

APPENDIX IV

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

THE PRC LEGAL SYSTEM

The PRC legal system is founded on the Constitution and comprises written laws, administrative regulations, local regulations, departmental/local government rules, ratified international treaties, and ancillary regulatory instruments. While court judgments do not constitute binding precedent, they serve as judicial references. The Supreme People’s Court may issue de facto binding judicial interpretations.

Pursuant to the Constitution and the Legislation Law (2023 Revision) (中華人民共和國立法法), legislative power resides with the National People’s Congress (“NPC”) and its Standing Committee. The NPC enacts basic laws governing civil and criminal matters and state organs; the Standing Committee formulates non-basic laws and may supplement and modify NPC-enacted laws during NPC adjournments, provided such actions adhere to statutory fundamental principles.

The State Council, as the supreme administrative organ, formulates administrative regulations. Provincial-level people’s congresses may enact local regulations aligned with regional exigencies, provided they conform to superior legislation. Ministries under the State Council and local governments may issue rules within their delegated authority.

The Constitution holds supreme legal authority. All legislation must conform thereto, with laws superseding administrative regulations and local rules, and administrative regulations prevailing over local regulations and rules.

The NPC may annul Standing Committee-enacted laws or approved regulations violating the Constitution and the Legislation Law. The Standing Committee may invalidate non-compliant administrative and local regulations. The State Council and provincial authorities possess analogous annulment and amendment powers over subordinate rules.

Statutory interpretation authority rests solely with the Standing Committee per the Constitution and the Legislation Law. The Supreme People’s Court may interpret specific legal applications in adjudication under the 1981 Decision on Strengthening Legal Interpretation. Administrative and regional rule-making bodies retain interpretive authority over their respective promulgated instruments.

THE PRC JUDICIAL SYSTEM

The judicial system comprises the Supreme People’s Court (SPC), local people’s courts (primary, intermediate, and higher levels), and special courts, as established under the Constitution and the People’s Courts Organization Law (2018 Revision)(中華人民共和國人民法院組織法). Higher-level courts supervise subordinate courts, while procuratorates exercise legal oversight over civil proceedings. The SPC oversees judicial administration nationwide.

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The PRC Civil Procedure Law (2023 Revision) (中華人民共和國民事訴訟法), came into effect on January 1, 2024, governs civil actions, including jurisdiction, procedural rules, and judgment enforcement. Civil cases are generally initiated in the defendant’s domicile court. Parties may contractually designate a competent forum (e.g., plaintiff/defendant domicile, contract performance location), provided such selection respects jurisdictional hierarchy and exclusive jurisdiction rules.

Foreign parties enjoy litigation rights equal to PRC entities but must retain PRC legal counsel. Reciprocal treatment applies: PRC courts may restrict rights of foreign nationals if their home courts impose analogous limitations on PRC parties. International judicial assistance (e.g., document service, evidence collection) is permitted under treaties or reciprocity principles, subject to sovereignty and public interest exceptions.

Legally effective judgments/arbitral awards must be performed. Non-compliance entitles prevailing parties to seek court enforcement within two years. Where the judgment debtor or assets are extraterritorial, recognition/enforcement may be sought directly in foreign courts or via treaty and reciprocity mechanisms. PRC courts similarly recognize foreign judgments absent violations of fundamental legal principles, sovereignty, security, or public interest.

COMPANY LAW OF THE PEOPLE’S REPUBLIC OF CHINA

Company Law of the People’s Republic of China (中華人民共和國公司法) was promulgated by the Standing Committee of the NPC on December 29, 1993 and came into effect on July 1, 1994, revised on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013 and October 26, 2018 respectively. The latest revision was made on December 29, 2023 and came into effect on July 1, 2024. Set out below is a summary of the major provisions of the Company Law.

General

A joint stock limited company refers to a corporate legal person incorporated in China under the Company Law with independent legal person properties and entitlements to such legal person properties. The company shall bear the responsibility for its debts with all its assets, and the Shareholders of a joint stock limited company shall bear responsibilities to the company within the scope of the number of shares they subscribe for.

Incorporation

A joint stock limited company may be incorporated by promotion or subscription. A joint stock limited company may be incorporated by a minimum of one but not more than 200 promoters, and at least half of the promoters must have residence within the People’s Republic of China. For a joint stock limited company incorporated by way of promotion, the promoters shall subscribe for the full number of shares to be issued at the time of its establishment as stipulated in the Articles of Association. For a joint stock limited company incorporated by way of subscription, the number of shares subscribed by the promoters shall not be less than 35% of the total number of shares to be issued at the time of its establishment as stipulated in the Articles of Association, unless otherwise provided by laws or administrative regulations.

