congress Standing Committee (the “**NPCSC**”) 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 institutions and others. The NPCSC 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 its adjournment, 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 and their committees of the provinces, autonomous regions and municipalities directly under the Central Government may, based on the specific conditions and actual needs of their respective administrative regions, formulate local regulations provided that such regulations do not contravene the Constitution, laws or administrative regulations. The people’s congresses of cities divided into districts and their standing committees may formulate local regulations on matters such as urban and rural construction and management, ecological civilization construction, historical and cultural protection and grassroots governance based on the specific conditions 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. Such local regulations will become enforceable after being reported to and approved by the standing committees of the people’s congresses of the relevant provinces or autonomous regions. The standing committees of the people’s congresses of the provinces or autonomous regions shall examine the legality of local regulations submitted for approval, and such approval should be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of such provinces or autonomous regions. People’s congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the local nationalities in the areas concerned.

The ministries and commissions of the State Council, PBOC, National Audit Office of the PRC (the “**NAO**”) and institutions with administrative functions directly under the State Council, and other institutions stipulated by law may formulate rules and regulations within the scope of their respective authorities in accordance with the laws and the administrative regulations, decisions and rulings of the State Council.

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## APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

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The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or 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 amend or annul any inappropriate laws enacted by its standing committee, and to annul any autonomous regulations and separate regulations which have been approved by the NPCSC but contravene the Constitution and the Legislation Law; the NPCSC 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 which contravene the Constitution and the Legislation Law; the State Council has the power to amend 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 amend 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 amend or annul any inappropriate rules enacted by the people’s governments at the next lower level.

In accordance with the Constitution and the Legislation Law, the power of legal interpretation vests in the Standing Committee of the National People’s Congress. According to the Decision of the NPCSC 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》), promulgated by the NPCSC and became effective on June 10, 1981, any provisions in laws or decrees requiring further clarification of boundaries or supplementary regulations shall be interpreted by the NPCSC or stipulated by decree. Issues related to the application of laws in a court trial should be interpreted by the Supreme People’s Court. Issues related to the application of laws in a prosecution process should be interpreted by the Supreme People’s Procuratorate. The application of other laws in matters other than those involved in court trial or prosecution process should be interpreted by the State Council and the competent authorities. At the regional level, the power to interpret local laws and regulations is vested in the local legislative and administrative authorities which promulgate such laws and regulations.

### 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》) which was last amended by the NPCSC on October 26, 2018 and became effective on January 1, 2019, the PRC People’s Court is made up of the Supreme People’s Court, local people’s courts at all levels 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 size and caseloads. The Supreme People’s Court shall supervise the adjudicatory work of the local people’s courts at all levels and the special people’s courts. The people’s courts at a higher level shall supervise the adjudicatory work of the people’s courts at lower levels.

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## APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

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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》) which was last revised by NPCSC on October 26, 2018 and became effective on January 1, 2019, the People’s Procuratorate is the legal supervisory organ of the State. The People’s Procuratorate is made up of the Supreme People’s Procuratorate, local people’s procuratorates at all levels and special people’s procuratorates such as military procuratorates. 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, i.e., judgments or rulings of the second instance at the people’s courts are final. A party may appeal against the judgement or ruling of the first instance of a local people’s courts. The people’s procuratorate may present a protest to the people’s courts at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people’s procuratorate within the stipulated period, the judgments or rulings of the people’s courts are final. Judgments or rulings of the second instance of the intermediate people’s courts, the higher people’s courts and the Supreme People’s Court and those of the first instance of the Supreme People’s Court are final. However, if the Supreme People’s Court or the people’s courts at the next higher level finds any definite errors in a effective judgement, ruling or mediation document of the local people’s courts at any levels or 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 judgement, ruling or mediation document 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》), which was last amended on September 1, 2023 and took effect 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 judgement or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law of the PRC. Civil cases are generally heard by the people’s courts where the defendants are located. The parties to a dispute over a contract or other property rights may agree in writing to choose the jurisdiction of a people’s court at the plaintiff’s place of residence, the defendant’s place of residence, the place of performance of the contract, the place where the contract is signed or the location that has an actual connection with the dispute, provided that this shall not be in contravention of the provisions of this law on hierarchical jurisdiction and exclusive jurisdiction.

