
APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

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**”), which was adopted on December 4, 1982 and was amended on April 12, 1988, March 29, 1993, March 15, 1999, March 14, 2004 and March 11, 2018. The PRC legal system is made up of written laws, administrative regulations, local regulations, autonomous regulations, separate regulations, rules and regulations of State Council departments, rules and regulations of local governments and international treaties of which the PRC Government is a signatory. Court judgments do not constitute legally binding precedents, although they are used for the purposes of judicial reference and guidance.

The National People’s Congress (the “**NPC**”) is empowered to exercise the power to formulate and amend basic laws governing state authorities, civil, criminal and other matters in accordance with the *Constitution and the PRC Legislation Law* (《中華人民共和國立法法》) (the “**Legislation Law**”), which was promulgated on March 15, 2000, most recently amended on March 13, 2023 and effective on March 15, 2023. The SCNPC formulates and amends laws other than those required to be enacted by the NPC and to supplement and amend part of the laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws. The SCNPC is empowered to interpret, enact and amend other laws not required to be enacted by the NPC.

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

The people’s congresses of the provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of their respective administrative areas, subject to the Constitution, laws and administrative regulations. The people’s congresses of larger cities and their respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of such cities and take the same effect after submitting to the standing committee of the people’s congresses of provinces or autonomous regions for approval. The standing committee of the people’s congresses of 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 the province or autonomous region concerned. Where conflicts with the rules and regulations of the People’s Government of the province or autonomous region concerned are identified in the examination of local regulations of larger cities by the Standing Committee of the people’s congresses of provinces or autonomous regions, a decision should be made to deal with the matter. “Larger cities” refer to cities where the people’s governments of provinces or autonomous regions are located, cities where special economic zones are located and larger cities as approved by the State Council.

The ministries, committees, the PBOC, the National Audit Office of the State Council and institutions with administrative functions directly under the State Council may formulate department rules within the jurisdiction of their respective departments based on the laws and the administrative regulations, decisions and rulings of the State Council. Matters governed by the department rules and regulations should be those for the enforcement of the laws and administrative regulations, decisions and rulings of the State Council. The people’s governments of provinces, autonomous regions, municipalities and larger cities may formulate rules based on the laws, administrative regulations and local regulations of such provinces and autonomous regions and municipalities.

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The Constitution has supreme legal authority and no laws, administrative regulations, local laws and regulations, autonomous regulations or separate regulations and rules may contravene the Constitution. The authority of laws is greater than administrative regulations, local regulations and rules. The authority of administrative regulations is greater than local regulations and rules. The authority of local regulations is greater than the rules of local government at the same level or at a lower level. The authority of the rules enacted by the people’s governments of provinces or autonomous regions is greater than those enacted by the people’s government of cities divided into districts or autonomous prefectures within the administrative areas of provinces or autonomous 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 has been approved by the SCNPC but which contravene the Constitution and the Legislation Law. The SCNPC has the power to annul administrative regulations that contravene the Constitution and laws, and to annul local regulations that contravene the Constitution, laws and administrative regulations, as well as to annul the autonomous regulations and separate regulations approved by the standing committee of the people’s congresses of provinces, autonomous regions or municipalities directly under the central government, but which contravene the Constitution and the Legislation Law. The State Council has the power to alter or annul any inappropriate department rules and rules of local government. The people’s congresses of provinces, autonomous regions and municipalities directly under the central government have the power to alter or annul 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 inappropriate rules enacted by the people’s governments at a lower level.

