
APPENDIX IV

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

THE PRC LEGAL SYSTEM

The PRC legal system is composed of the constitution, laws, administrative regulations, local regulations, separate rules, rules and regulations of departments of the State Council, rules and regulations of local governments, autonomy regulations, separate rules of autonomous regions and international treaties of which the PRC government is a signatory. Court judgements do not constitute binding precedents, although they may be used for the purpose of judicial reference and guidance.

Pursuant to The PRC Constitution (中華人民共和國憲法) (hereinafter referred to as “**Constitution**”, which was promulgated on 4 December 1982 and last amended and came into effect on 11 March 2018) and the Legislation Law of the PRC (中華人民共和國立法法, which was adopted on 1 July 2000 and amended on 15 March 2023) (hereinafter referred to as “**Legislation Law**”), the NPC and the Standing Committee of the NPC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend the basic laws of criminal and civil matters, State institutions and others. 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 its adjournment, provided that such supplements and amendments shall not be in conflict with the principles of such laws.

The State Council is the highest administrative organ of the State, and enacts administrative regulations under the Constitution and laws.

People’s congresses of provinces, autonomous regions and municipalities directly under the central government and their respective standing committees may formulate local regulations based on the specific circumstances and requirements of the local administrations, provided that such local regulations shall not be in conflict with the constitution, laws, and administrative regulations.

The ministries, commissions, the PBOC, National Audit Office of the PRC (中華人民共和國審計署) and the State Committee of Supervisory of the PRC (中華人民共和國國家監察委員會) with administrative functions may formulate rules and regulations within the jurisdiction of their respective departments based on the laws and the administrative regulations, decisions and rulings of the State Council. In order to implement the laws, administrative regulations and decisions and rulings of the State Council, provisions of rules and regulations within the jurisdiction are formulated.

People’s congresses of cities with districts and their standing committees may enact local regulations based on the specific circumstances and actual needs which shall come into effect upon approval from the respective standing committees of the people’s congresses of the provinces and autonomous regions, provided that such local regulations shall not be in conflict with the constitution, laws, and administrative regulations.

APPENDIX IV

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

People’s congresses of autonomous regions may enact autonomy regulations and separate rules in the light of the political, economic and cultural characteristics of the local nationalities, which shall come into effect upon approval by the SCNPC. Adaptations of provisions of laws and administrative regulations may be introduced to the autonomy regulations and separate rules so long as they do not contravene the basic principles of the laws or administrative regulations, and no adaptations shall be made to the specific provisions on national autonomous areas in the constitutions, national region autonomy law and other relevant laws and administrative regulations.

People’s governments of provinces, autonomous regions and municipalities directly under the central government and larger cities may formulate rules according to laws, administrative regulations and relevant local regulations.

The Constitution, enacted by the NPC, is basis of the PRC legal system and has supreme legal authority, and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the Constitution. The hierarchy of laws is higher than that of administrative regulations, local regulations, and rules. The hierarchy of administrative regulations is higher than that of local regulations and rules. The hierarchy of local regulations is higher than that of the rules of the local governments at or below the corresponding level. The hierarchy of the rules enacted by the people’s governments of the provinces or autonomous regions is higher than that of the rules enacted by the people’s governments of cities and autonomous prefectures with districts 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 local regulation that contravenes the Constitution, laws or administrative regulations, and to annul any autonomous regulation or separate regulation which has been approved by the standing committees of the NPC of the relevant provinces, autonomous regions or municipalities directly under the central government but contravene the Constitution and the Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people’s congress 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 the lower level.

According to the Constitution, the authority of the interpretation of laws shall be vested to 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 10 June 1981, interpretation on the application of laws and decrees in court trials and the

APPENDIX IV

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

procuratorial work of the procuratorates shall be given by the Supreme People’s Court and the Supreme People’s Procuratorate of the PRC (中華人民共和國最高人民檢察院), respectively. Interpretation of the laws and decrees unrelated to trials and procuratorial work shall be given by the State Council and the competent ministries and commissions.

In the case that clarification or additional provisions shall be made for the local regulations, the standing committees of the people’s congresses of provinces, autonomous regions and municipalities directly under the central government which enacted such regulations shall give the interpretation or formulate the additional provisions. Interpretation on the application of local regulations shall be given by the competent departments under the people’s government of the respective provinces, autonomous regions and municipalities directly under the central government.

PRC JUDICIAL SYSTEM

Under the Constitution and the Law of the PRC of Organisation of the People’s Courts (中華人民共和國人民法院組織法) which was enacted on 5 July 1979, implemented on 1 January 1980 and last amended on 26 October 2018 and took effect on 1 January 2019, the judicial system in PRC is made up of the Supreme People’s Court, the local people’s courts, military courts and other special people’s courts.

The local people’s courts are comprised of the basic people’s courts, the intermediate people’s courts and the higher people’s courts. The basic people’s courts may be organised into civil, criminal, and economic tribunals. The intermediate people’s courts may be organised into divisions similar to those of the basic people’s courts, and may be further organised into other special divisions. The people’s courts at lower levels are subject to the supervision of the people’s courts at higher levels. The Supreme People’s Court is the highest judicial organ of the PRC and it has the power to supervise the administration of justice by the local people’s courts at all levels and all special people’s courts. The people’s procuratorates also have the right to exercise legal supervision over the trial activities of people’s courts at same or lower levels.