Foreign individuals, individuals without nationality, foreign-invested enterprises and foreign organizations entitle the same litigation rights and obligations as PRC citizen, legal persons or other organizations when initiating or defending any proceedings at a people’s court. If the courts of a foreign country impose restrictions on the civil procedural rights of citizens, legal persons and other organizations of the PRC, the people’s courts of the PRC shall implement the principle of reciprocity in respect of the civil procedural rights of that foreign country. Foreign individuals, individuals without nationality, foreign-invested enterprises and foreign organizations must engage a PRC lawyer if they need, in proceedings at a people’s court. Under an international treaty or the principle of reciprocity concluded or acceded to by the PRC, the people’s court and foreign courts may require each other to act on their behalf to serve documents, conduct investigations, collect evidence and take other actions on behalf of each other. If the request by a foreign court would result in the violation of the PRC’s sovereignty, security or public interest, the people’s court shall decline such request.

All parties must comply with legally effective civil judgments and rulings. If any party refuse 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 enforcement within two years and may also apply for a postponement of enforcement or revocation. The law on the suspension or interruption of the statute of limitations shall apply to the suspension or interruption of the statute of limitations of the limitation period for application of the enforcement.

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## APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

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When a party applies to a people’s court for enforcing a legally effective judgement or ruling against a party who is not located within the territory of the PRC or whose property is not within the PRC, the party may directly apply to a foreign court with jurisdiction for recognition and enforcement. The people’s court may also request a foreign court for recognition and enforcement in accordance with the provisions of international treaties concluded or acceded to by the PRC or in accordance with the principle of reciprocity. Similarly, if a legally effective judgment or ruling by a foreign court needs to be recognized and enforced by a people’s court, the party may directly apply to the intermediate people’s court with jurisdiction for recognition and enforcement, or the foreign court may request the people’s court for recognition and enforcement in accordance with the provisions of an international treaty concluded or acceded to by that country and the PRC, or on the principle of reciprocity. However, if the judgment or ruling violates the basic principles of Chinese law or national sovereignty, security, or social public interests, it shall not be recognized and enforced.

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

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

The PRC Company Law (《中華人民共和國公司法》) (the “**Company Law**”), most recently amended by the NPCSC on December 29, 2023 and became effective from July 1, 2024.

The Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Trial Measures**”) and certain supporting guidelines, which were promulgated by the CSRC on February 17, 2023 and took effect on March 31, 2023, are applicable to domestic enterprises that directly or indirectly offer and list securities on stock exchange overseas.

According to the Trial Measures, where a domestic company directly offering and listing overseas, it shall formulate its articles of association in line with The Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) (the “**Guidelines for the Articles of Association**”), which were last revised by the CSRC on March 28, 2025 and took effect on the same day, provide guidance for the articles of association.

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

#### General Provisions

A joint stock limited company is a corporate legal person incorporated in the PRC under the Company Law whose registered capital is divided into shares of equal par value. A company is liable for the debts with all its property. The shareholders of a joint stock company are liable to the company to the extent of the shares subscribed by them.

When engaging in business activities, a company shall abide by laws and regulations as well as public and commercial ethics. A company may invest in other enterprises. If the law stipulates that a company shall not become an investor who bears joint and several liability for the debts of the invested enterprise, such provisions shall apply.

#### Incorporation

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

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## APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

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Where a joint stock limited company is established by way of promotion, the promoters shall subscribe for the full number of shares issued at the time of establishment as stipulated in the company’s articles of association. Where a joint stock limited company is established by way of subscription, the shares subscribed by the promoters shall not be less than 35% of the total number of shares issued at the time of establishment as stipulated in the company’s articles of association; provided, however, that where otherwise provided by laws or administrative regulations, such provisions shall apply.

The promoters of a joint stock company established by subscription shall convene an inaugural meeting within thirty days from the date when the shares issued at the time of establishment are fully paid up. The promoters shall notify the subscribers of the date of the meeting or make a public announcement fifteen days prior to the date of the meeting. The inaugural meeting shall be held only if the subscribers holding more than half of the voting rights are present. The convening and voting procedures of the inaugural meeting shall be stipulated in the articles of association of the company or the promoters’ agreement. The board of directors shall authorize its representative to apply to the company registration authority for establishment registration within 30 days after the conclusion of the inaugural meeting. The Company is formally established with the status of a legal person after obtaining the approval for registration and the issuance of a business license by the relevant registration authority.

### **Registered Shares**

According to the Company Law, shareholders may make capital contributions in cash, or with non-monetary properties that can be valued in monetary terms and transferred according to law, such as physical assets, intellectual property rights, land use rights, equity interests or creditor’s rights.