According to the Constitution, the power to interpret laws is vested in the SCNPC. Pursuant to the *Decision of the SCNPC Regarding the Strengthening of Interpretation of the Law* (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on June 10, 1981, the Supreme People’s Court has the power to give general interpretation on questions involving the specific application of laws and decrees in court trials. The State Council and its ministries and commissions are also vested with the power to give the interpretation of the administrative regulations and department rules which they have promulgated. Where the scope of local regulations needs to be further defined or additional stipulations need to be made, the standing committees of the people’s congresses of provinces, autonomous regions and municipalities directly under the Central Government which have enacted these regulations shall provide the interpretations or make the stipulations. Interpretation of questions involving the specific application of local regulations shall be provided by the competent departments of the people’s governments of provinces, autonomous regions and municipalities.

THE PRC JUDICIAL SYSTEM

According to the *Constitution and the Organic Law of the People’s Courts of the PRC* (《中華人民共和國人民法院組織法》), which was adopted on July 5, 1979 and was most recently amended on October 26, 2018 and became effective on January 1, 2019, the judicial system of China is composed of the Supreme People’s Court, the local People’s Court, the military court and other special People’s Courts. Local People’s Courts are composed of grassroots People’s Courts, intermediate People’s Courts and higher People’s Courts. Grassroots People’s Courts may mainly set up civil, criminal, administrative, supervisory and legal enforcement departments. The structure of the intermediate People’s Court is similar to that of the grassroots People’s Court, and other courts may be set up as required. A higher-level People’s Court shall supervise the trial work of the People’s Court at its lower levels. The Supreme

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People’s Court is the highest judicial organ in China, which has the right to supervise the trial work of People’s Courts at all levels and all special People’s Courts. The People’s Procuratorate also has the right to exercise legal supervision over the trial activities of the People’s Court.

For the judgment of cases, the People’s Court implements the system whereby the second instance is the final instance. The parties may, in accordance with the procedures prescribed by law, appeal to the People’s Court at the next higher level the decision and ruling of the first instance of the local People’s Court. The People’s Procuratorate may protest to the People’s Court at the next higher level in accordance with the procedures prescribed by law. If the parties do not appeal or the People’s Procuratorate does not protest within the period of appeal, the judgment and ruling of the first instance of the local People’s Court at all levels is the final judgment and ruling with legal effect. The judgment and ruling of the intermediate People’s Court, the higher People’s Court and the Supreme People’s Court of second instance and the Supreme People’s Court of first instance are all final. Save for the judgment made by the Supreme People’s Court, the death penalty shall be reported to the Supreme People’s Court for approval.

The *Civil Procedure Law of the PRC* (《中華人民共和國民事訴訟法》) (the “**Civil Procedure Law**”), which was promulgated by the SCNPC on April 9, 1991, most recently amended on September 1, 2023 and became effective on January 1, 2024, prescribes the provisions for instituting a civil procedure, the jurisdiction of the People’s Courts, the procedures to be followed for conducting a civil action, and the procedures for enforcement of a civil judgment or ruling. All parties to a civil action conducted within the PRC shall comply with the Civil Procedure Law. In general, a civil case is heard by the court located in the defendant’s place of domicile. The competent court may also be selected by express agreement amongst the parties to a contract provided that the court selected is located at the plaintiff’s or the defendant’s place of domicile, the place of executing or performing the contract or the object of the action. However, the provisions of this Law regarding the level of jurisdiction and exclusive jurisdiction shall not be violated.

A foreign national or foreign enterprise shall have equal procedural rights and obligations as citizens or enterprises of the PRC. Should a juridical system of a foreign country limit the litigation rights of PRC citizens and enterprises, subject to the principle of reciprocity, the PRC courts may apply the same limitations to the citizens and enterprises (in China) of that foreign country. If any party in a civil action refuses to comply with a judgment or ruling made by a People’s Court or an award made by an arbitration tribunal in the PRC, the other party may apply to the People’s Court for the enforcement of the same within a stipulated period. Should anyone be unable to execute the judgment of the People’s Court within a stipulated period, upon any party’s application, the People’s Court shall enforce such a judgment in accordance with the law.

