
APPENDIX IV

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

This Appendix contains a summary of laws and regulations on companies and securities in the PRC. The principal objective of this summary is to provide potential [REDACTED] with an overview of the principal laws and regulations applicable to us. This summary is with no intention to include all the information which may be important to the potential [REDACTED]. For discussion of laws and regulations specifically governing the business of the Company, see “Regulatory Overview”.

I. PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the PRC (《中華人民共和國憲法》) (the “Constitution”) and is made up of written laws, administrative regulations, local regulations, separate regulations, autonomous regulations, rules and regulations of departments, rules and regulations of local governments, international treaties of which the PRC government is a signatory, and other regulatory documents. Court verdicts do not constitute binding precedents. However, they may be used as 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”), the National People’s Congress (NPC) and the Standing Committee of the National People’s Congress (SCNPC) are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing civil and criminal matters, state organs and other matters. The SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

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 provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of their own respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations.

The ministries and commissions of the State Council, (PBOC), the State Audit Administration, organs endowed with administrative functions directly under the State Council and the organizations prescribed by laws may, in accordance with the laws as well as the administrative regulations, decisions and orders of the State Council and within the limits of their power, formulate rules. The people’s congresses of cities divided into districts and their respective standing committees may formulate local regulations in terms of urban and rural development and management, ecological civilization development, grassroots governance, and historical and cultural protection based on the specific circumstances and actual requirements of such cities, which 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 but such local regulations shall conform with the Constitution, laws, administrative regulations, and the relevant local regulations of the relevant 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 nationality (nationalities) in the areas concerned.

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

APPENDIX IV

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

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

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

According to the Decision of the SCNPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on June 10, 1981, the Supreme People’s Court of the PRC (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 interpretation of the administrative regulations and department rules which they have promulgated. At the regional level, the power to give interpretations of the local laws and regulations as well as administrative rules is vested in the regional legislative and administrative organs which promulgate such laws, regulations and rules.

II. PRC JUDICIAL SYSTEM

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

The local people’s courts are comprised of the primary people’s courts, the intermediate people’s courts and the higher people’s courts. The higher level people’s courts supervise the primary and intermediate people’s courts. The people’s procuratorates also have the right to exercise legal supervision over the civil proceedings of people’s courts of the same level and lower levels. The Supreme People’s Court is the highest judicial body in the PRC. It supervises the judicial administration of the people’s courts at all levels.

APPENDIX IV

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

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

A foreign national or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country’s judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC.

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

A party seeking to enforce a judgment or ruling of a people’s court against a party who is not personally or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people’s court according to PRC enforcement procedures if the PRC has entered into or acceded to an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court’s examination according to the principle of reciprocity. However, if the people’s court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security or against social and public interest, or if other circumstances specified in Article 300 of the Civil Procedure Law occur, the people’s court shall, upon examination, not to recognize or enforce such judgment or ruling.

III. THE PRC COMPANY LAW, OVERSEAS LISTING TRIAL MEASURES AND GUIDANCE FOR ARTICLES OF ASSOCIATION

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

The PRC Company Law (《中華人民共和國公司法》) which was promulgated by the SCNPC on December 29, 1993, came into effect on July 1, 1994, was latest amended on December 29, 2023 respectively and implemented on July 1, 2024.

APPENDIX IV

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

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》) and its seven guidelines which were promulgated by the CSRC on February 17, 2023 and came into effect on March 31, 2023, applicable to the overseas offering and listing of joint stock limited companies; and

The Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) (the “Guidance for Articles of Association”) which was latest amended and came into effect on March 28, 2025 by the CSRC. The related Guidance for Articles of Association are set out in the articles of association of the company, the summary of which is set out in the section entitled “Appendix V — Summary of Articles of Association” in this document.

Set out below is a summary of the major provisions of the PRC Company Law, Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and Guidance for Articles of Association.

1. General

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

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

2. Incorporation

A joint stock limited company may be incorporated by promotion or stock floatation.

To incorporate a joint stock limited company by promotion, there must be more than one but not more than 200 promoters, with at least half residing within the PRC.

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

Within 30 days following the conclusion of the inaugural meeting, an authorized representative of the board of directors must apply for the registration of the joint stock limited company’s incorporation with the company registration authority.