The Trial Measures provides that a domestic enterprise listing overseas may raise funds and distribute dividends in foreign currencies or Renminbi.

According to the Company Law, a joint stock limited company must keep a register of shareholders, setting out the following details: (1) the name and domicile of each shareholder; (2) the class and number of shares subscribed by each shareholder; (3) the serial numbers of the share certificates (if issued in paper form); and (4) the date on which each shareholder acquired the shares.

### **Allotment and Issuance of Shares**

The same class of shares must carry equal rights. Shares of the same class issued on the same occasion shall be issued on the same terms and at the same price per share. The subscriber shall pay the same price for each share. The issue price of par value shares may be at par value or at a premium, but may not be below the par value.

Domestic enterprises offering and listing securities on stock exchange overseas shall file with the CSRC in accordance with the Trial Measures, submit filing reports, legal opinions and other relevant materials, and truthfully, accurately and completely explain shareholder information and other information.

### **Increase of Share Capital**

According to the Company Law, resolutions shall be passed by a shareholders’ general meeting for issuance of new shares, approving the following characters of new shares: the class and number, the issue price, the commencement and end of the issuance and the class and amount to be issued to existing shareholders. If no-par value shares are issued, more than one-half of the proceeds from the share issuance shall be included in the registered capital. In addition, when a company publicly offers shares, it shall register with the securities regulatory authority of the State Council and announce the documents.

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## APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

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### **Reduction of Share Capital**

If a company reduces its registered capital, it shall prepare a balance sheet and an inventory of its assets. The company shall notify creditors within 10 days of the date when the shareholders’ meeting adopts the resolution, and make an announcement in a newspaper or on the national enterprise credit information publicity system within 30 days. The creditors shall have the right to demand the company to settle their debts or provide corresponding guarantees within 30 days from the date of receipt of the notice, or within 45 days from the date of the announcement for those who fail to receive the notice. The company shall apply to the relevant company registration authority for the modification registration for the reduction of registered capital.

Where a company reduces its registered capital, the amount of capital contribution or shares shall be reduced in proportion to the capital contributed or the shares held by the shareholders, unless it is otherwise provided by law, as otherwise agreed by all the shareholders of a limited liability company or the articles of association of the joint stock limited company.

### **Repurchase of Shares**

A company shall not repurchase its own shares except in the following circumstances: (1) reduction of the registered capital of the company; (2) merger with another company that holds its shares; (3) use of its shares for carrying out an employee stock ownership plan or equity incentive plan; (4) request from shareholders who object to a resolution of a shareholders’ general meeting on merger or division of the company to acquire their shares by the company; (5) use of shares for conversion of convertible corporate bonds issued by the listed company; and (6) it is necessary for a listed company to maintain its company value and protect shareholders’ rights and interests.

The company’s acquisition of the shares of the company due to the circumstances stipulated in items (1) and (2) above shall be subject to a resolution of the general meeting. The company’s acquisition of the shares of the company due to the circumstances stipulated in items (3), (5) and (6) above may, pursuant to the articles of association or the authorization of the general meeting, be subject to a resolution of a board meeting at which more than two-thirds of directors shall be present.

Under the circumstance stipulated in item (1), the shares of the company so acquired shall be cancelled within ten days from the date of acquisition; under the circumstances stipulated in either item (2) or item (4) above, the shares of the company so acquired shall be transferred or cancelled within six months; under the circumstances stipulated in item (3), (5) or (6), the total shares of the company held by the company shall not exceed 10% of the company’s total outstanding shares, and shall be transferred or cancelled within 3 years.

Listed companies making a share repurchase shall perform their obligation of information disclosure according to the provisions of the PRC Securities Law. If the share repurchase is made under any of the circumstances stipulated in (3), (5) or (6) hereof, it shall be conducted by way of open centralized trading.

### **Transfer of Shares**

Shares held by shareholders of a joint stock limited company may be transferred in accordance with the relevant laws and regulations. Pursuant to the Company Law, transfer of shares by shareholders shall be carried out at a legally established securities exchange or in other ways stipulated by the State Council. Registered shares shall be transferred by the shareholder by endorsement or in other manners prescribed by laws and administrative regulations. After the transfer, the company shall record the name and address of the transferee in the register of shareholders. The register of shareholders shall not be changed within 20 days before the shareholders’ meeting or within 5 days before the record date on which the company decides to

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## APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

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distribute dividends. If any laws, administrative regulations or the securities regulatory authority under the State Council provide otherwise for the alteration of the register of shareholders of a listed company, such provisions shall prevail.