The people’s courts adopt a “second instance as final” appellate system in the trial of the cases. A party to the case concerned may appeal against the judgement and ruling of the first instance by the local people’s courts to the people’s courts at the next higher level in accordance with the legal procedures. The people’s procuratorates may appeal to the people’s court at the next higher level in accordance with the legal procedures. In the absence of any appeal by any parties to the case concerned or any appeal by the people’s procuratorates within the stipulated period, the judgement and ruling of the first instance by the local people’s courts shall be final and legally binding. Judgements and rulings of the second instance of the intermediate people’s courts, the higher people’s courts and Supreme People’s Court and the judgements and rulings of the first instance of the Supreme People’s Court shall be the final judgements and rulings. If, however, the Supreme People’s Court finds some definite errors in a legally effective judgement, ruling or conciliation statement of the people’s court at any level, or if the people’s court at a higher level finds such errors in a legally effective judgement, ruling or conciliation

APPENDIX IV

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

statement of the people’s court at a lower level, it has the authority to review the case itself or to direct the lower-level people’s court to conduct a retrial. If the chief judge of all levels of people’s courts finds some definite errors in a legally effective judgement, ruling or conciliation statement, and considers that a retrial is preferred, such case shall be submitted to the judicial committee of the people’s court at the same level for discussion and decision. For death penalties, except those judged by the Supreme People’s Court, requests shall be submitted 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) (hereinafter referred to as “**Civil Procedure Law**”), which was enacted on 9 April 1991 and last amended on 1 September 2023 and became effective on 1 January 2024, sets forth the criteria for instituting a civil case, the jurisdiction of the people’s courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgement or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by the people’s court located in the defendant’s place of domicile. The parties to a contract may, by an express agreement, select a competent court where civil actions may be brought, provided that the competent court has jurisdiction over the plaintiff’s or the defendant’s place of residence, the place of execution of the contract or the place of performance of the contract, or the object of the action or locations which have substantial connections with the dispute. However, such selection cannot violate the stipulations of hierarchical jurisdiction and exclusive jurisdiction in any case.

A foreign individual, a stateless person, a foreign enterprise or a foreign organisation is given the equal litigation rights and obligations as a citizen, a legal person or other organisations in the PRC when initiating actions or defending against litigations at a PRC court. Should foreign courts impose restrictions on the litigation rights of the citizens, legal persons or other organisations in the PRC, the PRC courts shall impose reciprocal restrictions on the litigation rights of citizens, enterprises and organisations in that country. A foreign individual, a stateless person, a foreign enterprise or a foreign organisation must engage a PRC lawyer in case he or it needs to engage a lawyer for the purpose of initiating actions or defending against litigations at a PRC court. In accordance with the international treaties to which the PRC is a signatory or participant or according to the principle of reciprocity, a people’s court and a foreign court may request each other to serve documents, conduct investigation and collect evidence and conduct other actions on its behalf. All parties to a civil action shall perform the legally effective judgements and rulings. If any party to a civil action refuses to abide by a judgement or ruling made by a people’s court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people’s court for the enforcement of the same within two years subject to application for postponed enforcement or revocation. If a party fails to satisfy within the stipulated period a judgement which the court has granted an enforcement approval, the court may, upon the application of the other party, mandatorily enforce the judgement on the party.

APPENDIX IV

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

A party seeking to enforce a judgement or order of a people’s court against a party who is not located within the PRC and does not own any property in the PRC, may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgement or order. In the case of an application or request for recognition and enforcement of a legally effective judgement or order of a foreign court, the people’s court shall, after having examined it in accordance with the international treaties entered into or acceded to by the PRC or with the principle of reciprocity and having arrived at the conclusion that it does not contravene the primary principles of the laws of the PRC nor violates its sovereignty, security or social and public interests, recognise the validity of the judgement or order, and, if required, issue a writ of enforcement and enforce it in accordance with the relevant regulations. If the application or request contravenes the primary principles of the laws of the PRC or violates its sovereignty, security or social and public interests, the people’s court shall not recognise and enforce it.

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

The PRC Company Law which was promulgated on 29 December 1993 by the SCNPC, last amended on 29 December 2023 and came into effect on 1 July 2024 regulates the organisation and operation of companies and protects the legitimate rights and interests of companies, shareholders and creditors. The amendment to the PRC Company Law in 2013 has cancelled the restriction on the minimum registered capital and replaced the registered paid-up share capital system by the registered subscribed capital system.

The Trial Administrative Measures for 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 “**Overseas Listing Trial Measures**”) promulgated by the CSRC on 17 February 2023 with effect from 31 March 2023 are applicable to the overseas securities offering and listing by the PRC domestic companies.

The Guidelines on the Articles of Association for Listed Companies (the “**Articles Guidelines**”) last amended by the CSRC on 15 December 2023 with effect from the same date provide guidance for the company’s articles of association. Accordingly, the contents as provided in the Articles Guidelines have been included in the Articles of Association of our Company, a summary of which is set out in Appendix V to this document.

Set out below is a summary of the principal provisions of the Company Law, the Overseas Listing Trial Measures and the Articles Guidelines applicable to our Company.

APPENDIX IV

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

General

A joint-stock limited liability company (hereinafter referred to as “**company**”) refers to a corporate legal person established in China under the PRC Company Law with independent legal person properties and entitlements to such legal person properties. The liability of the company is limited to the total amount of all assets it owns and the liability of its shareholders is limited to the extent of the shares they subscribe for.

Incorporation

A company may be incorporated by promotion or subscription. A company may be incorporated by a minimum of one but no more than 200 promoters, and at least half of the promoters must have domicile in the PRC. Companies incorporated by promotion are companies with the registered capital entirely subscribed for by the promoters. Where companies are incorporated by subscription, the promoters are required to subscribe for not less than 35% of the total number of shares of a company unless otherwise stipulated by laws and regulations, and the remaining shares can be offered to the public or specific persons, unless otherwise required by law.

For a company incorporated by promotion, the registered capital has to be the total capital subscribed for by all promoters as registered with the company registration authority. The promoters shall subscribe in writing for the shares required to be subscribed for by them and pay up their capital contributions under the articles of association. Procedures relating to the transfer of titles to non-monetary property shall be duly completed if such assets are to be contributed as capital. Promoters who fail to pay up their capital contributions in accordance with the foregoing provisions shall assume default liabilities in accordance with the covenants set out in the promoters’ agreement. After the promoters have subscribed for the capital contribution under the articles of association, a board of directors and a supervisory committee shall be elected and the board of directors shall apply for registration of establishment by filing the articles of association with the company registration authority, and other documents as required by the law or administrative regulations. It shall not raise capital from others before the promoters fully pay the capital subscribed by them; for companies established by public subscription, the registered capital is the amount of total paid-up capital as registered with the company registration authority.

After the subscription monies for the share issue have been paid in full, a capital verification institution established under PRC law must be engaged to conduct a capital verification and furnish a certificate thereof. The promoters shall convene an inaugural meeting within 30 days after the issued shares have been fully paid up, and shall 15 days before the meeting notify all subscribers or make a public announcement of the date of the inaugural meeting.