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For companies incorporated by way of promotion, the promoters shall subscribe for the full number of shares to be issued at the time of its establishment as stipulated in the Articles of Association and pay up their capital contributions under the Articles of Association. Procedures relating to the transfer of titles to non-monetary assets shall be duly completed if such assets are to be contributed as capital. If the promoters fail to pay up the shares they have subscribed for, or if the actual value of the non-monetary assets used as capital contribution is significantly less than the shares subscribed for, the other promoters shall be jointly and severally liable with the promoter to the extent that the capital contribution is insufficient. After the promoters have confirmed 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 authorities, and other documents as required by the law or administrative regulations.

For companies incorporated by way of subscription, the number of shares subscribed by the promoters shall not be less than 35% of the total number of shares to be issued at the time of its establishment as stipulated in the Articles of Association, unless otherwise provided by laws or administrative regulations. A promoter who offers shares to the public shall publish a document and prepare a subscription letter to be completed, signed or sealed by subscribers, specifying the number and amount of shares to be subscribed for and the subscribers' addresses. The subscribers shall fully paid up monies for the shares they subscribe for. Where the company is offering shares to the public, such offer shall be underwritten by security companies established under PRC law, and underwriting agreements shall be entered into. The company offering shares to the public shall also enter into agreements with banks in relation to the receipt of subscription monies. The receiving banks shall receive and keep in custody the subscription monies, issue receipts to subscribers who have paid the subscription monies and is obliged to furnish evidence of receipt of those subscription monies to relevant authorities in accordance with the agreement. After the subscription monies for the share issue have been paid in full, a capital verification institution established under PRC laws shall be engaged to conduct a capital verification and furnish a certificate thereof. The promoters shall convene an inauguration meeting within 30 days from the date of the full payment of the shares to be issued at the time of the establishment of the company. The inauguration meeting shall be held in the presence of a majority of the subscribers holding voting rights. Where the shares to be issued remain undersubscribed at the time of the establishment of the company, where the shares issued remain undersubscribed by the deadline stipulated in the document, or where the promoter fails to convene an inauguration meeting within 30 days of the subscription monies for the shares issued being fully paid up, the subscribers may demand that the promoters refund the subscription monies so paid together with the interest at bank rates of a deposit for the same period. Within 30 days after the conclusion of the inauguration meeting, the Board of Directors shall authorize its representative to apply to the company registration authority for registration of the establishment of the company. A company is formally established and has the capacity of a legal person after approval of registration has been given by the relevant company registration authority for industry and commerce and a business license has been issued.

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The legal consequences of the civil activities undertaken by the Shareholders at the time of the establishment of the company for the establishment of the company shall be borne by the company. If the company is not established, the legal consequences shall be borne by the Shareholders at the time of its establishment; if the Shareholders at the time of its establishment are two or more persons, they shall enjoy joint and several claims and bear joint and several liabilities. The third party shall have the right to choose to request the company or the Shareholders at the time of its establishment to bear the civil liabilities arising from civil activities conducted by the Shareholders at the time of its establishment in their own names for the purpose of establishing the company. If the Shareholders at the time of establishment cause damage to others by performing their duties for the establishment of the company, the company or the Shareholders who are not at fault may, after assuming the liability, recover it from the Shareholders who are at fault.

Registered Capital

The promoters may make a capital contribution in currencies, or non-monetary assets such as in kind, intellectual property rights, land use rights, equity, and debentures 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. For capital contributions made in non-monetary assets, a valuation of the assets contributed must be carried out for verification without any overvaluation or under-valuation. If laws and administrative regulations provide otherwise on the valuation, such laws and administrative regulations shall prevail.

The issuance of shares shall be conducted in a fair and equitable manner. Each share of the same class shall rank *pari passu*. Shares of the same class issued at the same time shall be issued on the same conditions and at the same price. The same price per share shall be paid by any subscriber. A corporation that offers any particular classes of shares shall state in the company bylaws the following matters: (1) The order of distribution of profits or residual property to the particular classes of shares; (2) The number of voting rights carried by each share of a particular class; (3) Restrictions on the transfer of the particular classes of shares; (4) Measures for protecting the rights and interests of minority shareholders; (5) Other matters as a shareholders' meeting considers needed.