APPENDIX IV

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

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

3. Share Capital

The promoters of a company can make capital contributions in cash or in kind, which can be valued in currency and transferable according to law such as intellectual property rights or land use rights based on their appraised value.

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

A company shall issue registered share.

Under Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, if a domestic enterprise issues shares overseas, it may raise funds and make dividend distributions in foreign currency or RMB.

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

The transfer of shares by shareholders should be conducted via the legally established stock exchange or in accordance with other methods as stipulated by the State Council.

A joint stock limited company must maintain a register of shareholders at the company, detailing the following: (i) the name and domicile of each shareholder; (ii) amount of capital contributions subscribed for and actually paid by shareholders, the form and date of capital contributions; (iii) the serial numbers of printed share certificates; and (iv) the date on which each shareholder obtaining or losing the shares.

4. 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. The offering price of par value shares can be equal to or greater than the nominal value, but it must not be less than the nominal value.

5. Increase of Share Capital

According to the PRC Company Law, when the joint stock limited company issues new shares, resolutions shall be passed by a shareholders’ meeting, approving the class and number of the new shares, the issue price of the new shares, the commencement and end of the new share issuance and the class and amount of new shares to be issued to existing shareholders. For companies issuing no-par value shares, the proceeds from the new share issuance will be credited to the registered capital. When the company launches a public issuance of new shares with the approval of the securities regulatory authorities of the State Council, it shall publish a document and financial and

APPENDIX IV

**SUMMARY OF PRINCIPAL LEGAL
AND REGULATORY PROVISIONS**

accounting reports, and prepare the share subscription form. After the new share issuance has been paid up, the change shall be registered with the company registration authorities and an announcement shall be made.

6. Reduction of Share Capital

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

it shall prepare a balance sheet and a property list;

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

it shall inform its creditors of the capital reduction within 10 days and publish an announcement of the reduction in the newspaper or the national enterprise credit information public disclosure system within 30 days after the resolution approving the reduction has been passed;

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

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

7. Repurchase of Shares

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

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

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

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

Listed companies making a share buyback shall perform their obligation of information disclosure according to the provisions of the Securities Law. If the share buyback is made under any of the circumstances stipulated in (iii), (v) or (vi) hereof, centralized trading shall be adopted publicly.

8. Transfer of Shares

Shares held by shareholders may be transferred in accordance with the relevant laws and regulations. Pursuant to the PRC 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. The register of shareholders shall not be modified within 20 days before any shareholders’ meeting is held, or within 5 days prior to the benchmark date decided by the company for the distribution of dividends. Where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the modification of the register of shareholders of a listed company, such provisions shall prevail.

Under the PRC Company Law, the shares issued before a company makes a public offering of shares shall not be transferred within 1 year as of the day when the stocks of the company are listed and traded on the stock 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. Shares transferred each year by the directors and senior management of a joint stock limited company during their respective term of office shall not exceed 25% of the total shares they held in the company, and the shares they held in the company cannot neither be transferred within one year from the listing date of the shares nor within half a year after such person has left office. The articles of association may set other restrictive requirements on the transfer of the company’s shares held by its directors and senior management.

9. Shareholders

Under the PRC Company Law and the Guidance for Articles of Association, the rights of holders of ordinary shares of a joint stock limited company include:

the right to require, convene, preside over, participate in or send proxies of shareholders to attend shareholders’ meeting and to exercise the corresponding voting rights according to the law;

the right to transfer, donate or pledge their shares in accordance with laws, administrative regulations and provisions of the articles of association;

the right to supervise, make suggestions on or question the Company’s operations;

the right to inspect 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;

any shareholder who has a different view on a resolution on the merger or division of the Company made by a shareholders’ meeting has the right to require the company to buy back his/its shares;

APPENDIX IV

**SUMMARY OF PRINCIPAL LEGAL
AND REGULATORY PROVISIONS**

the right to receive dividends and other types of interest distributed in proportion to the number of shares held;

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; and

other rights granted by laws, administrative regulations, departmental rules and the company’s articles of association.

The obligations of a shareholder include the obligation to abide by the Company’s 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 his or her subscribed shares and any other shareholders’ obligation specified in the company’s articles of association.

10. shareholders’ meeting

The shareholders’ meeting is the organ of authority of the company, which exercises its powers in accordance with the PRC Company Law.