APPENDIX IV

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

The inaugural meeting may be convened only with the presence of shareholders holding shares representing more than 50% of the total issued shares of the company. At the inaugural meeting, matters including the adoption of draft articles of association proposed by the promoter(s) and the election of the board of directors and the supervisory committee of the company will be dealt with. All resolutions of the meeting require the approval of subscribers with more than half of the voting rights present at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors shall authorize representatives to apply for registration with the company registration authority. The company is formally established and has the status of a legal person after the approval for registration has been given and a business licence has been issued by the relevant registration authority. Where after the incorporation of a company, a promoter fails to pay in full the subscription moneys in accordance with the provisions of the company’s articles of association, he shall pay them in full and the other promoters shall bear joint and several liability. Where it is discovered that the actual evaluation of the non-currency property used as capital contributions for the incorporation of the company is obviously less than the evaluation prescribed by the company’s articles of association, the promoters shall make up the difference; and the other promoters shall bear joint and several liability.

If the shares required to be issued at the time of the establishment of a company are not fully subscribed, or if, after the full payment for the issued shares, the promoters fail to convene an establishment meeting within 30 days, any subscriber may demand the promoters to refund their subscriptions, plus the interest calculated based on the bank interest rate for the corresponding period.

In cases where the company is not established, the legal consequences shall be borne by the shareholders at the time of establishment; if there are two or more shareholders at the time of establishment, they shall have joint and several claims and bear joint and several liabilities.

If a shareholder at the time of establishment causes harm to another person due to performance of their responsibilities for the establishment of the company, the company or other faultless shareholders may seek to recover any resulting compensation liability borne by them from the shareholder at fault.

Share capital

The promoters may make capital contribution in currencies, or non-monetary assets such as in kind, intellectual property rights or land use rights which can be appraised with monetary value and transferred lawfully, except for assets which are prohibited from being contributed as capital by the laws or administrative regulations. If a capital contribution is made in non-monetary assets, a valuation of the assets contributed must be carried out in accordance with the laws or administrative regulations on valuation without any over-valuation or under-valuation.

APPENDIX IV

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Shares shall be issued in a fair and equitable manner. The same class of shares must carry equal rights. Shares of the same class issued at the same time must be issued on the same conditions and at the same price. The same price per share shall be paid by a subscriber, an entity or an individual, and shall be equal to or greater than the nominal value of the share and shall not be less than the nominal value.

A PRC domestic company shall file with the CSRC before offering its shares to the public overseas. Pursuant to the Overseas Listing Trial Measures, the target investors for overseas issuance and listing of a domestic company shall be overseas investors, except as in compliance with the Overseas Listing Trial Measures or otherwise provided by the state.

Under the PRC Company Law, a company shall prepare a shareholder register and place it within its premises which sets forth the following matters:

- (i) the name and domicile of each shareholder;
- (ii) Type and quantity of subscribed shares for each shareholder;
- (iii) For stocks issued in paper form, the stock serial numbers; and
- (iv) the date on which each shareholder purchased the shares.

Increase in share capital

According to the PRC Company Law, if a company proposes to issue new shares, resolutions shall be passed at general meeting in accordance with the articles of association to determine the class, amount and issue price of the new shares.

Save for the above-mentioned shareholder approval requirement, for a public offering of new shares, the PRC Securities Law provides that the company shall:

- (i) have a sound organisational structure with satisfactory operating record;
- (ii) the company is a going concern;
- (iii) the auditors have issued an unqualified audit report on the financial and accounting documents of the company for the past three years;
- (iv) the company and its controlling shareholders and de facto controllers have not had any criminal records in the past three years in relation to corruption, bribery, embezzlement, misappropriation of assets and breach of socialist market economic order; and
- (v) other requirements as prescribed by the securities regulatory authority of the State Council approved by the State Council.

Pursuant to the PRC Company Law, 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 accounting reports, and prepare the share subscription form. After the new share issuance has been paid up, a company must change its registration with the company registration authority and issue a public notice accordingly.

APPENDIX IV

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Reduction of share capital

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

- (i) the company shall prepare a balance sheet and an inventory of the assets;
- (ii) the reduction of registered capital must be approved by shareholders in general meeting;
- (iii) the company shall inform its creditors of the reduction in registered capital within ten (10) days and publish an announcement of the reduction in the newspaper or the National Enterprise Credit Information Publicity System within thirty (30) days after the resolution approving the reduction has been passed;
- (iv) the creditors of the company may within the statutory prescribed time limit require the company to pay its debts or provide guarantees covering the debts; The creditors shall, within thirty (30) days from the date they receive the written notice, or within forty five (45) days from the date the announcement is made in the case of those who have not received such written notice, have the right to claim full repayment of their debts or provision of a corresponding guarantee from the company; and
- (v) the company must apply to the company registration authority for registration of the reduction in registered capital.

Repurchase of shares

A company may not repurchase its own shares other than for one of the following purposes:

- (i) reducing the registered capital of the company; or
- (ii) merging with another company that hold shares in the company; or
- (iii) applying the shares for the staff shareholding scheme or as share incentives; or
- (iv) shareholders who disagree with the resolutions for the merger and separation of the company made in general meeting may demand the company to purchase their shares; or
- (v) utilising the Shares for conversion of corporate bonds which are convertible into shares issued by the listed companies; or
- (vi) where it is necessary for the listed companies to safeguard its value and shareholders' interests.

Where the company needs to purchase its own shares under any of the circumstances set out in clauses (i) and (ii) under the preceding article, it shall be subject to a resolution of the general meeting. Where the company needs to purchase its own shares under any of the circumstances set out in clauses (iii), (v) and (vi) under the preceding article, it shall be made as prescribed by the articles or under the authorisation by the general meeting and approved by way of a resolution at the board meeting attended by more than two thirds of the directors of the company.

APPENDIX IV

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

After the company purchases its own shares under the circumstance set out in clauses (i), it shall cancel the purchased shares within 10 days after the purchase; while under either circumstance set out in clauses (ii) or (iv), transfer them or write them off within six months; while under any of the circumstances set out in clauses (iii), (v) or (vi), the aggregate number of shares of the company held by itself shall not exceed 10% of its total shares in issue and the company shall transfer them or write them off within three years.