The shares of a company shall be in the form of stocks. Stock is a certificate issued by a company to certify the shares held by Shareholders. A company may issue registered stocks. The issue price of stocks with nominal value may be equal to or greater than the nominal value of the stock, but may not be less than the nominal value. A PRC domestic company must file with the CSRC to offer its shares to the overseas public. According to the Trial Measures for the Administration of Overseas Securities Issuance and Listing by Domestic Enterprises (“**Trial Measures**”) (境內企業境外發行證券和上市管理試行辦法), target investors of overseas offering and listing by domestic companies shall be overseas investors, unless prescribed in the Trial Measures or otherwise stipulated by the state.

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Increase in Registered Capital

Pursuant to the relevant provisions of the Company Law, where a company is issuing new shares, resolutions shall be passed at a shareholders’ meeting in accordance with the Articles of Association in respect of the class and amount of the new shares, the issue price of the new shares, the commencement and end dates for the issue of the new shares and the class and amount of the new shares proposed to be issued to existing shareholders. For the issue of shares without par value, resolutions shall also be passed on the amount of proceeds from the issue of the new shares to be included in the registered capital.

Reduction of Registered Capital

A company shall reduce its registered capital in accordance with the following procedures prescribed by the Company Law: (1) the company shall prepare a balance sheet and a property list; (2) the reduction of registered capital shall be approved by Shareholders at a shareholders’ meeting; (3) the company shall notify its creditors within 10 days and publish an announcement in newspapers or the National Enterprise Credit Information Publicity System within 30 days from the day on which the resolution approving the reduction of registered capital was passed; (4) the creditors of the company are entitled to require the company to repay its debts or provide guarantees for such debts within 30 days from receipt of the notification or within 45 days from the date of the announcement if he/she/it has not received any notification; and (5) the company shall apply to the company registration authority for change in registration.

Repurchase of Shares

Pursuant to the Company Law, a company may not purchase its own shares other than for the following purposes: (1) reducing its registered capital; (2) merging with other companies which hold its shares; (3) carrying out an employee stock ownership plan or equity incentive plan; (4) acquiring its shares at the request of its Shareholders who vote in the shareholders’ meeting against a resolution regarding a merger and division; (5) utilizing the shares for conversion of listed corporate bonds which are convertible into shares; and (6) where it is necessary for the listed company to safeguard the value of the company and the interests of its Shareholders.

Following the acquisition by a company of its own shares in accordance with these requirements, such shares shall be canceled within 10 days from the date of the acquisition under the circumstance in item (1); such shares shall be transferred or canceled within six months under the circumstances in items (2) or (4); the total shares held by the company shall not exceed 10% of the total shares issued by the company and such shares shall be transferred or canceled within three years under the circumstances in items (3), (5) or (6).

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A listed company shall perform its information disclosure obligations in accordance with the provisions of the Securities Law of the PRC when acquiring its own shares. The acquisition by a listed company of its own shares in circumstances as set out in items (3), (5) and (6) of this article shall be conducted through open centralized trading.

The company shall not accept its own shares as the subject of pledge.

Transfer of Shares

Shares held by Shareholders may be transferred legally. Pursuant to the Company Law, transfer of shares by Shareholders shall be carried out at a legally established stock exchange or in other means stipulated by the State Council. Transfer of shares shall be carried out after the Shareholders endorse the back of the share certificates or in other manner specified by laws and administrative regulations. Following the transfer, the company shall enter the names and addresses of the transferees into its share register. No changes in the share register shall be effected during a period of 20 days prior to convening a shareholders’ meeting or 5 days prior to the record date for the purpose of determining entitlements to dividend distributions, unless otherwise stipulated by laws, administrative regulations or the securities regulatory institution under the State Council on the changes in the share register of listed companies.

Pursuant to the Company Law, shares of the company issued prior to the offering of shares may not be transferred within one year of the date of the company’s listing on a stock exchange. Where there are other provisions in laws, administrative regulations or the securities regulatory institution under the State Council on the transfer of shares held by Shareholders or actual controllers of listed companies, such provisions shall prevail.

Directors, Supervisors and the senior management of a company shall declare to the company their shareholdings in it and changes in such shareholdings. During their defined 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 from the date of the company’s listing on a stock exchange, nor within six months after they leave office 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. If shares are pledged within the restricted transfer period stipulated by laws and administrative regulations, the pledgee shall not exercise the pledge right during the restricted transfer period.