When a party seeks to enforce a judgment or ruling of a People’s Court against a party who is not in China and does not own any property in China, he/she may apply to a foreign court with formal jurisdiction for recognition and enforcement of the judgment or ruling. If the People’s Court recognizes the validity of a legally effective judgment or ruling made by a foreign court applying for or requesting recognition and enforcement in accordance with an international treaty concluded or acceded to by China, or after reviewing in accordance with the principle of reciprocity, and considers that it does not violate the basic principles of the law in the PRC or national sovereignty, security or social and public interests, an enforcement order will be issued if enforcement is necessary, and relevant provisions shall be implemented. The People’s Court shall not recognize and enforce those who violate the basic principles of the law in the PRC or the sovereignty, security or public interests of the state.

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THE PRC COMPANY LAW, TRIAL MEASURES FOR OVERSEAS LISTING, AND THE PRC GUIDELINES ON ARTICLES OF ASSOCIATION

A joint stock company incorporated in the PRC and listed on the Hong Kong Stock Exchange shall mainly comply with the following laws and regulations of the PRC: The *Company Law of the PRC* (《中華人民共和國公司法》) (the “**PRC Company Law**”) was promulgated by the 5th meeting of the Standing Committee of the 8th National People’s Congress Session on December 29, 1993 and implemented on July 1, 1994. It was most recently amended on December 29, 2023 and effective on 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 its five interpretative guidelines were promulgated by the CSRC on February 17, 2023 effective on March 31, 2023 and were applicable to the direct and indirect overseas share subscription and listing of domestic companies.

According to the *Guidelines on the Application of Regulatory Rules — No. 1 for Overseas Offering and Listing* (《監管規則適用指引—境外發行上市類第1號》) which was promulgated by the CSRC and implemented on February 17, 2023, the domestic companies that directly offer and list securities in overseas markets, shall formulate their 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**”) promulgated by the CSRC on March 16, 2006 and most recently amended with immediate effect on March 28, 2025.

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

General Provisions

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

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

Incorporation

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

The promoters shall convene an inaugural meeting of the company within 30 days after the share capital has been paid-up and shall notify all subscribers of the date of the meeting or make an announcement in this regard 15 days before the meeting. The inaugural meeting may be held only if subscribers holding more than 50% of the total voting rights are present. Powers to be exercised at the inaugural meeting include but not limited to the adoption of articles of association and the election of directors and supervisors of a company. The aforesaid matters shall be resolved by more than 50% of the votes to be cast by subscribers presented at the meeting.

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

Registered Capital

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

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

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

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

Allotment and Issue of Shares

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

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

Increase in Share Capital

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

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Reduction of Share Capital

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

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

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

Repurchase of Shares

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

- (i) reducing the registered capital;
- (ii) merging with other company that holds the shares of the company;
- (iii) using the shares for employee stock plans or equity incentives;
- (iv) with respect to shareholders voting against any resolution adopted at the shareholders’ meeting on the merger or division of the company, the right to demand 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 the maintenance of the corporate value and shareholders’ rights and interests of a listed company.

The purchase of shares of a company for reasons specified in the case of (i) to (ii) above shall be subject to the resolution of the shareholders’ meeting; the purchase of shares of a company for reasons specified in the case of (iii), (v) and (vi) above shall be subject to the resolution of the board meeting attended by more than two-thirds of the directors in accordance with the provisions of the articles of association or the authorization from the shareholders’ meeting.

Following the purchase 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 repurchase 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)

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above; the total numbers of share of the company held by a company shall not exceed 10% of the total issued shares of a company, and shall be transferred or canceled within three 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 PRC Company Law, a shareholder should affect a transfer of his shares on securities established exchange according to the law or by any other means as required by the State Council. Registered shares may be transferred by endorsement of shareholders or by other means stipulated by laws or administrative regulations. After the transfer, a company shall record the name and address of the transferee in the register of shareholders. No changes to the share register shall be made during a period of 20 days prior to the convening of the shareholders’ meeting or 5 days prior to the record date for a company’s distribution of dividends. If any law, administrative regulation, or any provision by the securities regulatory authority of the State Council specifies otherwise for the modification of the register of shareholders of a listed company, such provisions should prevail.