Under the PRC Company Law, the shareholders’ meeting exercises the following principal powers:

to elect or replace the directors (other than the representative of the employees of the company) and to decide on matters relating to the remuneration of directors ;

to examine and approve reports of the board of directors;

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

to decide on any increase or reduction of the company’s registered capital;

to decide on the issue of bonds by the company;

to decide on issues such as merger, division, dissolution, liquidation or change of company form and other matters;

to amend the company’s articles of association; and

other powers as provided for in the articles of association.

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

the number of directors is fewer than the number required by law or less than two-thirds of the number specified in the articles of association;

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

the aggregate losses of the company which are not recovered reach one-third of the company’s total paid-in share capital;

when shareholders alone or in aggregate holding 10% or more of the company’s shares request the convening of an extraordinary meeting;

whenever the board of directors deems necessary; or

other circumstances as provided for in the articles of associations.

Under the PRC Company Law, 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 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.

Under the PRC Company Law, notice of shareholders’ 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. Notice of extraordinary shareholders’ meetings shall be given to all shareholders 15 days prior to the meeting. Under the Guidance for Articles of Association, after the notice of the meeting of shareholders is issued, the meeting of shareholders shall not be postponed or canceled without justifiable reasons, and the proposals listed in the notice of meeting of shareholders shall not be canceled. In the event of postponement or cancelation, the convener shall make an announcement and explain the reasons at least two working days before the original meeting date.

There is no specific provision in the PRC Company Law regarding the number of shareholders constituting a quorum in a shareholders’ meeting. Pursuant to the Guidance for Articles of Association, the board of directors and the Secretary of the board of directors will cooperate with the meeting of shareholders convened by the audit committee or shareholders. The board of directors will provide the register of shareholders on the date of equity registration. Moreover, when the meeting of shareholders is held, if the shareholders’ meeting requests the directors and senior managers to attend the meeting, the directors and senior managers shall attend the meeting and accept the shareholders’ questions. Pursuant to the Guidance for Articles of Association, 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 meeting of shareholders. The convener shall issue a supplementary notice of the meeting of shareholders within two days after receiving the proposal and announce the contents of the interim proposal.

Under the PRC Company Law, shareholders attending the meeting have one vote per share they hold, except for shares with different voting rights issued by the company. However, shares held by the company are not entitled to any voting rights.

APPENDIX IV

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

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 PRC Company Law and the Guidance for 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 following matters shall be adopted by more than two-thirds of the voting rights held by the shareholders present at the meeting: (i) amendments to the articles of association; (ii) the increase or decrease of registered capital; (iii) the merger, division, dissolution, liquidation or change in the form of the company; (iv) any purchase or sale of major assets or any provision of guarantee within one year in an amount in excess of 30% of the Company’s latest audited total assets; (v) any equity incentive scheme; and (vi) any other matters specified by laws, administrative regulations or the articles of association and other matters considered by the shareholders’ meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the company and should be adopted by a special resolution.

Under the PRC Company Law, meeting minutes shall be prepared in respect of decisions on matters discussed at the shareholders’ meeting. The chairman of the meeting and directors attending the meeting shall sign to endorse such minutes. The minutes shall be kept together with the shareholders’ attendance register and the proxy forms.

11. Board

Under the PRC Company Law, a joint stock limited company shall have a board of directors comprising more than three members. Members of the board of directors may include representatives of the employees of the company, who shall be democratically elected by the company’s staff at the staff representative assembly, general staff meeting or otherwise. The term of a director shall be stipulated in the articles of association, but no term of office shall last for more than three years. Directors may serve consecutive terms if re-elected. A director shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of directors results in the number of directors being less than the quorum.

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

to convene the shareholders’ meetings and report on its work to the shareholders’ meetings;

to implement the resolutions passed in shareholders’ meetings;

to decide on the company’s business plans and investment proposals;

to formulate the company’s profit distribution proposals and loss recovery proposals;

to formulate proposals for the increase or reduction of the company’s registered capital and the issuance of corporate bonds;

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

to prepare plans for the merger, division, dissolution and change in the form of the company;

to formulate the company’s basic management system; and

to exercise any other powers under the articles of association or as granted by the shareholders’ meeting.