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Shareholders

Under the Company Law, the rights of a Shareholder include: (1) to be entitled to assets income, participate in significant decision-making and select management personnel; (2) to petition the people's court to revoke any resolution of a shareholders' meeting or a meeting of the Board of Directors that has been convened or whose voting has been conducted in violation of the laws, administrative regulations or the Articles of Association, or any resolution the contents of which is in violation of the Articles of Association, provided that such petition shall be submitted by the Shareholders to the people's court within 60 days of the passing of such resolution; (3) to transfer his/her Shares legally; (4) to attend or appoint a proxy to attend shareholders' meetings and exercise the voting rights; (5) to inspect and copy the Articles of Association, share register, the minutes of shareholders' meetings, resolutions of the meeting of the Board, resolutions of the meeting of the Supervisory Committee and the financial and accounting reports, and to make suggestions or inquiries in respect of the company's operations; (6) to receive dividends in respect of the number of Shares held; (7) to participate in the distribution of residual properties of the company in proportion to their shareholdings upon the liquidation of the company; and (8) any other Shareholders' rights provided for in laws, administrative regulations, other normative 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 the Articles of Association.

Upon the establishment of a company, the Board of Directors shall verify the capital contributions of the Shareholders and, if it finds that a Shareholder has not paid the capital contributions stipulated in the Articles of Association in full and on time, it shall issue a written reminder from the company to the Shareholder to call for the payment of the capital contributions. If the failure to fulfill the obligations stipulated in the preceding paragraph in a timely manner causes losses to the company, the responsible Director shall be liable for compensation. If a Shareholder fails to pay the capital contribution in accordance with the date stipulated in the Articles of Association, and the company issues a written reminder to call for the payment of the capital contribution in accordance with the above provisions, the company may specify a grace period for the payment of the capital contribution; the grace period shall not be less than sixty days from the date of the issuance of the reminder by the company. If the grace period expires and the Shareholder still fails to fulfill the obligation to make the capital contribution, the company may, by resolution of the Board of Directors, issue a notice of forfeiture to the Shareholder, which shall be in written form. From the date of issuance of the notice, the Shareholder shall lose his/her equity interest in the unpaid capital. The equity lost in accordance with the above provisions shall be transferred in accordance with the law, or the registered capital shall be reduced accordingly and the equity shall be canceled; if the equity is not transferred or canceled within six months, the other Shareholders of the company shall pay the corresponding capital in full according to the proportion of their capital contributions. If a Shareholder disagrees with the loss of equity, he or she shall, within thirty days from the date of receipt of the notice of loss of equity, file a lawsuit with the people's court.

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Shareholders' meeting

The shareholders' meeting is the organ of authority of the company, which exercises its functions and powers in accordance with the Company Law. The shareholders' meeting may exercise following functions and powers: (1) to elect or replace the Directors and Supervisors and to decide on the matters relating to the remuneration of Directors and Supervisors; (2) to consider and approve the reports of the Board of Directors; (3) to consider and approve the reports of the Supervisory Committee; (4) to consider and approve the company's profit distribution proposals and loss recovery proposals; (5) to decide on any increase or reduction of the company's registered capital; (6) to decide on the issue of corporate bonds; (7) to decide on merger, division, dissolution and liquidation of the company or change of its corporate form; (8) to amend the Articles of Association; and (9) to exercise any other functions and powers stipulated in the Articles of Association. The shareholders' meetings may authorize the Board of Directors to make resolutions on the issuance of corporate bonds.

Under the Company Law, a shareholders' meeting is required to be held once a year. An extraordinary general meeting is required to be held within two months upon the occurrence of any of the following: (1) the number of Directors is less than the number required by the law or less than two-thirds of the number specified in the Articles of Association; (2) the outstanding losses of the company amounted to one-third of the total share capital; (3) Shareholders individually or in aggregate holding more than 10% of the company's Shares request to convene an extraordinary general meeting; (4) the Board of Directors deems necessary; (5) the Supervisory Committee so proposes; or (6) other circumstances as provided in the Articles of Associations.

A shareholders' meeting is 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 or her duties, the meeting shall be presided over by the vice chairman. If the vice chairman is incapable of performing or is not performing his or her duties, a Director jointly recommended by more than half of Directors shall preside over the meeting. If the Board of Directors is unable to or fails to perform its duty of convening the shareholders' meeting, the Supervisory Committee shall convene and preside over such meeting in a timely manner. If the Supervisory Committee fails to convene and preside over such meeting, Shareholders who individually or jointly hold more than 10% of the company's Shares for more than 90 consecutive days may independently convene and preside over such meeting. In the event that Shareholders who individually or collectively hold more than 10% of the company's Shares request the convening of an extraordinary general meeting, the Board of Directors or the Supervisory Committee shall make a decision on whether or not to convene an extraordinary general meeting within ten days from the date of receipt of the request, and shall reply to the Shareholders in writing.