Under the PRC Company Law, shares issued by a company prior to the public offering of shares shall not be transferred within one year from the date on which the shares of accompany are listed and traded on a securities exchange. Where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the transfer of shares held by the shareholders or actual controllers of a listed company, such provisions shall prevail. The directors, supervisors and senior management of the company should declare to the company the shares they hold and the changes thereof. During the term of office as determined when they assume the posts, the shares transferred each year should not exceed 25% of the total shares they hold of the company. Shares of a company held by its directors, supervisors and senior management shall not be transferred within one year from the date of a company’s listing on a securities exchange, nor within six months after their resignation from their positions with a company.

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

Shareholders

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

- (i) to receive dividends and other forms of distributions in proportion to their shareholdings;
- (ii) to attend or appoint a proxy to attend shareholders’ meetings and to exercise voting rights;
- (iii) to supervise and manage a company’s business operations, and to present proposals or to raise inquiries;

to transfer shares in accordance with laws, administrative regulations and the provisions of the articles of association;
- (iv) to inspect and copy the company’s articles of association, share register, minutes of shareholders’ meetings, resolutions of meetings of the board of directors, and financial and accounting reports; eligible shareholders may inspect the company’s accounting books and accounting vouchers;

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- (v) in the event of the winding-up or liquidation of a company, to participate in the distribution of remaining property of a company in proportion to the number of shares held;
- (vi) to bring an action in the people’s court to rescind resolutions passed by general meetings and board of directors where the articles of association is violated by the above resolutions;
- (vii) to require the company to purchase their shares if they are against a combination or division resolution of the shareholders’ meeting;
- (viii) other rights conferred by laws, administrative regulations and the articles of association.

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

- (i) to comply with the articles of association;
- (ii) to pay subscription money according to the number of shares subscribed and the method of subscription;
- (iii) not to abuse their shareholders’ rights to damage the interests of a company or other shareholders; not to abuse the independent legal person status of a company and the limited liability of shareholders to damage the interests of the creditors of a company;
- (iv) other obligations conferred by laws, administrative regulations and the articles of association.

Shareholders’ Meetings

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

- (i) to elect and replace directors and supervisors and to decide on matters relating to the remuneration of directors and supervisors;
- (ii) to examine and approve reports of the board of directors;
- (iii) to examine and approve reports of the supervisory committee;
- (iv) to examine and approve a company’s profit distribution plans and loss recovery plans;
- (v) to resolve on the increase or reduction of a company’s registered capital;
- (vi) to resolve on the issuance of corporate bonds;
- (vii) to resolve on the merger, division, dissolution, liquidation or change of corporate form of a company;
- (viii) to amend the company’s articles of association;
- (ix) other functions and powers specified in provision of the articles of association.

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

- (i) the number of directors is less than the number stipulated in the PRC 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.

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

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

If the shareholders who separately or aggregately hold more than 10% of the shares of the company request to convene an interim shareholders’ meeting, the board of directors and the board of supervisors 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 shareholders’ 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 shareholders’ meeting shall be given to all shareholders 15 days prior to the meeting.

Shareholders who individually or jointly hold more than 1% of the company’s shares may put forward interim proposals and submit them to the convener in writing 10 days before the shareholders’ meeting. The convener shall issue a supplementary notice of the shareholders’ meeting within two days after receiving the proposal and announce the contents of the interim proposal.