A listed company purchasing its own shares shall perform the obligation of information disclosure. A listed company purchasing its own shares under any of the circumstances set out in clauses (iii), (v) and (vi) shall carry out trading in a public and centralised manner.

A company may not accept its own shares as the subject matter of a mortgage.

Transfer of shares

Shares may be transferred in accordance with the relevant laws and regulations.

According to the PRC Company Law, a shareholder may transfer his shares on a stock exchange established in accordance with laws or by any other means as required by the State Council. Stocks may be transferred after the shareholders endorse the back of the share certificates or in any other manner specified by the laws or administrative regulations. Following the transfer, the company shall enter the names and addresses of the transferees into its share register. No changes of registration in the share register described above shall be effected during a period of 20 days prior to convening a shareholders’ general meeting or five days prior to the record date for the purpose of determining entitlements to dividend distributions, subject to any otherwise stipulated legal provisions on the registration of changes in the share register of listed companies.

According to the PRC Company Law, Shares of the company issued prior to the public issue of shares may not be transferred within one year of the date of the company’s listing on a stock exchange. Where any laws, administrative regulations, or the securities regulatory authority under the State Council have other provisions regarding the transfer of shares of a listed company by its shareholders or actual controllers, those provisions shall prevail. Directors, supervisors and the senior management of a company shall declare to the company their shareholdings in it and any changes in such shareholdings. During their terms of office, they may transfer no more than 25% of the total number of shares they hold in the company every year. They shall not transfer the shares they hold within one year of the date of the company’s listing on a stock exchange, nor within six months after they leave their positions in the company. The articles of association may set out other restrictive provisions in respect of the transfer of shares in the company held by its directors, supervisors and the senior management.

APPENDIX IV

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Shareholders

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

- (i) to attend or appoint a proxy to attend shareholders’ general meetings and to exercise the voting rights;
- (ii) to transfer the shares according to the laws and administrative regulations and the articles of association;
- (iii) to inspect the articles of association, shareholder register, counterfoil of company debentures, minutes of shareholders’ general meetings, board resolutions, resolutions of the supervisory board and financial and accounting reports and to make suggestions or inquiries in respect of the company’s operations;
- (iv) to petition the people’s court to revoke any resolution passed at a shareholders’ general meeting or a meeting of board of directors any contents of which is in violation of the articles of association;
- (v) to receive dividends and other types of interest distributing in respect of the number of shares held;
- (vi) to receive residual properties of the company in proportion to their shareholdings upon the terminating or liquidation of the company; and
- (vii) any other shareholders’ rights provided for in laws, administrative regulations, other regulatory documents and the articles of association.

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

Shareholders’ general meeting

The general meeting is the organ of authority of the company, which exercises its powers in accordance with the PRC Company Law. The general meeting may exercise its powers:

- (i) to elect and remove the directors and supervisors and to decide on the matters relating to the remuneration of directors and supervisors;
- (ii) to review and approve the reports of the board of directors;
- (iii) to review and approve the reports of the supervisory board;
- (iv) to review and approve the company’s profit distribution proposals and loss recovery proposals;
- (v) to decide on any increase or reduction of the company’s registered capital;
- (vi) to decide on the issue of corporate bonds;

APPENDIX IV

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

- (vii) to decide on merger, division, dissolution and liquidation of the company or change of its corporate form;
- (viii) to amend the company’s articles of association; and
- (ix) to exercise any other authority stipulated in the articles of association.

The shareholders’ meeting may authorize the board of directors to make resolutions regarding the issuance of corporate bonds.

A shareholders’ general meeting is required to be held once every year. An extraordinary general meeting is required to be held within two months of the occurrence of any of the following:

- (i) the number of directors is less than the number stipulated by the laws or less than two-thirds of the number specified in the articles of association;
- (ii) the outstanding losses of the company reach one-third of the company’s total paid-in share capital;
- (iii) shareholders individually or in aggregate holding 10% or more of the company’s shares request that an extraordinary general meeting shall be convened;
- (iv) the board deems necessary;
- (v) the supervisory board so requests; or
- (vi) any other circumstances as provided for in the articles of association.

A shareholders’ general meeting 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 is 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 is not performing his duties, a director nominated by half or more of the directors shall preside over the meeting. Where the board of directors is incapable of performing or is not performing its duties to convene the general meeting, the supervisory board shall convene and preside over such meeting in a timely manner. If the supervisory board fails to convene and preside over such 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 such meeting.

In accordance with the PRC Company Law, a notice of the general meeting stating the date and venue of the meeting and the matters to be considered at the meeting shall be given to all shareholders 20 days before the meeting. A notice of extraordinary general meeting shall be given to all shareholders 15 days prior to the meeting.

Under the PRC Company Law, a single shareholder who holds, or several shareholders who jointly hold, 1% or more of the shares of the company may submit an interim proposal in writing to the board of directors 10 days before the general meeting is held. The board of directors shall, within two days upon receipt of the proposal, notify the other shareholders, and

APPENDIX IV

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

submit the said interim proposal to the general meeting for deliberation. The contents of the interim proposal shall fall within the scope of powers of the general meeting, and the proposal shall have a clear agenda and specific matters on which resolutions are to be made.

The general meeting shall not make resolutions on matters that are not clearly listed in the notices given to the shareholders.

There is no specific provision in the PRC Company Law regarding the number of shareholders constituting a quorum in a shareholders’ meeting.

Shareholders present at a shareholders’ general meeting have one vote for each share they hold, except for shareholders of non-ordinary shares, save that shares held by the company are not entitled to any voting rights. Resolutions of the general meeting must be passed by more than half of the voting rights held by shareholders present at the meeting, with the exception of matters relating to merger, division or dissolution of the company, increase or reduction of registered share capital, change of corporate form or amendments to the articles of association, which in each case must be passed by at least two-thirds of the voting rights held by the shareholders present at the meeting. Where the PRC Company Law and the articles of association provide that the transfer or acquisition of significant assets or the provision of external guarantees by the company must be approved by way of resolution of the general meeting, the directors shall convene a shareholders’ general meeting promptly to vote on such matters. An accumulative voting system may be adopted for the election of directors and supervisors at the general meeting pursuant to the provisions of the articles of association or a resolution of the general meeting. Under the accumulative voting system, each share shall be entitled to the number of votes equivalent to the number of directors or supervisors to be elected at the general meeting, and shareholders may consolidate their votes for one or more directors or supervisors when casting a vote.