12. Board Meetings

Under the PRC Company Law, meetings of the board of directors of a joint stock limited company shall be convened at least twice a year. Notice of meeting shall be given to all directors 10 days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of voting rights, more than one-third of the directors. The chairman shall convene and preside over such meeting within 10 days after receiving such proposal. 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.

If a resolution by the board of directors violates the laws, administrative regulations, the articles of association, or resolutions of the shareholders’ meetings, resulting in serious losses for the company, the directors involved 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 released from that liability.

13. Chairman of the Board

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

14. Qualification of Directors

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

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

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

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

a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;

a person who has been a legal representative of a company or an enterprise that has had its business license revoked due to violations of the law and has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of such revocation; or

a person who is liable for a relatively large amount of debts that are overdue or is designated by the people’s court as an untrustworthy debtor.

15. Audit Committee

A joint stock limited company may, under the articles of association, set up an audit committee composed of directors in the board of directors, which shall exercise the functions and powers of the supervisory committee as provided for in the Company Law. It may not have a supervisory committee or supervisors. The Audit Committee shall be composed of at least 3 members, and more than half of the members shall not assume any position other than the director in the company and shall not have any relationship with the company that may affect their independent and objective judgments.

A resolution made by the audit committee shall be adopted by more than half of the members thereof. For voting on a resolution of the audit committee, each member shall have one vote. The discussion methods and voting procedures of the audit committee shall be prescribed in the articles of association, unless it is otherwise provided for by the company law.

Where a public listed company has an audit committee under the board of directors, the following matters shall be approved by more than half of all audit committee members before being approved by the board of directors:

the accounting firm that hires and dismisses the company that audits the company;

appoint and dismiss the person responsible for finance.

disclosure of financial accounting reports.

other matters stipulated by the securities regulatory authority of the State Council.

16. Manager and Senior Management

According to the PRC Company Law and the Guidance for Articles of Association, a manager shall be appointed by the company, with their hiring or dismissal determined by the board of directors. The manager is accountable to the board and exercises authority in accordance with the articles of association or as authorized by the board. The manager attends board meetings.

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

According to the PRC Company Law, senior management shall mean the manager, deputy manager(s), person-in-charge of finance, board secretary (in case of a listed company) of a company and other personnel as stipulated in the articles of association.

17. Duties of Directors and Senior Management

Directors 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 they assume the obligation of loyalty to the company and the duty of diligence to the company. Directors and senior management are prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating of the company’s properties. When performing their duties, they shall, for the best interests of the company, exercise the reasonable care that shall be generally possessed by a manager. Compliance with the foregoing requirements is also required for the Company’s controlling shareholders or de facto controllers who do not serve as the Company’s directors but actually carry out the Company’s affairs. Directors and senior management are prohibited from:

embezzling the property or misappropriating the funds of the company;

depositing the funds of the company into an account opened in his/her own name or in the name of any other individual;

giving bribes or accepting any other illegal proceeds by taking advantage of his/her power;

taking commissions from the transactions between the company and any other person into his/her own pocket;

unlawfully disclosing the confidential information of the company; or

other acts in violation of the obligation of loyalty to the company.

Directors and senior management who directly or indirectly enter into a contract or conduct a transaction with the company, shall report to the board of directors or the shareholders’ meeting on matters related to the conclusion of the contract or the transaction, and shall be subject to the resolution of the board of directors or the shareholders’ meeting in accordance with the provisions of this articles of association. The preceding provisions shall apply to contracts or transactions entered into by the company with any of the following: close family members of the directors or senior management; enterprises directly or indirectly controlled by the directors, senior management, or their close family members; and Associates who have other connections with the directors or senior management.

Company’s directors and senior management shall not use their positions to seek business opportunities for themselves or others that belong to the company, except in one of the following circumstances: (i) report to the board of directors or the shareholders’ meeting and be approved by a resolution of the board of directors or the shareholders’ meeting in accordance with the provisions of the company’s articles of association. (ii) The company cannot take advantage of the business opportunity in accordance with the provisions of the law, administrative regulations, or the articles of association.

APPENDIX IV

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

The company’s directors and senior management may not operate, for themselves or for others, any business that is the same as that of the company they work for, without reporting to the board of directors or the shareholders’ meeting and obtaining a resolution passed by the board of directors or the shareholders’ meeting in accordance with the provisions of the articles of association.