In accordance with the Company Law, a notice 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 if the shareholders' meeting is convened. Notice of the extraordinary general meeting shall be given to all Shareholders 15 days before the meeting.

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Shareholders who individually or jointly hold more than one percent of the Shares of the company may submit an interim proposal in writing to the Board of Directors ten days before the shareholders' meeting is held, the interim proposal should have clear topics and specific resolutions. The Board of Directors shall notify other Shareholders within two days upon receipt of the proposal, and submit the interim proposal to the general meeting for deliberation. Except where the interim proposals violate the provisions of laws, administrative regulations or the Articles of Association, or do not fall within the terms of reference of the shareholders' meetings. The company shall not increase the percentage of shareholding of the Shareholders who make the interim proposals. A company that makes a public offering of its Shares shall give the notice required by the preceding two paragraphs by means of the announcement. The contents of the interim proposals shall fall within the terms of reference of the shareholders' meeting, and the proposals shall provide a clear subject of resolution and specific matters for resolution. The shareholders' meeting shall not make any resolution in respect of any matter not set out in such notices.

According to the Company Law, Shareholders present at shareholders' meeting shall have one vote for each Share they hold, except for class Shareholders. The Company's Shares held by the company are not entitled to any voting rights.

An accumulative voting system may be adopted for the election of Directors and Supervisors at the shareholders' meeting pursuant to the provisions of the Articles of Association or the resolutions of the shareholders' meeting. Under the accumulative voting system, when Directors or Supervisors are being elected at a shareholders' meeting, each Share has as many voting rights as the number of candidates for Directors or Supervisors, and the voting rights can be used collectively by Shareholders on one or more Directors or Supervisors at the time of voting.

Under the Company Law, resolutions of the shareholders' meeting must be passed by more than half of the voting rights held by Shareholders present at the meeting, with the exception of resolutions relating to merger, division or dissolution of a 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 more than two-thirds of the voting rights held by the Shareholders present at the meeting. If the Shareholders appoint agents to attend the shareholders' meeting, the matters, authority and duration of the agent's agency shall be clarified; the agent shall submit a power of attorney of the Shareholder to the company and exercise the voting rights within the scope of the authorization.

Minutes shall be prepared in respect of the decisions on the matters considered at the shareholders' meetings and the chairperson and Directors attending the meeting shall endorse such minutes by signature. The minutes shall be kept together with the signature book of Shareholders attending the meeting and power of attorney of proxy.

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Board of Directors

Under the Company Law, a joint stock limited company shall have Board of Directors, a joint stock limited company of smaller size or with fewer Shareholders may not have Board of Directors and may have one Director exercising the functions and powers of the Board of Directors as prescribed by the Company Law. The Director may serve concurrently as the manager of the company.

The Board of Directors of the company shall consist of at least three members, which shall comprise staff representatives of the company. For a limited liability company with more than 300 employees, except for the Supervisory Committee established in accordance with the law and with staff representatives of the company, there shall be staff representatives of the company among the members of Board of Directors. The staff representatives in the Board of Directors shall be elected democratically by the staff of the company at the staff representative assembly, staff meeting or otherwise.

Under the Company Law, a joint stock limited company shall have Board of Directors, which shall consist of at least three members. Members of the Board of Directors may include staff representatives of the company, who shall be elected democratically by the staff of the company at the staff representative assembly, staff meeting or otherwise.

Under the Company Law, the Board of Directors exercises the following functions and powers: (1) to convene the shareholders' meeting and report on its work to the shareholders' meetings; (2) to implement the resolution of the shareholders' meeting; (3) to decide on a company's operational plans and investment proposals; (4) to formulate the company's proposals for profit distribution and for recovery of losses; (5) to formulate proposals for the increase or reduction of the registered capital of the company and the issue of corporate bonds; (6) to prepare plans for the merger, division, dissolution of the company or change of the form of a company; (7) to decide on the establishment of the company's internal management structure; (8) to decide to appoint or dismiss the company's manager and the remuneration, and based on the manager's recommendation, to decide to appoint or dismiss deputy manager and financial officers of a company and their remuneration; (9) to formulate a company's basic management system; and (10) other functions and powers stipulated in the Articles of Association or conferred by the shareholders' meetings. Any restriction on the powers of the board of directors imposed by the company bylaws may not be set up against a bona fide opposite party.

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The term of office of the Directors shall be stipulated in the Articles of Association, but each term shall not exceed three years. The Directors may be eligible for re-election upon completion of the term. A Director shall continue to perform his duties as a Director in accordance with the provisions of 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 during the term of office results in the number of Directors being less than the quorum. If the Director resigns, the company shall be notified in writing, and the resignation shall take effect on the date the company receives the notice. However, if there is a situation stipulated in the preceding paragraph, the Director shall continue to perform his duties.