Minutes shall be prepared in respect of matters considered at the general meeting and the shareholders attending the meeting shall endorse such minutes by signature. The minutes shall be kept together with the shareholders’ attendance register and the proxy forms.

Board of directors

The board of directors of a company shall consist of three or more members, and may include employee representatives among them. In the case of a company with three hundred or more employees, except when a board of supervisors has been established including a number of employee representatives among its members as required by law, the company’s board of directors shall include employee representatives among its members. An employee representative on the board of directors shall be elected by the company’s employees through the employee representative assembly, employee assembly, or other forms of democratic elections. The term of a director shall be stipulated in the articles of association, provided that no term of office shall last for more than three years. A director may serve consecutive terms if re-elected. A director shall continue to perform his/her duties as a director in accordance with

APPENDIX IV

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

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

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

- (i) to convene shareholders’ general meetings and report on its work to the shareholders’ general meetings;
- (ii) to implement the resolution passed by the shareholders at the shareholders’ general meeting;
- (iii) to decide on the company’s operational plans and investment proposals;
- (iv) to formulate the company’s profit distribution proposals and loss recovery proposals;
- (v) to formulate proposals for the increase or reduction of the company’s registered capital and the issue of corporate bonds;
- (vi) to formulate proposals for the merger, division or dissolution of the company or change of corporate form;
- (vii) to decide on the setup of the company’s internal management organs;
- (viii) to appoint or dismiss the company’s general manager and decide on his/her remuneration and, based on the general manager’s recommendation, to appoint or dismiss any deputy general manager and financial officer of the company and to decide on their remunerations;
- (ix) to formulate the company’s basic management system; and
- (x) to exercise any other authority stipulated in the articles of association or granted by the shareholders’ meeting.

Meetings of the board of directors shall be convened at least twice each year. Notices of meeting shall be given to all directors and supervisors 10 days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of the voting rights, more than one-third of the directors or the supervisory board. The chairman shall convene the meeting within 10 days of receiving such proposal, and preside over the meeting. The board may otherwise determine the means and the period of notice for convening an interim board meeting. Meetings of the board of directors shall be held only if more than half of the directors are present. Resolutions of the board shall be passed by more than half of all directors. Each director shall have one vote for a resolution to be approved by the board. Directors shall attend board meetings in person. If a director is unable to attend for any reason, he/she may appoint another director to attend the meeting on his/her behalf by a written power of attorney specifying the scope of authorisation that his/her representative has. The board of directors shall prepare minutes of the meetings of the board of directors and such minutes shall be signed by the directors present at the meeting.

APPENDIX IV

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

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

Under the PRC Company Law, the following persons may not serve as a director of a company:

- (i) a person who is unable or has limited ability to undertake any civil liabilities;
- (ii) a person who has been subjected to criminal punishment for corruption, bribery, embezzlement or misappropriation of property, or disruption of the economic order of the socialist market, or who has ever been deprived of political rights due to a criminal conviction, and five years have not elapsed since the term of punishment was completed, or in the case of a suspended sentence, two years have not elapsed since the probation period was completed;
- (iii) 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;
- (iv) Any former legal representative of a company or enterprise which has had its business license revoked or been ordered to shut down due to any violation of the law, and where the individual was personally responsible for the situation, and three years have not elapsed since the date of revocation of business license or shutdown order; and
- (v) a person identified as a subject of enforcement for breach of trust by the people’s court for failure to repay a significant amount of overdue debts.

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

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

APPENDIX IV

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

A company may, as stipulated in its articles of association, establish an audit committee within the board of directors composed of directors to exercise the functions and powers prescribed for the board of supervisors by this Law, without establishing a board of supervisor or supervisor.

Supervisory board

A company shall have a supervisory board composed of three or more members. The supervisory board consists of representatives of the shareholders and an appropriate proportion of representatives of the company’s staff. The actual proportion shall be determined in the articles of association, provided that the proportion of representatives of the company’s staff shall not be less than one-third. Representatives of the company’s staff at the supervisory board shall be democratically elected by the company’s staff at the staff representative assembly, general staff meeting or otherwise. Directors and senior management shall not act concurrently as supervisors. The supervisory board shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman of the supervisory board shall be elected by more than half of the supervisors.

The chairman of the supervisory board shall convene and preside over supervisory board meetings. Where the chairman of the supervisory board is incapable of performing or is not performing his/her duties, the vice chairman of the supervisory board shall convene and preside over supervisory board meetings. Where the vice chairman of the supervisory board is incapable of performing or is not performing his/her duties, a supervisor nominated by more than half of the supervisors shall convene and preside over supervisory board meetings. Directors and senior management shall not act concurrently as supervisors.

Each term of office of a supervisor is three years and he/she may serve consecutive terms if re-elected. A supervisor shall continue to perform his/her duties as a supervisor in accordance with the laws, administrative regulations and the articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of supervisors results in the number of supervisors being less than the quorum.

The supervisory board may exercise its powers:

- (i) to review the company’s financial position;
- (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 any laws, regulations, the articles of association or shareholders’ resolutions;
- (iii) when the acts of a director or senior management personnel are detrimental to the company’s interests, to require the director and senior management to correct these acts;

APPENDIX IV

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

- (iv) to propose the convening of extraordinary shareholders’ general meetings and to convene and preside over shareholders’ general meetings when the board fails to perform the duty of convening and presiding over shareholders’ general meetings under the PRC Company Law;
- (v) to submit proposals to the shareholders’ general meetings;
- (vi) to bring actions against directors and senior management pursuant to the relevant provisions of the PRC Company Law; and
- (vii) to exercise any other authority stipulated in the articles of association.

Supervisors may be present at board meetings and make inquiries or proposals in respect of the resolutions of the board. The supervisory board may investigate any irregularities identified in the operations of the company and, when necessary, may engage an accounting firm to assist its work at the cost of the company.

Manager and senior management

A company shall have a general manager who shall be appointed or removed by the board of directors. The general manager shall report to the board of directors and exercise functions and powers as specified in the articles of association or as authorized by the board of directors.

The general manager shall be present at meetings of the board of directors. However, the general manager shall have no voting rights at meetings of the board of directors unless he/she concurrently serves as a director.