Income generated by the directors or senior management in violation of the aforementioned shall be returned to the company.

A director or senior management who contravenes laws and administrative regulations or the articles of association in the performance of his/her roles resulting in any damage to the company shall be liable to indemnify the company for compensation.

18. Finance and Accounting

Under the PRC Company Law, a company shall establish financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council and shall at the end of each financial year prepare a financial and accounting report which shall be audited by an accounting firm as required by law. The company’s financial and accounting report shall be prepared in accordance with provisions of the laws, administrative regulations and the regulations of the financial department of the State Council.

Pursuant to the PRC Company Law, the company shall deliver its financial and accounting reports to all shareholders within the time limit stipulated in the articles of association and make its financial and accounting reports available at the company for inspection by the shareholders at least 20 days before the convening of an annual meeting of shareholders. It must also publish its financial and accounting reports.

When distributing each year’s after-tax profits, it shall set aside 10% of its after-tax profits into the legal accumulation fund (except where the fund has reached 50% of its registered capital). If its legal accumulation fund is not sufficient to make up losses of the previous year, profits of the current year shall be applied to make up losses before allocation is made to the legal accumulation fund pursuant to the above provisions.

After allocation of the legal accumulation fund from after-tax profits, it may, upon a resolution passed at the shareholders’ meeting, allocate the optional accumulation fund from after-tax profits.

The remaining after-tax profits after making up losses and allocation of the accumulation fund shall be distributed in proportion to the number of shares held by the shareholders, unless otherwise stipulated in the articles of association.

Shares held by the company shall not be entitled to any distribution of profit.

The premium from issuing par value shares above their nominal value, or funds from issuing no-par value shares not included in the registered capital, along with other items specified by the Ministry of Finance under the State Council for inclusion in the capital accumulation fund, should be classified as the company’s capital accumulation fund.

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

The company’s accumulation fund is utilized to cover losses, expand business operations, or convert into registered capital. When using the capital accumulation fund to cover losses, the optional accumulation fund and the legal accumulation fund should be used first; if these are insufficient, the capital accumulation fund can be used according to regulations. When the legal accumulation fund is converted into the registered capital, the remaining legal accumulation fund must be no less than 25% of the previously registered capital.

The Company shall have no other accounting books except the statutory accounting books. Company funds should not be kept in accounts registered under any individual’s name.

19. Appointment and Retirement of Accounting Firms

Pursuant to the PRC Company Law, the appointment or dismissal of accounting firms responsible for the auditing of the company shall be determined by shareholders’ meeting or board of directors in accordance with provisions of articles of association. The accounting firm should be allowed to make representations when the shareholders’ meeting or board of directors conducts a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidences, books, financial and accounting reports and other accounting data to the accounting firm it employs without any refusal, withholding and misrepresentation.

The Guidance 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.

20. Distribution of Profits

According to the PRC Company Law, a company shall not distribute profits before losses are covered and the legal accumulation fund is drawn.

21. Amendments to Articles of Association

Any amendments to the company’s articles of association must be made in accordance with the procedures set out in the company’s articles of association. In relation to matters involving the company’s registration, its registration with the authority must also be changed. Pursuant to the Company Law, the resolution of the shareholders’ meeting regarding any amendment to the articles of association requires affirmative votes by at least two-thirds of the votes held by the shareholders attending the meeting.

22. Dissolution and Liquidation

According to the PRC Company Law, a company shall be dissolved by reason of the following: (i) the term of its operations set down in the articles of association has expired or other events of dissolution specified in the articles of association have occurred; (ii) the shareholders’ meeting have resolved to dissolve the company; (iii) the company is dissolved by reason of merger or division; (iv) the business license is revoked; the company is ordered to close down or be revoked; or (v) the company is dissolved by the people’s court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all its shareholders, on the grounds that the

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

company suffers significant hardship in its operation and management that cannot be resolved through other means, and the ongoing existence of the company would bring significant losses for shareholders.

If (i) or (ii) occurs and the company’s residual assets have not yet been allocated to shareholders, it may continue its existence by amending its articles of association or through a resolution at the shareholders’ meeting. Such amendments or resolutions must be approved by more than two-thirds of the voting rights held by the shareholders present at the meeting.