In accordance with the Company Law, shares issued prior to the public offering shall not be transferred within one year from the date of the company's listing on a stock exchange. If any laws, administrative regulations or the securities regulatory authority under the State Council provide otherwise for the shareholders or actual controllers of listed companies to transfer their shares of the company, such provisions shall prevail. Directors and senior management of the company shall declare to the company the shares of the company held by them and their changes, and the shares transferred each year during the term of office determined at the time of taking office shall not exceed 25% of the total shares of the company held by them. The shares of the company held by them may not be transferred within one year from the date of the company's listing on a stock exchange. The above-mentioned personnel shall not transfer the shares of the Company held by them within six months after their resignation. The Articles of Association may contain other restrictions on the transfer of shares of the company held by the directors and senior management of the company.

If the shares are pledged within the transfer restriction period as prescribed by laws and administrative regulations, the pledgee may not exercise the pledge right during the transfer restriction period.

### Shareholders

Under the Company Law and the Guidelines for the Articles of Association, the rights of shareholders of a company include:

- (1) receive dividends and other types of interest distributed in proportion to the number of shares held;
- (2) convene, call, preside over, attend or appoint shareholder proxies to attend shareholders' meetings in accordance with the law, and exercise corresponding voting rights;
- (3) supervise the operation of the company and make suggestions or enquiries;
- (4) transfer, donate or pledge shares in accordance with laws, administrative regulations and provisions of the articles of association;
- (5) inspect and copy the articles of association, register of shareholders, minutes of shareholders' meetings, resolutions of board meetings, financial and accounting reports, and qualified shareholders may refer to the company's accounting books and accounting vouchers;
- (6) in the event of the termination or liquidation of the company, the right to participate in the distribution of residual properties of the company in proportion to the number of shares held;
- (7) request the company to acquire their shares in the event of resolution of merger or division of the company passed at the general meeting; and
- (8) other rights granted by laws, administrative regulations, other regulatory documents and the company's articles of association.

The obligations of a shareholder include the obligation to abide by laws, administrative regulations and provisions of the articles of association, to pay the subscription moneys in respect of the shares subscribed for and in accordance with the form of making capital contributions, to be liable for the company's debts and liabilities to the extent of the amount of shares subscribed and any other shareholders' obligation specified in the company's articles of association.

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## APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

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### Shareholders' meetings

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

- (1) to elect or remove the directors and to decide on matters relating to the remuneration of directors;
- (2) to examine and approve reports of the board of directors;
- (3) to examine and approve a company's profit distribution plans and loss recovery plans;
- (4) to resolve on the increase or reduction of a company's registered capital;
- (5) to resolve on the issuance of corporate bonds;
- (6) to resolve on the merger, division, dissolution, liquidation or change of corporate form of a company;
- (7) to amend the articles of association; and
- (8) other powers as provided for in the articles of association.

Shareholders' meetings are required to be held once every year. An extraordinary meeting is required to be held within two months after the occurrence of any of the following:

- (1) the number of directors is less than the number stipulated by the Company Law or less than two thirds of the number specified in the articles of association;
- (2) the aggregate unrecovered losses of the company reach one-third of the company's total share capital;
- (3) upon the request by shareholders individually or jointly holding 10% or more of the company's shares;
- (4) whenever the board of directors deems necessary;
- (5) upon the request by the board of audit committee; or
- (6) other circumstances as provided for in the articles of associations.

Shareholders' meetings shall be convened by the board of directors, and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or does not perform his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting. Where the board of directors is incapable of performing or not performing its duties of convening the shareholders' meeting, the audit committee shall convene and preside over such meeting in a timely manner. In case the board of audit committee fails to convene and preside over such meeting, shareholders alone or in aggregate holding more than 10% of the company's shares for 90 days consecutively may unilaterally convene and preside over such meeting.

If the shareholders who separately or aggregately hold more than 10% of the shares of the company request to convene an interim shareholders' meeting, the board of directors or the audit committee should, within 10 days after the receipt of such request, decide whether to hold an interim shareholders' meeting and reply to the shareholders in writing.

Notice of general meeting shall state the time, venue, 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.

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## APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

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Under the Company Law, shareholders present at shareholders' meeting have one vote for each share they hold, except for shareholders of non-ordinary shares. However, shares held by the company do not carry voting rights.

Pursuant to the provisions of the articles of association or a resolution of the shareholders' meeting, the accumulative voting system may be adopted for the election of directors at the shareholders' meeting. Under the accumulative voting system, each share shall be entitled to vote equivalent to the number of directors to be elected at the shareholders' meeting and shareholders may consolidate their voting rights when casting a vote.