The shareholders' meetings may resolve to dismiss a Director, and the dismissal shall take effect on the date of the resolution. If a director is dismissed before the expiration of his/her term of office without a valid reason, the Director may request the company to compensate him/her.

Board Meeting

Pursuant to the Company Law, the Board of Directors is required to convene at least two meetings per year, and all Directors and Supervisors shall be notified of each meeting ten days prior to the date of the meeting. Shareholders representing more than ten percent of the voting rights, more than one-third of the Directors or the Supervisory Committee may propose to convene an interim board meeting. The chairman of the Board shall convene and preside over the board meeting within ten days from the receipt of the proposal. The Board of Directors may convene an interim meeting by setting a separate notification method and notification time limit for convening the Board of Directors. The board meeting shall be held upon the attendance of more than half of the Directors. Resolutions made by the Board of Directors shall be approved by a majority of all Directors. Voting on the resolutions of the Board of Directors shall be carried out on a one-person-one-vote basis. Board meetings shall be attended by the Directors themselves; if a Director is unable to attend for any reason, he/she may delegate in writing to another Director to attend on his/her behalf, and the scope of the authorization shall be set out in the power of attorney. The Board of Directors shall keep minutes of resolutions on matters discussed at the meetings, and the minutes shall be signed by the Directors present at such meetings.

If a resolution of the Board of Directors contravenes the laws, administrative regulations or the Articles of Association or a resolution of the shareholders' meeting causing the company to sustain substantial losses, the Directors involved in passing such resolutions shall be liable to indemnify the company provided that if a Director is proved to have expressed his/her opposition to such resolution when it was put to the vote, and such opposition is recorded in the minutes of the meeting, such Director may be discharged from liability.

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Pursuant to the Company Law, the Board of Directors shall have one chairman and vice chairmen. The chairman and the vice chairman of the Board of Directors shall be elected by more than half of all Directors. The chairman shall convene and preside over the board meeting and check on the implementation of resolutions of the Board of Directors. The vice chairman shall assist the chairman to work, and when the chairman is unable to or does not perform his/her duties, the vice chairman shall perform the duties; where the vice chairman is unable to or does not perform his/her duties, a Director jointly elected by more than half of the Directors shall perform the duties.

The Qualifications of Directors

Under any of the following circumstances, anyone may not act as a director of a company: (1) persons without capacity or restricted capacity to undertake civil liabilities; (2) persons who have committed the offense of corruption, bribery, taking of property, misappropriation of property or destruction of the order of socialist market economy, or persons who have been deprived of their political rights due to criminal offense, where less than five years have elapsed since the date of the completion of implementation of this deprivation; and less than two years have elapsed since the date of the completion of the probation period if probation is announced; (3) persons who acted as Directors, factory managers or managers of a company or an enterprise that has been bankrupt and liquidated, and those persons are personally liable for the bankruptcy 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; (4) persons who were legal representatives of a company or enterprise that had their business licenses revoked and were ordered to close down as a result of infringing the law and shall bear personal liabilities therefore, where three years have not lapsed following the date of revocation of such business licenses and the closure ordered of the company or enterprise; and (5) persons who is listed as a defaulter by a people's court since he is personally liable for a substantial loan which is due for payment but remains unpaid.

If a company violates the provisions of the preceding paragraph in electing or appointing a Director, such election or appointment shall be void and null. If any of the above circumstances occurs during a Director's term of office, the company shall dismiss him/her.

Supervisory Committee

According to the Company Law, a joint stock limited company shall have a Supervisory Committee, a joint stock limited company with a smaller size or with fewer Shareholders may not have a Supervisory Committee, and may have one Supervisor exercising the functions and powers of the Supervisory Committee as stipulated in the Company Law. A joint stock limited company may, in accordance with the provisions of its Articles of Association, establish an Audit Committee comprising Directors under the Board of Directors to exercise the functions and powers of the Supervisory Committee as stipulated in the Company Law, and may not have a Supervisory Committee or Supervisors.

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Audit Committee

According to the Company Law, 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. Among the members of the board of directors of the company, an employees' representative may become a member of the audit committee.

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 this Law.

Manager and Senior Management

According to the Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. The Manager is accountable to the board of directors and shall exercise his/her functions and powers in accordance with the provisions of the articles of association of the company or as authorized by the board of directors. The manager shall attend the board meetings. The board of directors of a company shall determine that a member of the board of directors shall also be a manager.