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

Duties of directors, supervisors, general managers and other senior management

Directors, supervisors, the general manager, the deputy manager and senior management are required under the PRC Company Law to comply with the relevant laws, regulations and the articles of association, and carry out their duties in good faith and with due diligence.

Directors, supervisors, senior management are prohibited from accepting bribes or other unlawful income and from misappropriating the company’s property.

Directors and senior management are prohibited from:

- (i) Embezzling company property or misappropriating company funds;
- (ii) depositing company funds into accounts under their own names or the names of other individuals;
- (iii) Personally accepting commissions on transactions to which the company is a party;
- (iv) unauthorised divulgence of confidential information of the company; and
- (v) other acts in violation of their duty of loyalty to the company.

APPENDIX IV

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

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

A director, supervisor or senior management who contravenes any law, regulation or the company’s articles of association in the performance of his/her duties resulting in any loss to the company shall be liable to the company for compensation.

Where a director, supervisor or senior management is required to attend a shareholders’ general meeting, such director, supervisor or senior management shall attend the meeting and answer the inquiries from shareholders. Directors and senior management shall furnish all true information and data to the supervisory board, or if a limited liability company has no supervisory board, supervisors, without impeding the discharge of duties by the supervisory board or supervisors.

Where a director or senior management contravenes law, administrative regulation or the articles of association in the performance of his/her duties resulting in any loss to the company, shareholder(s) holding individually or in aggregate more than 1% of the company’s shares consecutively for over 180 days may request in writing that the supervisory board institute litigation at a people’s court on its behalf. Where the supervisory board violates the laws or administrative regulations or the articles of association in the discharge of its duties resulting in any loss to the company, such shareholder(s) may request in writing that the board of directors institutes litigation at a people’s court on its behalf. If the supervisory board or the board of directors refuses to institute litigation after receiving this written request from the shareholder(s), or fails to institute litigation within 30 days of the date of receiving the request, or in case of emergency where failure to institute litigation immediately will result in irrecoverable damage to the company’s interests, such shareholder(s) shall have the power to institute litigation directly at a people’s court in its own name for the company’s benefit. For other parties who infringe the lawful interests of the company resulting in loss to the company, such shareholder(s) may institute litigation at a people’s court in accordance with the procedure described above. Where a director or senior management contravenes any laws, administrative regulations or the articles of association in infringement of shareholders’ interests, a shareholder may also institute litigation at a people’s court.

Finance and accounting

A company shall establish its own financial and accounting systems according to the laws, administrative regulations and the regulations of the competent financial departments of the State Council. At the end of each financial year, a company shall prepare a financial report which shall be audited by an accounting firm in accordance with the laws. The financial and accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial departments of the State Council.

APPENDIX IV

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

The company’s financial reports shall be made available for shareholders’ inspection at the company 20 days before the convening of an annual general meeting. A joint stock limited company that makes public stock offerings shall publish its financial reports.

When distributing each year’s profits after taxation, the company shall set aside 10% of its profits after taxation for the company’s statutory common reserve fund until the fund has reached 50% or more of the company’s registered capital. When the company’s statutory common reserve fund is not sufficient to make up for the company’s losses for the previous years, the current year’s profits shall first be used to make good the losses before any allocation is set aside for the statutory common reserve fund. After the company has made allocations to the statutory common reserve fund from its profits after taxation, it may, upon passing a resolution at a shareholders’ general meeting, make further allocations from its profits after taxation to the discretionary common reserve fund. After the company has made good its losses and made allocations to its discretionary common reserve fund, the remaining profits after taxation shall be distributed in proportion to the number of shares held by the shareholders, unless otherwise stipulated in the articles of association.

Profits distributed to shareholders by a resolution of a shareholders’ general meeting or the board of directors in violation of the requirements described above must be returned to the company. The company shall not be entitled to any distribution of profits in respect of shares held by it.

The premium received from the issuance of shares by the company at a price exceeding the face value of the stocks, the amount of capital obtained from the issuance of non-par value shares that is not included in the registered capital, and other items stipulated by the finance authority under the State Council to be included in the capital reserve, shall be included in the capital reserve. The common reserve fund of a company shall be applied to make good the company’s losses, expand its business operations or increase its capital. When using a company’s reserves to cover its losses, any discretionary reserve and statutory reserve balances shall first be used to cover such losses; if there is still a shortfall, the capital reserve may be used in accordance with regulations. Upon the transfer of the statutory common reserve fund into capital, the balance of the fund shall not be less than 25% of the registered capital of the company before such transfer.

The company shall have no accounting books other than the statutory books. The company’s assets shall not be deposited in any account opened under the name of any individual.

Appointment and retirement of auditors

Pursuant to the PRC Company Law, the appointment or dismissal of an accounting firm responsible for the company’s auditing shall be determined by shareholders at a shareholders’ general meeting or the board of directors or supervisory board in accordance with the articles of association. The accounting firm should be allowed to make representations when the general

APPENDIX IV

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

meeting or the board of directors conduct a vote on the dismissal of the accounting firm on their respective meetings. 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.

Profit distribution

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

Amendments to the articles of association

Pursuant to the PRC Company Law, the resolution of a shareholders’ general meeting regarding any amendment to a company’s articles of association requires affirmative votes by more than two-thirds of the votes held by shareholders attending the meeting.

Dissolution and liquidation

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

- (i) the term of its operation set out in the articles of association has expired or other events of dissolution specified in the articles of association have occurred;
- (ii) the shareholders have resolved at a shareholders’ general meeting to dissolve the company;
- (iii) the company is dissolved by reason of its merger or division;
- (iv) the business licence of the company is revoked or the company is ordered to close down or to be dissolved in accordance with the laws; or
- (v) the company is dissolved by a people’s court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all shareholders of the company, on the grounds that the operations and management of the company has suffered serious difficulties that cannot be resolved through other means, rendering on-going existence of the company a cause for significant losses to the shareholders.

In cases where a company falls under the circumstances specified in subparagraph (i) or (ii) above and has not yet distributed its assets to shareholders, it may continue its existence by amending its articles of association or by resolution of the shareholders’ meeting. The amendments to the articles of association in accordance with the provisions described above shall require the approval of more than two-thirds of voting rights of shareholders attending a shareholders’ general meeting.