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

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

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

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

Directors

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

Meetings of the board of directors shall be convened at least twice a year. All directors and supervisors shall be noticed 10 days before the meeting for every meeting. The board exercises the following functions and powers:

- (i) to convene shareholders’ meetings and report its work to the shareholders’ meetings;
- (ii) to implement the resolutions of the shareholders’ 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 cake, division, dissolution or change of corporate form of a company;
- (vii) to decide on the internal management structure of a company;
- (viii) to decide on the appointment or dismissal of the manager of a company and their remuneration;
- (ix) to decide on the appointment or dismissal of the general manager of the company and the remuneration thereof, and, according to the nomination of the general manager, to decide on hiring or dismissing deputy general managers and financial officer of the company as well as their remuneration;
- (x) other functions and powers specified in the articles of association or granted by the shareholders’ meeting.

Board meetings shall be held only if more than half of the directors are present. If a director is unable to attend a board meeting, he may appoint another director by a power of attorney specifying the scope of the authorization for another director to attend the meeting on his behalf. If a resolution of the board of directors violates the laws, administrative regulations or the articles of association, and as a

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result of which the company suffers serious losses, the directors participating in the resolution shall be liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be exempt from such liability.

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

- (i) a person without capacity or with restricted capacity;
- (ii) a person who has been sentenced to any criminal penalty due to an offense 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 the “dishonest persons subject to enforcement” by the people’s court due to his/her failure to pay off a relatively large amount of due debts.

The board of directors shall have one chairman, who shall be elected by more than half of all the directors. The chairman shall exercise the following functions and powers (including but not limited to):

- (i) to preside over shareholders’ meetings and convene and preside over board meetings;
- (ii) to examine the implementation of resolutions of the board;
- (iii) to exercise other powers conferred by the board.

Supervisors

Under the PRC Company Law, a joint stock limited company shall have a supervisory committee composed of not less than three members. The supervisory committee shall comprise shareholder representatives and an appropriate proportion of the company’s staff representatives, of which the proportion of staff representatives shall not be less than one-third and the specific proportion shall be stipulated in the articles of association. Employee representatives of the supervisory committee shall be democratically elected by the company’s employees at the employee representative assembly, employee general meeting or otherwise.

Directors or senior management may not act concurrently as supervisors. The supervisory committee exercises the following powers:

- (i) to examine the company’s financial affairs;

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- (ii) to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, administrative regulations, the articles of association or resolutions of shareholders’ meetings;
- (iii) to demand rectification by a director or senior management when the acts of such persons are harmful to the company’s interest;
- (iv) to propose the convening of extraordinary shareholders’ meetings, and to convene and preside over shareholders’ meetings when the board fails to perform the duty of convening and presiding over shareholders’ meetings under the PRC Company Law;
- (v) to submit proposals to the shareholders’ meeting;
- (vi) to initiate legal proceedings against directors and senior management in accordance with the PRC Company Law;
- (vii) other functions and powers specified in the articles of association.

According to the PRC Company Law, a joint stock limited company may, in accordance with its articles of association, establish an audit committee to exercise the powers of the Board of Supervisors.

Managers and Senior Management

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

According to the PRC Company Law, senior management shall refer to the manager, deputy manager(s), financial controller, secretary of the board of directors and other personnel as stipulated in the articles of association of the company.

Duties of Directors, Supervisors and Senior Management

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

Directors, supervisors and senior management are prohibited from:

- (i) embezzling the company’s property or misappropriating the company’s capital;
- (ii) depositing the company’s capital into accounts under his own name or the name of other individuals;
- (iii) giving bribes or accepting any other illegal proceeds by taking advantage of their power;
- (iv) accept and possess commissions paid by a third party for transactions conducted with the company;
- (v) unauthorized divulgence of confidential business information of the company; or

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(vi) other acts in violation of their fiduciary duty to the company.

If any director, supervisor or senior management 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 of directors or shareholders’ meeting, subject to the approval of the board of directors or shareholders 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, or any of the enterprises directly or indirectly controlled by the directors, supervisors or senior management or any of their near relatives, or any related parties with any other related-party relationship with the directors, supervisors or senior management, concludes a contract or conducts a transaction with the company.