Where the company is dissolved in the circumstances described in subparagraphs (i), (ii), (iv), or (v) above, a liquidating group shall be established and the liquidation process shall commence within 15 days after the occurrence of an event of dissolution.

The company’s liquidating group consists of directors unless the articles of association or a shareholders’ meeting resolution specifies otherwise. If a liquidating group is not formed within the stipulated time or is formed but does not conduct liquidation, interested parties may apply to the people’s court to appoint relevant personnel to form a alternative liquidating group and proceed with liquidation. The people’s court should accept the application and promptly organize a alternative liquidating group to carry out the liquidation.

The liquidating group shall exercise the following powers during the liquidation period:

to handle the company’s assets and to prepare a balance sheet and an inventory of the assets;

to notify creditors through notice or public announcement;

to deal with the company’s outstanding businesses related to liquidation;

to pay any tax overdue as well as tax amounts arising from the process of liquidation;

to liquidation of claims and debts ;

to allocate the company’s remaining assets after settling its debts; and

to represent the company in civil lawsuits.

The liquidating group shall notify the company’s creditors within 10 days after its establishment and issue public notices in newspapers or the national enterprise credit information public disclosure system within 60 days. A creditor shall lodge his claim with the liquidating group within 30 days after receiving notification, or within 45 days of the public notice if he did not receive any notification. A creditor shall state all matters relevant to his creditor rights in making his claim and furnish evidence. The liquidating group shall register such creditor rights. The liquidating group shall not make any debt settlement to creditors during the period of claim.

Upon liquidation of properties and the preparation of the balance sheet and inventory of assets, the liquidating group shall draw up a liquidation plan to be submitted to the shareholders’ meeting or people’s court for confirmation.

APPENDIX IV

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

The company’s remaining assets after payment of liquidation expenses, wages, social insurance expenses and statutory compensation, outstanding taxes and debts shall be distributed to shareholders according to their shareholding proportion. It shall continue to exist during the liquidation period, although it can only engage in any operating activities that are related to the liquidation. The company’s properties shall not be distributed to the shareholders before repayments are made in accordance to the foregoing provisions.

Upon liquidation of the company’s properties and the preparation of the balance sheet and inventory of assets, if the liquidating group becomes aware that the company does not have sufficient assets to meet its liabilities, it must apply to the people’s court for a bankruptcy liquidation.

Once the people’s court accepts the application, the liquidating group must hand over the liquidation affairs to the bankruptcy administrator appointed by the court.

After the liquidation process is completed, the liquidating group must prepare a liquidation report, submit it to the shareholders’ meeting or the court for confirmation, and then report to the company registration authority to apply for the cancelation of the company’s registration.

Members of the liquidating group must fulfill the duties of loyalty and diligence. If they neglect their responsibilities, causing losses to the company, they are liable for compensation. Additionally, they are responsible for compensation if they intentionally or through gross negligence cause losses to creditors.

23. Overseas Listing

Subject to specific circumstances, Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and its guidelines require that, among other things, (i) initial public offerings or listings on overseas markets of domestic companies shall be filed with the CSRC within three working days after the relevant application is submitted overseas, (ii) subsequent securities offerings of an issuer on the same overseas market where it has previously offered and listed securities shall be filed with the CSRC within three working days after the offering is completed, (iii) subsequent securities offerings or listings of an issuer on other overseas markets other than where it has offered and listed securities shall be filed with the CSRC within three working days after the relevant application is submitted overseas. In addition, for filing materials that are complete and compliant, the CSRC shall complete the filing within 20 working days from the date of receiving the filing materials, and publicize the filing information through the website. If the filing materials are incomplete or do not meet the requirements, the CSRC shall notify the issuer of the supplementary materials required within 5 working days after receiving the filing materials. The issuer shall supplement the materials within 30 working days.

24. Merger and Demerger

Companies may merge through merger by absorption or through the establishment of a newly merged entity. If it merges by absorption, the company which is absorbed shall be dissolved. If it merges by forming a new corporation, both companies will be dissolved.

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

IV. SECURITIES LAW AND REGULATIONS

CSRC, a ministerial-level public institution directly under the State Council, performs a unified regulatory function, according to the relevant laws and regulations, and with the authority by the State Council, over the securities and futures market of China, maintains an orderly securities and futures market order, and ensure a legal operation of the capital market.