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

Where the company is dissolved under the circumstances set forth in paragraph (i), (ii), (iv) or (v) above, it should establish a liquidation committee within 15 days of the date on which the dissolution matter occurs. The liquidation committee shall be composed of directors or any other person determined by a shareholders’ general meeting. If a liquidation committee is not established within the prescribed period, the company’s creditors may file an application with a people’s court and request the court to appoint relevant personnel to form a liquidation committee to conduct the liquidation. The people’s court should accept such application and form a liquidation committee to conduct liquidation in a timely manner.

The liquidation committee may exercise following powers during the liquidation:

- (i) to dispose of the company’s assets and to prepare a balance sheet and an inventory of assets;
- (ii) to notify the company’s creditors or publish announcements;
- (iii) to deal with any outstanding business related to the liquidation;
- (iv) to pay any overdue tax together with any tax arising during the liquidation process;
- (v) to settle the company’s financial claims and liabilities;
- (vi) to handle the company’s remaining assets after its debts have been paid off; and
- (vii) to represent the company in any civil procedures.

The liquidation committee shall notify the company’s creditors within 10 days of its establishment, and publish an announcement in newspapers or the National Enterprise Credit Information Publicity System within 60 days.

A creditor shall lodge his claim with the liquidation committee within 30 days of receipt of the notification or within 45 days of the date of the announcement if he has not received any notification. A creditor shall, in making his claim, state all matters relevant to his creditor’s rights and furnish relevant evidence. The liquidation committee shall register such creditor’s rights. The liquidation committee shall not make any settlement to creditors during the period of the claim.

Upon disposal of the company’s property and preparation of the required balance sheet and inventory of assets, the liquidation committee shall draw up a liquidation plan and submit this plan to a shareholders’ general meeting or a people’s court for endorsement. The remaining assets of the company, after payment of liquidation expenses, employee wages, social insurance expenses and statutory compensation, outstanding taxes and the company’s debts, shall be distributed to shareholders in proportion to the shares held by them. The company shall continue to exist during the liquidation period, although it cannot engage in operating activities that are not related to the liquidation. The company’s property shall not be distributed to shareholders before settlements are made in accordance with the requirements described above.

Upon liquidation of the company’s property and preparation of the required balance sheet and inventory of assets, if the liquidation committee becomes aware that the company does not have sufficient assets to meet its liabilities, it must apply to a people’s court for a declaration of

APPENDIX IV

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

bankruptcy in accordance with the laws. Following such declaration by the people’s court, the liquidation committee shall hand over the administration of the liquidation to the people’s court.

Upon completion of the liquidation, the liquidation committee shall submit a liquidation report to the shareholders’ general meeting or a people’s court for confirmation of its completion. Following such confirmation, the report shall be submitted to the company registration authority to cancel the company’s registration, and an announcement of its termination shall be published. Members of the liquidation committee are required to perform their duties in good faith and in compliance with relevant laws. Members of the liquidation committee shall be prohibited from abusing their authority in accepting bribes or other unlawful income and from misappropriating the company’s properties. Members of the liquidation committee are liable to indemnify the company and its creditors in respect of any loss arising from their wilful or material default.

Liquidation of a company declaring bankruptcy according to laws shall be processed in accordance with the laws on corporate bankruptcy.

Overseas listing

Pursuant to the Overseas Listing Trial Measures, if a PRC domestic company submits an initial public offering application to an overseas regulatory authority or an overseas stock exchange, the issuer shall file with the CSRC within three business days after submitting the application.

Loss of share certificates

If the share certificate(s) is either lost, stolen or destroyed, a shareholder may, in accordance with the public notice procedures set out in the Civil Procedure Law, apply to a people’s court for a declaration that such certificate(s) will no longer be valid. After such declaration has been obtained, the shareholder may apply to the company for the issue of a replacement certificate(s).

Suspension and termination of listing

The PRC Company Law has deleted provisions governing suspension and termination of listing. The PRC Securities Law has also deleted provisions regarding suspension of listing. Where listed securities fall under the delisting circumstances stipulated by the stock exchange, the stock exchange shall terminate its listing and trading in accordance with the business rules.

Pursuant to the Overseas Listing Trial Measures, in the case of voluntary or mandatory termination of listing, the issuer shall report the specific situation to the CSRC within three business days from the date of the occurrence and announcement of the relevant event.

APPENDIX IV

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Merger and division

Pursuant to the PRC Company Law, a merger agreement shall be signed by merging companies and the involved companies shall prepare their respective balance sheets and inventory of assets. The companies shall within 10 days of the date of passing the resolution approving the merger notify their respective creditors and publicly announce the merger within 30 days. A creditor may, within 30 days of receipt of the notification, or within 45 days of the date of the announcement if he has not received the notification, demand the company to settle any outstanding debts or provide relevant guarantees. In case of a merger, the credits and debts of the merging parties shall be assumed by the surviving or the new company.

In case of a division, the company’s assets shall be divided and a balance sheet and an inventory of assets shall be prepared. When a resolution regarding the company’s division is approved, the company should notify all its creditors within 10 days of the date of passing such resolution and publicly announce the division in newspapers within 30 days. Unless an agreement in writing is reached with creditors in respect of the settlement of debts, the liabilities of the company which have accrued prior to such division shall be jointly borne by the separated companies.

The PRC Securities Law and Regulations

The PRC has promulgated a number of regulations that relate to the issuance and trading of our shares and disclosure of information. In October 1992, the State Council established the Securities Committee (國務院證券委員會) and the CSRC. The Securities Committee (國務院證券委員會) is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee (國務院證券委員會) and is responsible for the drafting of regulatory provisions governing securities markets, supervising securities companies, regulating public offerings of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking relevant research and analysis. On 29 March 1998, the State Council consolidated the aforementioned two departments and reformed the CSRC.

On 22 April 1993, the Provisional Regulations Concerning the Issuance and Trading of Shares (股票發行與交易管理暫行條例) were promulgated by the State Council to govern the application and approval procedures for public offerings of equity securities, trading in equity securities, the acquisition of listed companies, deposit, settling and transfer of listed equity securities, as well as the disclosure of information, investigation, penalties and dispute resolutions with respect to a listed company.