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

Duties of Directors, Supervisors and Senior Management

Directors, supervisors and senior management shall comply with laws, administrative regulations and the articles of association. Directors, supervisors and senior management have a duty of loyalty to the company and shall take measures to avoid any conflict between their own interests and the interests of the company, and shall not make use of their functions and powers to obtain improper benefits. Directors, supervisors and senior management have a duty of diligence to the company, and shall perform their functions with the reasonable attention generally expected of a manager in the best interests of the company. The above provisions shall be applicable to controlling shareholders and actual controllers of the company who do not act as directors of the company but actually execute the affairs of the company.

Directors, supervisors and senior management shall not engage in the following behaviors: (1) misappropriating the properties or funds of a company; (2) opening accounts and depositing the funds of a company in his/her own name or in the name of other individuals; (3) using his/her functions and powers to bribe or accept other illegal income; (4) accepting commissions for transactions between a company and any other person for his/her personal use; (5) disclosing secrets of a company without authorization; (6) other behaviors that violate the obligation of loyalty to a company.

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Where a director, supervisor or senior management is required to attend a shareholders' meeting, such director, supervisor or senior management shall attend the meeting and answer the inquiries from shareholders.

Where a director, supervisor or senior management violates laws, administrative regulations or the provisions of the articles of association in the performance of his/her functions and causes losses to a company, he/she shall be liable to make compensation. Where a director or senior management violates laws, administrative regulations or the provisions of the articles of association and causes damage to the interests of shareholders, the shareholders shall be entitled to initiate an action to the People's Court. If a controlling shareholder or an actual controller of a company instructs a director or senior management to engage in an act that is detrimental to the interests of the company or the shareholders, he/she and the director or senior management shall be jointly and severally liable.

Finance and Accounting

Under the Company Law, a company shall establish financial and accounting systems according to laws, administrative regulations and the provisions of the financial department of the State Council. The company shall prepare a financial and accounting report which shall be audited by an accounting firm as required by law at the end of each financial year. The financial and accounting report shall be prepared in accordance with the laws, administrative regulations and the provisions of the financial department of the State Council. The company shall make its financial and accounting reports available at the company for inspection by the shareholders at least 21 days before the convening of an annual general meeting. Companies with limited liability that have issued shares to the public are required to announce their financial accounting reports.

When distributing each year's after-tax profits, it shall withdraw 10% of its profits into a statutory reserve fund of the company. If the accumulated amount of the company's statutory reserve fund is more than 50% of the company's registered capital, it may no longer be withdrawn. If the statutory reserve fund of the company is not sufficient to make up losses of the previous year, profits of the current year shall be applied to make up losses before the withdrawal of the statutory reserve fund pursuant to the above provisions. After the withdrawal of the statutory reserve fund from after-tax profits of the company, it may, upon a resolution passed at the shareholders' meeting, withdraw discretionary reserve fund from after-tax profits. After-tax profits remaining after the company has made up for its losses and withdrawn its provident fund, the company with limited liability shall distribute profits in accordance with the proportion of the shareholders' paid-in capital, unless all shareholders agree not to distribute profits in accordance with the proportion of their capital contributions; the company with limited liability distributes profits in accordance with the proportion of the number of shares held by the shareholders, unless otherwise provided for in the articles of association. No profits shall be distributed in respect of the shares of the company held by the company.

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If a company distributes profits to shareholders in violation of the Company Law, the shareholders shall return the profits distributed in violation of the provisions to the company; if losses are caused to the company, the shareholders and responsible directors, supervisors and senior management shall be liable for compensation.

The premiums received by the company from the issuance of shares at an issue price in excess of the par value of the shares, the amount of share proceeds from the issuance of no-par shares that is not included in the registered capital and other items that are required by the finance department of the State Council to be included in the capital reserve fund shall be classified as the company's capital reserve fund.

The company's reserve fund shall be applied to make up losses of the company, expand its production and operations or be converted to increase the registered capital of the company. Reserve fund to make up for the company's losses, should first use the discretionary reserve fund and statutory reserve fund; if it still cannot make up for the loss, the capital reserve fund can be used in accordance with the provisions. Upon the conversion of statutory reserve fund to increase the registered capital, the balance of the statutory reserve fund shall not be less than 25% of the registered capital of the company before such conversion.

The Company shall have no other accounting books except the statutory accounting books. Its funds shall not be deposited in any accounts opened in the name of any individual.