Pursuant to the Company Law and the Guidelines for the Articles of Association, resolutions of the shareholders' meeting shall be adopted by more than half of the voting rights held by the shareholders present at the meeting. However, resolutions of the shareholders' meeting regarding the matters of amendments to the articles of association, the increase or decrease of registered capital, the merger, division, dissolution, liquidation or change in the form of the company shall be adopted by more than two-thirds of the voting rights held by the shareholders present at the meeting.

### **Directors**

According to the Company Law, a joint stock limited company shall establish a board of directors comprising three or more members. The term of office of a director shall be stipulated by the articles of association, but each term shall not exceed three years. A director may serve consecutive terms if re-elected.

Under the Company Law, the board of directors mainly exercises the following powers:

- (1) to convene the shareholders' meetings and report its work to the shareholders' meetings;
- (2) to implement the resolutions of the shareholder's general meeting;
- (3) to decide on the company's business plans and investment proposals;
- (4) to formulate a company's profit distribution plan and loss recovery plan;
- (5) to formulate proposals for the increase or reduction of the company's registered capital and the issuance of corporate bonds;
- (6) to formulate plans for the merger, division, dissolution or change of corporate form of a company;
- (7) to decide on the internal management structure of a company;
- (8) to decide on appointments or dismissal of company managers and their remuneration, and decide on appointments or dismissal of deputy managers and person in charge of finance of the company based on the nomination by the managers and their remuneration;
- (9) to formulate the company's basic management system; and
- (10) to exercise any other power under the articles of association or granted by the shareholders' meeting.

The board of directors shall meet at least twice a year. A notice of each meeting shall be given to all directors 10 days in advance. Meetings of the board of directors shall be held only if half or more of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors. Each director shall have one vote for resolutions to be approved by the board of directors. Directors shall attend board meetings in person. If a director is unable to attend a board meeting, he may appoint another director by a written power of attorney specifying the scope of the authorization to attend the meeting on his behalf.

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

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

The Company Law provides that the following persons may not serve as a director: (1) a person without civil capacity or with restricted civil capacity; (2) a person who has been penalized for corruption, bribery, misappropriation of property, embezzlement of property, or disruption of the order of the socialist market economy, or who has been deprived of political rights for a crime, where less than five years have elapsed since the completion of the execution of the penalty, or where a person was granted probation, less than two years have elapsed since the expiration of the probation period; (3) a person who served as a director, factory director, or manager of a company or enterprise subject to bankruptcy liquidation and was personally responsible for the bankruptcy of such company or enterprise, where less than three years have elapsed since the completion of the bankruptcy liquidation of such company or enterprise; (4) a person who served as the legal representative of a company or enterprise whose business license was revoked or which was ordered to close down due to a violation of law, and was personally responsible, where less than three years have elapsed since the revocation of the business license or the closure of such company or enterprise; and (5) an individual who has been listed as a dishonest person subject to execution by a People’s Court for failure to repay a significant amount of overdue debts.

The board of directors shall have one chairman, elected by more than half of the directors. The chairman shall exercise the following functions and powers (including but not limited to): (1) presiding over general meetings, and convening and presiding over board of directors’ meetings; (2) inspecting the implementation of resolutions of the board of directors; and (3) exercising other powers granted by the board of directors.

### **Manager and Senior Management**

According to the Company Law, a company shall have a manager, who shall be appointed or dismissed by the board of directors. The manager shall be accountable to the board of directors and exercise his or her functions and powers in accordance with the articles of association or the authorization of the board of directors. The manager attends board of directors’ meetings without voting rights.

According to the Company Law, senior management refers to the manager, deputy managers, chief financial officer, secretary to the board of directors, and other personnel stipulated by the articles of association.

### **Duties of Directors and Senior Management**

According to the Company Law, directors and senior management of a company shall abide by relevant laws, regulations and the articles of association, and owe fiduciary duties to the company. Directors and senior management shall not abuse their powers to accept bribes or other illegal income, and shall not misappropriate company property.

Directors and senior management are prohibited from:

- (1) misappropriating company’s property or embezzling company’s funds;
- (2) depositing company funds into accounts opened in their own names or in the names of other individuals;
- (3) abusing their powers to bribe or accept any other illegal income;

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**APPENDIX IV                      SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS**

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- (4) accepting commissions from transactions between third parties and the company and appropriating such commissions for themselves;
- (5) disclosing the company's confidential commercial information without authorization; and
- (6) other acts in violation of their fiduciary duties to the company.