On 25 December 1995, the State Council promulgated the Regulations of the State Council Concerning Domestic Listed Foreign Shares of Joint Stock Limited Companies (國務院關於股份有限公司境內上市外資股的規定). These regulations principally govern the

APPENDIX IV

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

issuance, subscription, trading and declaration of dividends of domestic listed foreign shares and disclosure of information of joint stock limited companies having domestic listed foreign shares.

The PRC Securities Law took effect on 1 July 1999 and was revised as at 28 August 2004, 27 October 2005, 29 June 2013, 31 August 2014 and 28 December 2019, respectively. It was the first national securities law in the PRC, and is divided into 14 chapters and 226 articles regulating, among other matters, the issuance and trading of securities, takeovers of 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 PRC Securities Law provides that domestic enterprises must comply with the relevant regulations of the State Council to, directly or indirectly, issue securities or lists its securities to be traded outside the PRC. Currently, the issuance and trading of foreign issued shares (including H share) are principally governed by the rules and regulations promulgated by the State Council and the CSRC.

On 10 August 2023, the CSRC promulgated the Guidance of H-share Companies Applying for “Full Circulation” Business of Unlisted Shares in China ([2023] No. 50) (H股公司境內未上市股份申請「全流通」業務指引), which came into effect on the same day. This provision is to regulate the listing and circulation (hereinafter referred to as “**Full Circulation**”) of unlisted domestic shares of H-share companies listed on the Hong Kong Stock Exchange (including unlisted domestic shares held by domestic shareholders before overseas listing, unlisted domestic shares issued in China after overseas listing and unlisted shares held by foreign shareholders) on the Stock Exchange. Subject to compliance with relevant laws and regulations, as well as the policy requirements of state-owned assets management, foreign investment and industry regulation, the holders of unlisted domestic shares may independently determine the number and proportion of shares for which an application will be filed for circulation, and entrust H-share companies to file with the CSRC. Unlisted domestic joint-stock limited companies may file with the CSRC for “Full Circulation” simultaneously at the time of its overseas initial public offering and listing.

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 on 31 August 1994, became effective on 1 September 1995 and was amended on 27 August 2009 and 1 September 2017. It is applicable to contract disputes and other property disputes between natural persons, legal persons and other organisations where the parties have entered into a written agreement to refer the matter to arbitration before an arbitration committee constituted in accordance with the Arbitration Law. Under the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association (中國仲裁協會) of arbitration regulations, formulate interim arbitration rules in accordance with the

APPENDIX IV

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

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, unless the arbitration agreement is null and void.

Under the Arbitration Law and the Civil Procedure Law, an arbitral award made by the arbitration body shall be final and conclusive 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. The people’s court shall enforce the arbitral award upon receipt of the application. A people’s court may refuse to enforce an arbitral award made by an arbitration tribunal after verification by collegial bench formed by the people’s court if there is any procedural irregularity (including but not limited to irregularity in the composition of the arbitration tribunal or arbitration proceedings, the jurisdiction of the arbitration commission, or the making of an award on matters beyond the scope of the arbitration agreement).

A party seeking to enforce an arbitral award of PRC Arbitration Tribunal 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 recognised and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or participated in by the PRC. The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (承認及執行外國仲裁裁決公約, the “**New York Convention**”) adopted on 10 June 1958 pursuant to a resolution passed by the SCNPC on 2 December 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 recognised and enforced by 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 arbitration for enforcement is made. At the time of the PRC’s accession to the New York Convention, the SCNPC declared that (i) the New York Convention will only be applied to the recognition and enforcement of arbitral awards made in the territories of other parties based on the principle of reciprocity; and (ii) the New York Convention will only be applied to disputes deemed under PRC laws to be arising from contractual or 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 by the Supreme People’s Court on 24 January 2000 and became effective on 1 February 2000, and the Supplementary Arrangement of the Supreme People’s Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排) (Articles 1 and 4 became effective on 27 November 2020, and Articles 2 and 3 became effective on 19 May 2021) promulgated on 26 November 2020, the courts of Hong Kong agree to enforce the awards made pursuant to the Arbitration Law by the arbitral authorities in the Mainland (the list to be supplied by the Legislative Affairs Office of the State Council (國務院法制辦公室) through the

APPENDIX IV

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Hong Kong and Macao Affairs Office of the State Council (國務院港澳事務辦公室) and the people’s courts of the Mainland agree to enforce the awards made in the Hong Kong pursuant to the Arbitration Ordinance of the Hong Kong. If the people’s courts of the Mainland find that the enforcement of awards made by the Hong Kong arbitral bodies in the Mainland will be against public interests of the Mainland, or the courts of Hong Kong decide that the enforcement of the arbitral awards in Hong Kong will be against public policies of Hong Kong, the awards may not be enforced.

Judicial judgement and enforcement

According to the Arrangement on Mutual Recognition and Enforcement of Judgements in Civil and Commercial Matters by the Courts of the Mainland China and of the Hong Kong Special Administrative Region Pursuant to Agreed Jurisdiction by Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) promulgated by the Supreme People’s Court on 3 July 2008 and implemented on 1 August 2008, in the case of final and enforceable judgement with payment requirement, made by the court of China and the court of Hong Kong in a civil and commercial case with written jurisdiction agreement, any party concerned may apply to the people’s court of China or the court of Hong Kong for recognition and enforcement of such judgement based on this arrangement. “Written jurisdiction agreement” refers to a written agreement between the parties concerned giving the exclusive jurisdiction of either the people’s court of China or the court of Hong Kong in order to resolve dispute relating to particular legal relation occurred or likely to occur. Therefore, the party concerned may apply to the court of China or the court of Hong Kong to recognise and enforce the final judgement made in China or Hong Kong that meet certain conditions of the aforementioned regulations. On 18 January 2019, the Supreme People’s Court and the Hong Kong government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgements in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (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 judgements in wider range of civil and commercial matters between Hong Kong and the PRC. The New Arrangement discontinued the requirement for a written jurisdiction agreement for bilateral recognition and enforcement. The New Arrangement came into effect on 29 January 2024, after the promulgation of a judicial interpretation by the Supreme People’s Court and the completion of the relevant legislative procedures in the Hong Kong. The New Arrangement supersedes the Arrangement on Reciprocal Recognition and Enforcement of Judgements in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administration Region Pursuant to Agreed Jurisdiction Agreements between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排).