Appointment and Retirement of Accounting Firms

Pursuant to the Company Law, the appointment or dismissal of accounting firms responsible for the auditing of the company shall be determined by the shareholders' meeting, the board of directors and the supervisory committee in accordance with provisions of articles of association. The accounting firm should be allowed to make representations when the shareholders' meeting, the board of directors and the supervisory committee of the company conducts a vote on the dismissal of the accounting firm.

The company should provide true and complete accounting evidences, accounting books, financial and accounting reports and other accounting data to the accounting firm it employs without any refusal, withholding and misrepresentation.

Distribution of Profits

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

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Amendments to Articles of Association

According to the Company Law, a resolution to amend the articles of association made at a shareholders' meeting must be passed by shareholders representing more than two-thirds of the voting rights.

Dissolution and Liquidation

According to the Company Law, a company shall be dissolved by the following reasons: (1) 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; (2) the shareholders' meeting have resolved to dissolve; (3) the company is dissolved by reason of merger or division; (4) the business license is revoked in accordance with the law; the company is ordered to close down or be revoked; (5) The People's Court dissolves the company in accordance with the relevant provisions of the Company Law. In the event that a company is dissolved under the above provisions, the company shall publicize the reasons for dissolution through the National Enterprise Credit Information Publicity System within ten days.

If a company is in the situation described in (1) above and has not yet distributed its property to its shareholders, it may survive by amending its articles of association or by a resolution of a shareholders' meeting. Amendments to the Articles of Association in accordance with the above provisions or resolutions of a shareholders' meeting shall be approved by shareholders holding more than two-thirds of the voting rights in the case of a company with limited liability, and by over two-thirds of the voting rights of the shareholders present at the shareholders' meeting in the case of a joint stock company.

In the event that the company has experienced material difficulties in operation and management, and the continuous survival would lead to substantial losses to the interests of its shareholders and there are no other solutions to resolve the matters, shareholders holding 10% or more of the voting rights of the Company may appeal to the People's Court for dissolution of the company.

If a company is dissolved due to the circumstances mentioned in (1), (2), (4) or (5) above, it shall be liquidated. The directors, as the company's liquidation obligors, shall form a liquidation committee to carry out the liquidation within fifteen days from the date on which the dissolution reasons arise. The liquidation committee shall consist of the directors, unless the articles of association provide otherwise or the shareholders' meeting resolves to elect another person. If a liquidation obligor fails to fulfil its liquidation obligations in a timely manner and causes losses to the company or its creditors, it shall be liable to make compensation. If a liquidation committee is not formed to carry out the liquidation after the expiry of the time limit or if no liquidation is carried out after the liquidation committee is formed, the interested party may apply to the People's Court for the appointment of relevant personnel to form a liquidation committee to carry out the liquidation. The People's Court shall accept the application and promptly organize a liquidation committee to carry out the liquidation.

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The remaining assets of the company after payment of liquidation expenses, staff wages, social insurance expenses and statutory compensation, payment of outstanding taxes, and payment of the company’s debts shall be distributed to shareholders, in the case of a limited liability company, in proportion to the capital contributions of its shareholders and, in the case of a company limited by shares, in proportion to the share held by its shareholders.

During the liquidation period, the company shall continue to exist, but shall not carry out business activities irrelevant to the liquidation. The assets of the company shall not be distributed to any shareholder before full payments have been made out of the assets according to the above.

If, after sorting out the company’s assets and preparing a balance sheet and an inventory of assets, the liquidation committee discovers that the company’s assets are insufficient to repay the company’s debts in full, the liquidation committee shall apply to the People’s Court for bankruptcy and liquidation.

Merger and Division

According to the Company Law, the merger of the company may take the form of either merger by absorption or merger by establishment of a new entity. Merger by absorption means that a company absorbing another company and the company being absorbed shall be dissolved. Merger by establishment of a new entity means that a merger of two or more companies through the establishment of a new company and the companies being consolidated shall be dissolved.

Overseas Listing

According to the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) promulgated by the CSRC on February 17, 2023, and came into effect on March 31, 2023, domestic companies in China that seek to list overseas shall submit an application to the CSRC in accordance to such measures.

Securities Laws and Regulations

The Securities Law of the PRC (中華人民共和國證券法) (the “**Securities Law**”) 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, and the latest revised Securities Law came into effect on March 1, 2020. This is the first national securities law in the PRC, which is divided into 14 chapters and 226 articles regulating, 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 Securities Law comprehensively regulates activities in the PRC securities market. Article 224 of the Securities Law provides that domestic enterprises issuing securities overseas directly or indirectly or listing their securities overseas shall comply with the relevant provisions of the State Council. Currently, the issue and trading of foreign issued shares are mainly governed by the regulations and rules promulgated by the State Council and the CSRC.