Any director or senior management directly or indirectly entering into a contract or conducting a transaction with the company shall report to the board of directors or the general meeting, and such contract or transaction shall be adopted by a resolution of the board of directors or the general meeting in accordance with the provisions of the articles of association.

The provisions of the preceding paragraph shall apply to any close relative of a director or senior management, any enterprise directly or indirectly controlled by a director or senior management or any of their close relatives, and any affiliated party having any other affiliation with a director or senior management.

Neither director nor senior management may take advantage of his/her position to seek any business opportunity that belongs to the company for himself/herself or any other person except under any of the following circumstances:

- (1) where he/she has reported to the board of directors or the shareholders' meeting and has been approved by a resolution of the board of directors or the shareholders' meeting according to the articles of association; or
- (2) where the company cannot make use of the business opportunity as stipulated by laws, administrative regulations or the articles of association.

Where any director or senior management fails to report to the board of directors or the shareholders' meeting and obtain an approval by resolution of the board of directors or the shareholders' meeting according to the articles of association, he/she may not engage in any business that is similar to that of the company. The income obtained by directors and senior management in violation of the above provisions shall belong to the company.

A director or senior management who contravenes any law, regulation or the company's articles of association in the performance of his duties resulting in any loss to the company shall be personally bear liability for compensation to the company.

**Finance and Accounting**

According to the Company Law, a company shall formulate its financial and accounting systems in accordance with laws, administrative regulations, and the provisions of the finance department of the State Council. A company shall prepare a financial and accounting report at the end of each accounting year, which must be audited by an accounting firm. The financial and accounting report shall be prepared in accordance with laws, administrative regulations, and the provisions of the finance department of the State Council.

The financial and accounting report of a joint stock limited company shall be available for shareholders' inspection 20 days prior to the convening of the annual general meeting. A public company shall publish its financial and accounting report.

When distributing its after-tax profits for the current year, a company shall allocate 10% of its profits to the statutory reserve fund of the company. Where the accumulated statutory reserve fund reaches 50% or more of the registered capital, no further allocation is required. If the statutory reserve fund is insufficient to make up for the losses of previous years, the profits of the current year shall be used to make up for the losses before allocating to the statutory reserve fund in accordance with the preceding provision. After allocating to the statutory reserve fund from its after-tax profits, the company may, subject to a resolution of the general meeting, also allocate to the discretionary reserve fund from its after-tax profits.

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

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A joint stock limited company shall distribute profits in proportion to the shares held by the shareholders, unless otherwise stipulated in its articles of association.

The premium obtained from issuing shares at a price exceeding par value, the amount of share proceeds from issuing no-par value shares that is not included in the registered capital, and other income required by the finance department of the State Council to be included in the capital reserve fund shall be recorded as the company's capital reserve fund. The reserve fund of a company shall be used to make up for the company's losses, expand the company's production and business operations, or increase the company's registered capital. When the reserve fund is used to make up for the company's losses, the discretionary reserve fund and the statutory reserve fund shall be used first; if the losses cannot be fully made up, the capital reserve fund may be used in accordance with relevant provisions. When the statutory reserve fund is converted to increase the registered capital, the retained portion of such reserve fund shall not be less than 25% of the registered capital prior to the increase.

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

### **Appointment and Retirement of Accounting Firms**

According to the Company Law, the appointment or dismissal of an accounting firm undertaking the auditing business of the company must be decided by the general meeting or the board of directors in accordance with the articles of association. When the general meeting or the board of directors votes on the dismissal of an accounting firm, the accounting firm shall be allowed to present its opinions.

The company shall provide the engaged accounting firm with authentic and complete accounting vouchers, accounting books, financial and accounting reports, and other accounting materials, and shall not refuse to provide, conceal, or make false reports.

The Guidelines for Articles of Association stipulates that the company guarantees to provide the engaged accounting firm with authentic and complete accounting vouchers, accounting books, financial and accounting reports, and other accounting materials without any refusal, withholding and misrepresentation. The audit fees of the accounting firm shall be decided by the general meeting.

### **Profit Distribution**

Where a company distributes profits to the shareholders in violation of this Law, the shareholders shall return the profits so distributed to the company; and if any loss is thus caused to the company, the shareholders and liable directors and senior management personnel shall bear liability for compensation.