The Securities Law of the PRC (《中華人民共和國證券法》) took effect on July 1, 1999 and was revised on August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014 and December 28, 2019, respectively. This is the first national securities law in the PRC, which is divided into 14 chapters and 226 articles regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council’s securities regulatory authorities. The PRC Securities Law comprehensively regulates activities in the PRC securities market. Article 224 of The Securities Law stipulates that domestic companies, when directly or indirectly issuing securities overseas or listing their securities for trading overseas, shall comply with the relevant provisions of the State Council. Currently, the issue and trading of foreign issued shares (including H shares) are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

Termination of Listing

The PRC Securities Law stipulates that the trading of shares of a company of a stock exchange may be terminated if so decided by the stock exchange.

Where the stock exchange decides on delisting of securities, it shall promptly announce and file records with the securities regulatory authority of the State Council.

Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies requires that, upon the occurrence of voluntary or mandatory delisting after an issuer has offered and listed securities on an overseas market, the issuer shall submit a report to CSRC within three working days after the occurrence and public announcement of such event.

V. JUDICIAL JUDGMENT AND ITS ENFORCEMENT

According to the Arrangements of the Supreme People’s Court for Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases between Courts of the Mainland and Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區法院相互認可和執行民事案件判決的安排》), effective on January 29, 2024, and promulgated by the Supreme People’s Court, a party with an enforceable final court judgment rendered by any designated people’s court of China or any designated Hong Kong court regarding civil and commercial cases, excluding certain types, may apply for recognition and enforcement of the judgment in the relevant people’s court of China or Hong Kong court.

China has not entered into a treaty for the reciprocal recognition and enforcement of court judgments with the United States, the United Kingdom, Japan, and many other countries. Additionally, Hong Kong has no arrangement with the United States for reciprocal enforcement of judgments. In accordance with the Civil Procedure Law of the PRC and other applicable laws, regulations, and interpretations, a court judgment obtained in the United States or any of the other jurisdictions

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

mentioned above may be recognized and enforced in China or Hong Kong, considering the treaties providing for the reciprocal enforcement of judgments between China and the country where the judgment was made.

VI. ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The Arbitration Law of the PRC (《中華人民共和國仲裁法》) (the “Arbitration Law”) was passed by the SCNPC on August 31, 1994, became effective on September 1, 1995 and was amended on August 27, 2009 and September 1, 2017. Under the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the Arbitration Law and the Civil Procedure Law. Where the parties have by agreement provided arbitration as the method for dispute resolution, the people’s court will refuse to handle the case except when the arbitration agreement is declared invalid.

Under the Arbitration Law and the Civil Procedure Law, an arbitral award is 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 on 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 PRC arbitration panel against a party who, or whose property, is not within the PRC, shall 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.

An arrangement was reached between Hong Kong and the Supreme People’s Court for the mutual enforcement of arbitral awards. On June 18, 1999, the Supreme People’s Court adopted the Arrangement on Mutual Enforcement of Arbitral Awards between Mainland China and Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的安排》) (the “Arrangement”), which became effective on February 1, 2000. In accordance with this arrangement, and its supplemental arrangements, upon satisfying certain requirements, 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.

APPENDIX IV

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

On January 25, 2024, the Supreme People’s Court promulgate the Arrangement of the Supreme People’s Court on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the “New Arrangement”), which seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in wider range of civil and commercial matters between Hong Kong and the PRC. The New Arrangement was formally implemented on January 29, 2024. The New Arrangement discontinued the requirement for a choice of court agreement for bilateral recognition and enforcement. Concurrently, the Government of the Hong Kong Special Administrative Region enacted the “Mainland Judgments in Civil and Commercial Matters (Reciprocal Enforcement) Ordinance” (Chapter 645), aimed at enforcing this new arrangement within the Hong Kong Special Administrative Region through local legislative measures, also coming into force on the same date. From January 29, 2024, this New Arrangement superseded the previous Arrangement.

VII. LOSS OF SHARE CERTIFICATES

If a registered share certificate is lost, stolen or destroyed, the relevant shareholder may apply, in accordance with the relevant provisions set out in the Civil Procedure Law, to a people’s court to declare such certificate invalid. After the people’s court declares the invalidity of such certificate, the shareholder may apply to the company for a replacement share certificate.