Neither director, supervisor or 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:

- (i) 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
- (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 fails to report to the board of directors or the shareholders’ meeting and obtain 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 where he/she holds office for himself/herself or for any other person.

A director, supervisor 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 liable for the damages to the company.

Finance and Accounting

Under the PRC Company Law, a company shall establish its financial and accounting systems according to 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 financial and accounting reports which shall be audited by an accounting firm in accordance with the law. The financial and accounting reports 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 shareholders’ meeting. A joint stock limited company issuing its shares in public shall 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 funds if it 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’s profits shall be used to make up for the losses before making allocations to the statutory reserve in accordance with the

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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 shareholders’ 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 for 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 first used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions. When the statutory reserve fund is converted to increase registered capital, the balance of the statutory reserve shall not be less than 25% of the registered capital before such conversion.

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

Appointment and Dismissal of Accounting Firms

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

The Guidelines for Articles of Association provide that the company guarantees to provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials to the employed accounting firm, and shall not refuse, conceal or falsely report. And the audit fee of the accounting firm shall be decided by the shareholders’ meeting.

Distribution of Profits

Under the PRC Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve is drawn. Where a company distributes profits to shareholders in violation of the provisions of the PRC Company Law, the shareholders shall refund the profits distributed to the company, and the shareholders, directors, supervisors, and senior management personnel who are responsible for causing losses to the company shall bear compensation liability.

Dissolution and Liquidation

According to the PRC 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;

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- (ii) the shareholders’ meeting resolves to dissolve the company;
- (iii) dissolution is necessary due to a merger or division of the company;
- (iv) the business license is revoked, or the business license is ordered to be closed or revoked in accordance with laws;
- (v) where the company encounters serious difficulties in its operation and management and its continuance shall cause a significant loss in the interest of shareholders, and where this cannot be resolved through other means, shareholders who hold more than 10% of the total shareholders’ voting rights of the company may present a petition to a people’s court for the dissolution of the company with the support of the judgment.

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

Where the company is dissolved in accordance with sub-paragraph (i) or (ii) above, and it has not distributed the assets to its shareholders yet, it may carry on its existence by amending its articles of association or upon a resolution of the shareholders’ meeting, which must be approved by more than two-thirds of the voting rights held by the shareholders present at the shareholders’ 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 company’s articles of association or it is otherwise elected by the shareholders’ 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 committee shall exercise the following functions and powers during the liquidation period:

- (i) to liquidate the company’s property and respectively prepare a balance sheet and list of property;
- (ii) to notify creditors by notice or public announcement;
- (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) distributing the remaining property of the company after paying off debts;
- (vii) to participate in civil litigations on behalf of the company.

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The liquidation group shall notify the company’s creditors within ten days as of its formation and shall make a public announcement in the newspaper or on the National Enterprise Credit Information Publicity System within 60 days. The creditors shall file their proofs of claim with the liquidation group within 30 days as of the receipt of the notice or within 45 days as of the issuance of the public announcement in the case of failing to receive such notice.

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 committee, having thoroughly examined the company’s assets and having prepared a balance sheet and an inventory of assets, discovers that the company’s assets are insufficient to pay its debts in full, it shall file an application to a 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 committee shall prepare a liquidation report to be submitted to the shareholders’ meeting or the people’s court for confirmation, and submit to the company registration authority to apply for cancelation of the company’s registration.

The members of the liquidation group performing their duties of liquidation are obliged to loyalty and diligence. Any member of the liquidation group who neglects to fulfill his/her liquidation duties, thus causing 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 a company is revoked, or the company is ordered to close down or is revoked, 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 Trial Measures, where a PRC 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 such issuance. If an issuer issues and lists in other overseas markets after overseas issuance and listing, it shall be filed in accordance with the provisions of the first paragraph of this article.