### **Dissolution and liquidation**

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

- (1) the business term prescribed by the company's articles of association expires or other events for dissolution prescribed by the company's articles of association occur;
- (2) a resolution for dissolution is adopted by the shareholders' general meeting;
- (3) a resolution for dissolution is adopted by the general meeting;
- (4) the business license is revoked, or the company is ordered to close down or is cancelled according to law;

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**APPENDIX IV                      SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS**

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- (5) where the company encounters serious difficulties in its operations and management, and its continued existence will cause significant losses to the interests of shareholders, and the matter cannot be resolved through other channels, the shareholders holding 10% or more of the voting rights of all shareholders of the company may petition the court to dissolve the company.

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

Where a company is dissolved pursuant to sub-paragraph (1) above, it may continue to exist by amending its articles of association or upon a resolution of the general meeting, and the amendment to the articles of association must be passed by more than two-thirds of the voting rights held by the shareholders attending the general meeting. Where a company is dissolved pursuant to the provisions of sub-paragraphs (1), (2), (4), or (5) above, it shall be liquidated. Directors are liquidation obligors of the company and shall form a liquidation committee to carry out the liquidation within 15 days from the date of occurrence of the dissolution event. The liquidation committee shall be composed of directors, unless otherwise stipulated by the articles of association of the company or otherwise elected by a resolution of the general meeting. If the persons obligated to liquidate fail to perform their liquidation obligations in a timely manner, causing losses to the company or creditors, they shall bear liability for compensation.

If a liquidation committee is not established to carry out liquidation within the time limit, or if liquidation is not carried out after the establishment of the liquidation committee, interested parties may apply to the People's Court to designate relevant personnel to form a liquidation committee to carry out the liquidation. The People's Court shall accept such application and organize a liquidation committee to carry out the liquidation in a timely manner.

The liquidation committee shall exercise the following functions and powers during the liquidation period:

- (1) to liquidate the company's property and prepare balance sheet and list of property respectively;
- (2) to inform creditors by notice or public announcement;
- (3) to deal with the outstanding businesses of the company relating to liquidation;
- (4) to settle the owed taxes and taxes incurred in the course of liquidation;
- (5) to settle creditor's rights and debts;
- (6) to deal with the remaining property of the company after paying off debts; and
- (7) to participate in civil litigations on behalf of the company.

The liquidation committee shall notify the company's creditors within 10 days from the date of its establishment, and make a public announcement in a newspaper or on the National Enterprise Credit Information Publicity System within 60 days. Creditors shall declare their claims to the liquidation committee within 30 days upon receipt of the notice, or, for those who have not received the notice, within 45 days from the date of the announcement.

The remaining properties of the company after the payment of liquidation expenses, employees' wages, social insurance premiums, and statutory compensation, and the payment of outstanding taxes and the settlement of the company's debts, shall be distributed in proportion to the shares held by its shareholders. During the liquidation period, the company continues to exist, but shall not engage in any business activities unrelated to the liquidation. The company's properties shall not be distributed to the shareholders before the settlements in accordance with the provisions of the preceding sentence.

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

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If, after liquidating the company's properties and preparing a balance sheet and a property inventory, the liquidation committee discovers that the company's properties are insufficient to settle its debts, it shall apply to the People's Court for bankruptcy liquidation according to law. After the People's Court accepts the bankruptcy application, the liquidation committee shall hand over the liquidation affairs to the bankruptcy administrator designated by the People's Court.

Upon the completion of the liquidation, the liquidation committee shall prepare a liquidation report, submit it to the general meeting or the People's Court for confirmation, and file it with the company registration authority to apply for cancellation of the company's registration.

The members of the liquidation committee owe fiduciary duties to the company in performing their liquidation duties. If the members of the liquidation committee are negligent in performing their liquidation duties, they shall bear liability for the losses occurred to the company; if they cause losses to creditors intentionally or with gross negligence, they shall bear liability for compensation.

Where a company whose business license has been revoke or has been ordered to close down or cancelled, fails to apply to the company registration authority for cancellation of the company's registration for a full three years, the company registration authority may make an announcement through the National Enterprise Credit Information Publicity System, with an announcement period of not less than 60 days. Upon expiration of the announcement period, if there are no objections, the company registration authority may cancel the company's registration.

### **Overseas Listing**

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

### **Loss of Share Certificates**

Pursuant to the Company Law, in the event that registered share certificates are stolen, lost, or destroyed, the shareholder may, in accordance with the public summons procedures prescribed by the Civil Procedure Law, petition a People's Court to declare such share certificates void. After the People's Court declares such share certificates void, the shareholder may apply to the company for the reissuance of share certificates.

### **Termination of Listing**

According to the Trial Measures, where an issuer voluntarily terminates its listing or is subject to a mandatory termination of listing, it shall report the specific circumstances to the CSRC within 3 working days from the date on which the relevant event occurs and is announced.

## **THE PRC SECURITIES LAWS AND REGULATIONS**

In October 1992, the State Council established the Securities Commission and the CSRC. The Securities Commission was responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of the securities market, directing, coordinating, and supervising all securities-related institutions in China, and administering the CSRC. The CSRC served as the regulatory arm of the Securities Commission and was responsible for drafting regulatory provisions for the securities market, supervising securities companies, regulating the public offering of securities by Chinese companies domestically and overseas, regulating securities trading, compiling securities-related statistical data, and conducting relevant research and analysis. On March 29, 1998, the State Council consolidated the aforementioned two departments and reformed the CSRC.

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## APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

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On April 22, 1993, the State Council promulgated the Interim Provisional Regulations on the Administration of Share Issuance and Trading (《股票發行與交易管理暫行條例》), stipulates the application and approval procedures for public offerings of shares, trading in securities, the acquisition of listed companies, deposit, clearing and transfer of listed securities, the disclosure of information with respect to a listed company, investigation, penalties and dispute resolutions.

On December 25, 1995, the State Council promulgated the Regulations of the State Council Concerning 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》). These regulations principally govern the issue, subscription, trading and declaration of dividends and other distributions of domestic listed foreign shares and disclosure of information of joint stock limited companies having domestic-listed foreign shares.

The PRC Securities Law, most recently amended by the NPCSC on December 28, 2019 and effective from March 1, 2020, includes a series of provisions regulating, among other things, the issuance and trading of securities within the territory of China, the acquisition of listed companies, stock exchanges, securities companies, and the duties and responsibilities of the securities regulatory authority of the State Council, and comprehensively regulates securities market activities within the territory of China. The PRC Securities Law provides that the direct or indirect overseas issuance of securities or the listing and trading of securities overseas by domestic enterprises shall comply with the relevant provisions of the State Council. Currently, the issuance and trading of shares offered overseas are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

### ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARD

According to the Arbitration Law of the People’s Republic of China (《中華人民共和國仲裁法》) (the “**Arbitration Law**”), most recently amended by the NPCSC on September 12, 2025 and became effective from March 1, 2026, the Arbitration Law applies to foreign-related economic disputes where all parties have entered into a written agreement to submit matters to arbitration by an arbitration institution constituted in accordance with the Arbitration Law. Where the parties use arbitration to resolve a dispute and one party institutes an action in a People’s Court, the People’s Court shall not accept the case.

According to the Arbitration Law, an arbitral award is final and binding on all parties to the arbitration. If one party fails to perform the award, the other party may apply to a People’s Court for enforcement in accordance with the Civil Procedure Law. If there is evidence proving the existence of any of the following circumstances: (1) there is no arbitration agreement; (2) the matters decided in the arbitral award fall outside the scope of the arbitration agreement or the arbitration institution has no power to arbitrate; (3) the composition of the arbitral tribunal or the arbitration procedures violate statutory procedures; (4) the evidence on which the award is based is forged; (5) the opposing party has concealed evidence sufficient to affect a fair award; or (6) the arbitrators committed acts of demanding or accepting bribes, engaging in malpractices for personal gain, or perverting the law in rendering the award in the arbitration of the case, the People’s Court may rule not to execute the award. Where a legally effective arbitral award rendered outside the territory of China requires the recognition and enforcement by a People’s Court, the party may apply directly to the intermediate People’s Court at the place of domicile of the person subject to enforcement or at the place where his or her property is located. If the place of domicile or the property of the person subject to enforcement is not within the territory of China, the party concerned may apply to the intermediate People’s Court at the place of domicile of the applicant or at a place having an appropriate connection with the dispute over the award. The People’s Court shall handle the matter in accordance with international treaties concluded or acceded to by the PRC or according to the principle of reciprocity.

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**APPENDIX IV                      SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS**

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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 from February 1, 2000, and the Supplemental Arrangement of the Supreme People’s Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排》), promulgated by the Supreme People’s Court on November 26, 2020 and effective from November 27, 2020, awards rendered by arbitration institutions within the territory of China may be applied for enforcement in Hong Kong, and Hong Kong arbitral awards may also be applied for enforcement within the territory of the PRC.