SECURITIES LAWS AND REGULATIONS

The PRC has promulgated a series of laws and regulations to share issuance and trading as well as information disclosure. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee shall be responsible for coordinating the drafting of relevant laws and

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regulations on securities, formulating policies on securities matters, planning the development of the securities market, guiding, coordinating and supervising all institutions involved in securities matters in the PRC and managing the CSRC.

The CSRC is the regulatory body of the Securities Committee and is responsible for drafting regulations on the supervision of the securities markets, supervising securities companies, supervising the public issuance of securities by Chinese companies in China or abroad, managing securities trading, compiling statistics on securities, and conducting research and analysis. In 1998, the Securities Committee was abolished by the State Council and its functions were undertaken by the CSRC. The CSRC is also responsible for the regulation and supervision of the national stock and futures markets in accordance with relevant laws, regulations and authorities.

The Provisional Regulations Concerning the Issue and Trading of Shares (《股票發行與交易管理暫行條例》) promulgated by the State Council and effective on April 22, 1993 provide 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 *PRC Securities Law* (《中華人民共和國證券法》) (the “**Securities Law**”), which was promulgated by the SCNPC on December 29, 1998, took effect on July 1, 1999 and was amended on December 28, 2019 and took effect on March 1, 2020. It was the first national securities law in the PRC, and it is divided into 14 chapters and 226 articles, which include the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of securities regulatory authorities. The Securities Law comprehensively regulates activities in the PRC securities market. Article 224 of the Securities Law stipulates that domestic enterprises issuing securities directly or indirectly abroad or listing and trading their securities abroad shall comply with the relevant provisions of the State Council. Article 225 of the Securities Law stipulates that the specific terms for subscription and transaction of shares of companies in the PRC in foreign currencies shall be separately stipulated by the State Council. Currently, the issue and trading of foreign-issued securities (including H shares) are principally governed by the regulations and rules promulgated by the State Council and CSRC.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The *Arbitration Law of the PRC* (《中華人民共和國仲裁法》) (the “**PRC Arbitration Law**”) was promulgated by the SCNPC on August 31, 1994, effective on September 1, 1995, most recently amended on September 12, 2025 and effective on March 1, 2026. The PRC Arbitration Law provides that an arbitration committee may, before the promulgation of arbitration regulations by the PRC Arbitration Association, formulate interim arbitration rules in accordance with the PRC Arbitration Law and the Civil Procedure Law. Where the parties have agreed to settle disputes by means of arbitration, the People’s Court will refuse to handle a legal proceeding initiated by one of the parties at such people’s court, unless the arbitration agreement is invalid.

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Under the PRC Arbitration Law and the Civil Procedure Law, an arbitral award shall be final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the People’s Court for enforcement. A people’s court may refuse to enforce an arbitral award made by an arbitration commission if there is any irregularity in the procedures or composition of arbitrators specified by law or the award exceeds the scope of the arbitration agreement or is outside the jurisdiction of the arbitration commission.

A party seeking to enforce an arbitral award of a PRC arbitration panel against a party who, or whose property, is not within the PRC, may apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC. The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the “New York Convention”) adopted on June 10, 1958 pursuant to a resolution of the SCNPC passed on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by all other parties to the New York Convention, subject to their right to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of the state to which the application for enforcement is made. It was declared by the SCNPC simultaneously with the accession of the PRC that (i) the PRC will only recognize and enforce foreign arbitral awards on the principle of reciprocity and (ii) the PRC will only apply the New York Convention in disputes considered under PRC laws to arise from contractual and non-contractual mercantile legal relations.

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 on 24 January 2000 and effective on February 1, 2000, and the *Supplementary Arrangements of Supreme People’s Court on Reciprocal Enforcement of Arbitration Awards between the Mainland and the Hong Kong Special Administrative Region* (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排》) promulgated on November 26, 2020 and effective on November 27, 2020, awards made by PRC arbitral authorities under the Arbitration Law can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC.