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THE PRC LEGAL SYSTEM

The PRC legal system is based on the PRC Constitution (《中華人民共和國憲法》, the “Constitution”), which was adopted on December 4, 1982 and amended on April 12, 1988, March 29, 1993, March 15, 1999, March 14, 2004 and March 11, 2018. The PRC legal system is made up of written laws, administrative regulations, local regulations, autonomous regulations, separate regulations, rules and regulations of State Council departments, rules and regulations of local governments, laws of special administrative regions, international treaties of which the PRC government is a signatory, and other regulatory documents. Court judgments do not constitute legally binding precedents, although they are used for the purposes of judicial reference and guidance.

The National People’s Congress (the “NPC”) and its Standing Committee are empowered to exercise the legislative power of the State in accordance with the Constitution and the PRC Legislation Law (《中華人民共和國立法法》), which was adopted on July 1, 2000 and amended on March 15, 2015. The NPC has the power to formulate and amend basic laws governing state organs, civil, criminal and other matters. The Standing Committee of the NPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend parts of the laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

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

The people’s congresses of the provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people’s congresses of cities divided into districts and their respective standing committees may formulate local regulations on aspects such as urban and rural construction and management, environmental protection and historical and cultural protection based on the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. If the law provides otherwise on the matters concerning formulation of local regulations by cities divided into districts, those provisions shall prevail. Such local regulations by cities divided into districts will become enforceable after being reported to and approved by the standing committees of the people’s congresses of the relevant provinces or autonomous regions. The standing committees of the people’s congresses of the provinces or autonomous regions examine the legality of local regulations submitted for approval, and such approval should be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of such provinces or autonomous regions. Where, during the examination for approval of local regulations of cities divided into districts

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by the standing committees of the people's congresses of the provinces or autonomous regions, conflicts are identified with the rules and regulations of the people's governments of the provinces or autonomous regions concerned, a decision should be made by the standing committees of the people's congresses of provinces or autonomous regions to resolve the issue. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the ethnic groups in the areas concerned.

The ministries and commissions of the State Council, the People's Bank of China, National Audit Office and the subordinate institutions with administrative functions directly under the State Council may formulate departmental rules within the jurisdiction of their respective departments based on the laws and administrative regulations, and the decisions and orders of the State Council. Provisions of departmental rules should be the matters related to the enforcement of the laws and administrative regulations, and the decisions and orders of the State Council. The people's governments of the provinces, autonomous regions, municipalities and cities or autonomous prefectures divided into districts may formulate rules and regulations based on the laws, administrative regulations and local regulations of such provinces, autonomous regions and municipalities.

According to the Constitution, the power to interpret laws is vested in the Standing Committee of the NPC. Pursuant to the Resolution of the Standing Committee of the NPC Providing an Improved Interpretation of the Law (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) implemented on June 10, 1981, the Supreme People's Court has the power to give interpretation on issues related to the application of laws in a court trial, and issues related to the application of laws in a prosecution process of a procuratorate should be interpreted by the Supreme People's Procuratorate. If there is any disagreement in principle between Supreme People's Court's interpretations and Supreme People's Procuratorate's interpretations, such issues shall be reported to the Standing Committee of the NPC for interpretation or judgment. The other issues related to laws other than the abovementioned should be interpreted by the State Council and the competent authorities. The State Council and its ministries and commissions are also vested with the power to give interpretations of the administrative regulations and departmental rules which they have promulgated. At the regional level, the power to interpret regional laws is vested in the regional legislative and administrative authorities which promulgate such laws.

THE PRC JUDICIAL SYSTEM

Under the Constitution and the Law of Organization of the People's Courts of the PRC (《中華人民共和國人民法院組織法》), which is adopted on January 1, 1980 and amended on September 2, 1983, December 2, 1986, October 31, 2006 and October 26, 2018, the PRC judicial system is made up of the Supreme People's Court, the local people's courts and special people's courts.

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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 set up civil, criminal and economic divisions, and certain people’s courts based on the facts of the region, population and cases. The intermediate people’s courts have divisions similar to those of the basic people’s courts and may set up other special divisions if needed. These two levels of people’s courts are subject to supervision by people’s courts at higher levels. The Supreme People’s Court is the highest judicial authority in the PRC. It supervises the administration of justice by the people’s courts at all levels and special people’s courts. The Supreme People’s Procuratorate is authorised to supervise the judgment and ruling of the people’s courts at all levels which have been legally effective, and the people’s procuratorate at a higher level is authorised to supervise the judgment and ruling of a people’s court at lower levels which have been legally effective.

The people’s courts adopt a “second instance as final” appellate system. A party may appeal against the judgment or ruling of the first instance of a local people’s court. The people’s procuratorate may present a protest to the people’s court at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people’s procuratorate within the stipulated period, the judgments or rulings of the people’s court are final. Judgments or rulings of the second instance of the intermediate people’s courts, the higher people’s courts and the Supreme People’s Court, and judgments or rulings of the first instance of the Supreme People’s Court are final. However, if the Supreme People’s Court finds some definite errors in a legally effective judgment, 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 judgment, ruling or conciliation 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 judgment, ruling or conciliation statement, and considers 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.

The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》), the “PRC Civil Procedure Law”) adopted on April 9, 1991 and amended on October 28, 2007, August 31, 2012 and June 27, 2017 prescribes the conditions for instituting a civil action, the jurisdiction of the people’s courts, the procedures for conducting a civil action, and the procedures for enforcement of a civil judgment or ruling. All parties to a civil action conducted within the PRC must abide by the PRC Civil Procedure Law. Generally, a civil case is initially heard by the court located in the defendant’s place of domicile. The court of jurisdiction in respect of a civil action may also be chosen by explicit agreement among the parties to a contract, provided that the people’s court having jurisdiction should be located at places substantially connected with the disputes, such as the plaintiff’s or the defendant’s place of domicile, the place where the contract is executed or signed or the place where the object of the action is located. Moreover, the provisions regarding the level of jurisdiction and exclusive jurisdiction shall not be violated.

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A foreign individual, a person without nationality, a foreign enterprise or a foreign organization is given the same litigation rights and obligations as a citizen, a legal person or other organizations of the PRC when initiating actions or defending against litigations at a PRC court. Should a foreign court limit the litigation rights of PRC citizens or enterprises, the PRC court may apply the same limitations to the citizens and enterprises of such foreign country. A foreign individual, a person without nationality, a foreign enterprise or a foreign organization 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 judgments and rulings. If any party to a civil action refuses to abide by a judgment or ruling made by a people’s court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people’s court for the enforcement of the same within two years subject to application for postponed enforcement or revocation. If a party fails to satisfy within the stipulated period a judgment which the court has granted an enforcement approval, the court may, upon the application of the other party, mandatorily enforce the judgment on the party.

Where a party applies for enforcement of a judgment or ruling made by a people’s court against a party who is not within the territory of the PRC and does not own any property in the PRC, the applicant may directly apply to a foreign court with jurisdiction for recognition and enforcement of the judgment or ruling. A foreign judgement or ruling may also be recognised and enforced according to the PRC enforcement procedures by the people’s court in accordance with the international treaties entered into with the relevant foreign country or the principle of reciprocity involved in which provides for such recognition and enforcement, unless the people’s court considers that the recognition or enforcement of such judgment or ruling would violate the basic legal principles of the PRC, its sovereignty or national security, or against the social and public interests.

THE PRC COMPANY LAW, SPECIAL REGULATIONS AND MANDATORY PROVISIONS

The Company Law (《公司法》) which was promulgated on December 29, 1993 by the Standing Committee of the NPC, last amended on October 26, 2018 and came into effect on the same date regulates the organization and operation of companies and protects the legitimate rights and interests of companies, shareholders and creditors. The Company Law 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 Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (《國務院關於股份有限公司境外募集股份及上市的特別規定》, the “Special Regulations”) were promulgated by the State Council, and took effect on August 4, 1994. The Special Regulations are formulated according to the Company Law

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(1993) in respect of the overseas share subscription and listing of joint stock limited companies. The Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (《到境外上市公司章程必備條款》), the “Mandatory Provisions”) were issued jointly by the former Securities Commission of the State Council and the former State Economic Restructuring Commission on August 27, 1994, prescribing provisions which must be incorporated into the articles of association of joint stock limited companies to be listed overseas. Accordingly, the Mandatory Provisions have been incorporated in the Articles of Association (which are summarised in the appendix headed “Appendix V – Summary of the Articles of Association” to this document).

Copies of the Chinese text of the PRC Company Law, Special Regulations and the Mandatory Provisions together with copies of their unofficial English translations thereof are available for inspection as mentioned in the appendix headed “Appendix VII – Documents delivered to the Registrar of Companies in Hong Kong and documents on display” to this document.

General

A “joint stock limited liability company” (hereinafter referred to as “company”) is a corporate legal person incorporated under the PRC Company Law, whose registered capital is divided into shares of equal nominal value. The liability of its shareholders is limited to the extent of the shares held by them, and the liability of our company is limited to the full amount of all the assets owned by it.

A state-owned enterprise that is restructured into a company must comply with the conditions and requirements specified by law and administrative regulation, for the modification of its operation mechanisms, the systematic handling and evaluation of our company’s assets and liabilities and the establishment of internal management organs.

Incorporation

A company may be incorporated by promotion or subscription. A company may be incorporated by two to 200 promoters, but at least half of the promoters must reside 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 companies incorporated by promotion, the registered capital has to be the total capital subscribed for by all promoters as registered with our company registration authority. Our company 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 our company registration authority.

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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 give notice to all subscribers or make a public announcement of the date of the inaugural meeting.

The inaugural meeting may be convened only with the presence of shareholders holding shares representing more than 50% of the total issued shares of our 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 our 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 apply to our company registration authority for registration of the establishment of our company. Our company is formally established and has the status of a legal person after the approval for registration has been given and a business license has been issued.

Share Capital

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

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

A company may issue registered or bearer shares. However, shares issued to promoter(s) or legal person(s) shall be in the form of registered shares and shall be registered under the name(s) of such promoter(s) or legal person(s) and shall not be registered under a different name or the name of a representative.

The Special Regulations and the Mandatory Provisions provide that shares issued to foreign investors and listed overseas shall be issued in registered form and shall be denominated in Renminbi and subscribed for in foreign currency.

Under the Special Regulations and the Mandatory Provisions, shares issued to foreign investors and investors from the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan and listed overseas are known as overseas listed foreign shares, and those shares issued to investors within the PRC other than the territories specified above are known as domestic shares.

A company may offer its shares to the public overseas with approval by the securities administration department of the State Council. Specific provisions shall be specifically formulated by the State Council. Under the Special Regulations, upon approval of the CSRC, a company may agree, in the underwriting agreement in respect of an issue of overseas listed foreign shares, to retain not more than [REDACTED] of the aggregate number of overseas listed foreign shares proposed to be issued after accounting for the number of underwritten shares.

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The share offering price may be equal to or greater than nominal value, but shall not be less than nominal value.

The transfer of shares by shareholders should be conducted via the legally established stock exchange or in accordance with other methods as stipulated by the State Council. Transfer of registered shares by a shareholder must be made by means of an endorsement or by other means stipulated by law or administrative regulation. Bearer shares are transferred by delivery of the share certificates to the transferee.

Shares held by a promoter of a company shall not be transferred within one year after the date of our company's incorporation. Shares issued by a company prior to the public offer of its shares shall not be transferred within one year from the date of listing of the shares of our company on a stock exchange. Directors, supervisors and senior management of a company shall not transfer over 25% of the shares held by each of them in our company each year during their term of office and shall not transfer any share of our company held by each of them within one year after the listing date. There is no restriction under the PRC Company Law as to the percentage of shareholding a single shareholder may hold in a company.

Transfers of shares may not be entered in the register of members within 20 days before convening a shareholders' general meeting or within five days prior to the reference date set by our company for the purpose of distribution of dividends.

Increase in Capital

Under the PRC Company Law, an increase in the capital of a company by means of an issue of new shares must be approved by shareholders in general meeting.

Save for the above-mentioned shareholder approval requirement, for a public offering of new shares, the Securities Law provides that our company shall: (i) have a sound organizational structure with satisfactory operating record; (ii) have the capability of continuing profitability and a healthy financial position; (iii) have no false statements and other material breaches in the financial and accounting documents of the last three years; (iv) fulfill other conditions required by the securities administration department of the State Council as approved by the State Council.

Public offer requires the approval of the securities administration department of the State Council.

After payment in full for the new shares issued, a company must change its registration with our company registration authority and issue a public notice accordingly.

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Reduction of Share Capital

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

- (i) our 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) our company shall inform its creditors of the reduction in capital within 10 days and publish an announcement of the reduction in the newspaper within 30 days after the resolution approving the reduction has been passed;
- (iv) the creditors of our company may within the statutory prescribed time limit require our company to pay its debts or provide guarantees covering the debts; and
- (v) our company must apply to our company registration authority for registration of the reduction in registered capital.

Repurchase of Shares

A company may not purchase its own shares other than for the purpose of:

- (i) reducing our company's registered capital;
- (ii) merging with another company holding our company's shares;
- (iii) using the shares as employee stock plan or share incentive;
- (iv) requiring our company to acquire shares from shareholders who have voted against the resolutions passed at a general meeting on the merger or division of our company;
- (v) using the shares to convert the corporate bonds issued by a listed company that may be converted into share; and
- (vi) necessary if a listed company wishes to maintain the value of our company and the interests of the shareholders.

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Transfer of Shares

Shares may be transferred in accordance with the relevant laws and regulations. A shareholder should effect a transfer of his shares on a stock exchange established in accordance with laws or by any other means as required by the State Council. Registered shares shall be transferred by means of endorsement by shareholders or by such other means specified by laws or regulations. The transfer of bearer share certificates shall become effective upon the delivery of the certificates to the transferee by the shareholder.

The shares held by the promoters of our company shall not be transferable within one year from the date of our incorporation. Shares issued prior to our company's public offering shall not be transferable within one year from the date on which our company's shares are listed on the stock exchange.

The shares transferrable by directors, supervisors and senior management officers of our company during each year of their tenures shall not exceed twenty-five percent of their total holdings of the shares in our company. The shares in our company held by them are not transferable within one year from the date of listing and shall not be transferred within six months of their departure from our company.

Shareholders

Shareholders have such rights and obligations as set forth in the articles of association of a company. The articles of association of a company are binding on each shareholder. Under the PRC Company Law and the Mandatory Provisions, the rights of a shareholder include:

- (i) to attend in person or appoint a proxy to attend general meetings, and to vote in respect of the number of shares held;
- (ii) to transfer his shares in accordance with applicable laws and regulations and the articles of association of our company;
- (iii) to inspect our company's articles of association, shareholders' registers, records of debentures, minutes of general meetings, board resolutions, supervisors resolutions, financial and accounting reports and put forward proposals or raise questions about the business operations of our company;
- (iv) if any directors or senior management officers damages the shareholder's interests by violating law or administrative regulations or article of association, the shareholders may lodge an action in the people's court;
- (v) to receive dividends and other distributions in respect of the number of shares held;

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- (vi) to obtain surplus assets of our company upon its termination in proportion to his shareholding;
- (vii) to claim against other shareholders who abuse their shareholders' rights for the damages; and
- (viii) any other shareholders' rights specified in our company's articles of association.

The obligations of a shareholder include the obligation to abide by our company's articles of association, to pay the subscription monies in respect of the shares subscribed for, to be liable for our 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 him, not to abuse shareholders' right to damage the interests of our company or other shareholders of our company, and not to abuse the independent status of our company as a legal person and the limited liability to damage the interests of the creditors of our company, and any other shareholders' obligation specified in our company's articles of association.

General Meetings

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

The general meeting exercises the following principal powers:

- (i) to decide on our company's operational policies and investment plans;
- (ii) to elect or replace the directors, supervisors who are not representatives of the employees and decide on matters relating to the remuneration of directors and supervisors;
- (iii) to consider and approve reports of the board of directors;
- (iv) to consider and approve reports of the supervisory committee;
- (v) to consider and approve our company's proposed annual financial budget and financial accounts;
- (vi) to consider and approve our company's proposals for profit distribution and for recovery of losses;
- (vii) to decide on any increase or reduction in our company's registered capital;
- (viii) to decide on the issue of bonds by our company;

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- (ix) to decide on issues such as merger, division, dissolution, liquidation or change of the form of our company and other matters;
- (x) to decide on the appointment, resignation or dismissal of the accounting firm;
- (xi) to amend the articles of association of our company; and
- (xii) other powers specified in the articles of association of our company.

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

- (i) the number of directors is less than the number provided for in the Company Law or less than two-thirds of the number specified in our company's articles of association;
- (ii) the losses of our company which are not made up reach one-third of our company's total paid up share capital;
- (iii) a request by a shareholder that holds, or by shareholders that hold in aggregate, 10% or more of our company's shares;
- (iv) when deemed necessary by the board of directors;
- (v) when the supervisory committee proposes convening it; or
- (vi) other matters required by our company's articles of association.

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

In accordance with the Reply of the State Council on the Adjustment to the Notice Period for General Meetings and Other Matters Applicable to Overseas Listed Companies (《國務院關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批覆》) (Guo Han [2019] No. 97) issued by the State Council on October 17, 2019, it is agreed that the relevant

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provisions of the Company Law shall be uniformly applied to the requirements of the notice period, the right of shareholders to propose and the procedures for convening the general meeting of a joint stock limited company registered in China and listed abroad, and the provisions of Articles 20 to 22 of the Special Provisions shall no longer apply. Therefore, the notice of the general meeting shall be given to all shareholders 20 days before the meeting, stating the matters to be considered at the meeting.

Shareholders present at a general meeting have one vote for each share they hold, but our company shall have no vote for any of its own shares our company holds.

Resolutions proposed at the general meeting shall be adopted by more than half of the voting rights cast by shareholders present (including those represented by proxies) at the meeting, with the exception of matters relating to merger, division, dissolution, increase or reduction in registered capital, change in the form of our company or amendments to the articles of association which shall be adopted by shareholders with two-thirds or more of the voting rights cast by shareholders present (including those represented by proxies) at the meeting.

Shareholders may entrust a proxy to attend general meetings on his behalf by a power of attorney which sets forth the scope of exercising the voting rights.

There is no specific provision in the Company Law regarding the number of shareholders constituting a quorum in a general meeting. The Mandatory Provisions require class meetings to be held in the event of **a variation or derogation of the class rights of a class**. Holders of domestic invested shares and holders of overseas listed foreign invested shares are deemed to be different classes of shareholders for this purpose.

Directors

A company shall have a board of directors, which shall consist of 5 to 19 members and there can be staff representatives of our company. Under the Company Law, each term of office of a director shall not exceed three years. A director may serve consecutive terms if re-elected.

Meetings of the board of directors shall be convened at least twice a year. Notice of meeting shall be given to all directors and supervisors at least 10 days before the meeting. The board of directors may provide for a different method of giving notice and notice period for convening an extraordinary meeting of the board of directors.

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

- (i) to convene the general meeting and report on its work to the shareholders;
- (ii) to implement the resolution of the general meeting;

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- (iii) to decide on our company's business plans and investment plans;
- (iv) to formulate our company's proposed annual financial budget and final accounts;
- (v) to formulate our company's proposals for profit distribution and for recovery of losses;
- (vi) to formulate proposals for the increase or reduction of our company's registered capital and the issue of corporate bonds;
- (vii) to prepare plans for the merger, division, dissolution or change of the form of our company;
- (viii) to decide on our company's internal management structure;
- (ix) to appoint or dismiss our company's general manager, and based on the general manager's recommendation, to appoint or dismiss deputy general manager and financial officers of our company and to decide on their remuneration;
- (x) to formulate our company's basic management system; and
- (xi) any other power given under the articles of association of our company.

In addition, the Mandatory Provisions provide that the board of directors is also responsible for formulating the proposals for amendment of the articles of association of a company.

Meetings of the board of directors shall be held only if more than half of the directors are present. Resolutions of the board of directors require the approval of more than half of all directors.

If a director is unable to attend a board meeting, he may appoint another director by a power of attorney specifying the scope of the authorization to attend the meeting on his behalf.

If a resolution of the board of directors violates the laws, administrative regulations or our company's articles of association as a result of which our company sustains serious losses, the directors participating in the resolution are liable to compensate our company. However, if it can be proven that a director expressly objected to the resolution when the resolution was voted on, and that such objections were recorded in the minutes of the meeting, such director may be relieved of that liability.

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

- (i) persons without civil capacity or with restricted civil capacity;
- (ii) persons who have committed the offense of corruption, bribery, taking of property, misappropriation of property or destruction of the social economic order, and have been sentenced to criminal punishment, where less than five years have elapsed since the date of completion of the sentence; 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;
- (iii) persons who are former directors, factory managers or managers of a company or enterprise which has become bankrupt and been liquidated due to mismanagement and who 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 our company or enterprise;
- (iv) persons who were legal representatives of a company or enterprise which had its business license revoked or business operation shut down due to violation of the law and who are personally liable, where less than three years have elapsed since the date of the revocation of the business license of our company or enterprise;
- (v) persons who have a relatively large amount of debt due and outstanding; or
- (vi) other circumstances under which a person is disqualified from acting as a director of a company are set out in the Mandatory Provisions (which have been incorporated in the Articles of Association, a summary of which is set out in the appendix headed "Appendix V – Summary of the Articles of Association" to this document).

The board of directors shall appoint a chairman, who is elected with approval of more than half of all the directors. The chairman of the board of directors exercises, among others, the following powers:

- (i) to preside over general meetings and convene and preside over meetings of the board of directors; and
- (ii) to check on the implementation of the resolutions of the board of directors.

The legal representative of a company in accordance with the Mandatory Provisions, is the chairman. The Special Regulations provide that **directors, supervisors, managers and other senior management officers of a company shall bear fiduciary duties and the duty to act diligently**. They are required to faithfully perform their duties, protect the interests of our company and not to use their positions for their own benefit. The Mandatory Provisions (which have been incorporated into the Articles of Association, a summary of which is set out in the appendix headed "Appendix V – Summary of the Articles of Association" to this document) contain further elaborations of such duties.

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Supervisors

A company shall have a supervisory committee composed of not less than three members. Each term of office of a supervisor is three years and he may serve consecutive terms if re-elected. A supervisor shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a re-elected supervisor assumes office, if re-election is not conducted in a timely manner upon the expiry of his term of office or if the resignation of supervisor results in the number of supervisors being less than the quorum. The supervisory committee is made up of shareholders representatives and an appropriate proportion of our company's staff representatives; and the percentage of the number of our company's staff representatives shall not be less than one-third. Directors and senior management officers shall not act as supervisors.

Requirements in relation to the power of the supervisory committee under the Company Law are as follows:

- (i) to examine our company's financial affairs;
- (ii) to supervise the directors and senior management officers in their performance of their duties and to propose the removal of any director or senior management officer who violates the laws, regulations, articles of association or shareholders' resolution;
- (iii) to require any director or senior management officer whose act is detrimental to our company's interests to rectify such act;
- (iv) to propose the convening of extraordinary general meetings and, in the event that the board of directors fails to perform the duties of convening and presiding over general meetings to convene and preside over general meetings;
- (v) to propose any bills to general meetings;
- (vi) to commence any action against any directors or senior management officer; and
- (vii) other powers specified in our company's articles of association.

The circumstances under which a person is disqualified from being a director of a company described above apply mutates mutandis to supervisors of a company.

The Special Regulations provide that the directors and supervisors of a company shall have fiduciary duties. They are required to faithfully perform their duties, protect the interest of our company and not to use their positions for their own benefit.

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Supervisors may be in attendance at board meetings and make enquiries or proposals in respect of board resolutions. The supervisory committee or (where there is no supervisory committee) the supervisors of a company may initiate investigations into any irregularities identified in the operation of our company and, where necessary, may engage an accountant to assist in their work. All expenses incurred by the supervisory committee to exercise their power shall be borne by our company.

Meetings of the supervisory committee shall be convened at least every six months. Interim meetings of the supervisory committee can be convened by the supervisors. Under the Company Law, resolutions of the supervisory committee require the approval of more than half of all supervisors. In accordance with the Letter Regarding Opinion on Supplementary Amendments to Articles of Association of Companies to be Listed in Hong Kong (《關於到香港上市公司對公司章程作補充修改的意見的函》) issued by the CSRC on April 3, 1995, resolutions made by the Supervisory Committee shall be approved by two thirds or above of the members of the Supervisory Committee. Each supervisor shall have one vote for resolutions to be approved by the supervisory committee. Minutes shall be prepared in respect of matters considered at the meeting of the supervisory committee and supervisors attending the meeting shall sign to endorse such minutes.

Managers and other Senior Management officers

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 may exercise the following powers:

- (i) in charge of the production, operation and management of our company and arrange for the implementation of resolutions of the board of directors;
- (ii) arrange for the implementation of our company's annual business and investment plans;
- (iii) formulate plans for the establishment of our company's internal management structure;
- (iv) formulate the basic administration system of our company;
- (v) formulate our company's internal rules;
- (vi) recommend the appointment and dismissal of deputy managers and any financial officer and appoint or dismiss other senior management officers (other than those required to be appointed or dismissed by the board of directors);
- (vii) attend board meetings as a non-voting attendant; and
- (viii) other powers conferred by the board of directors or our company's articles of association.

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The Special Regulations and the Mandatory Provisions provide that **other senior management officers of a company include the financial officer, secretary of the board of directors and other executives as specified in the article of association of our company.**

The circumstances under which a person is disqualified from being a director of a company also apply to managers and senior officers of our company.

The articles of association of a company shall have binding effect on the shareholders, directors, supervisors, managers and other senior management officers of our company. Such persons shall be entitled to exercise their rights, apply for arbitration and issue legal proceedings according to the articles of association of our company. The provisions of the Mandatory Provisions regarding senior management officers of a company have been incorporated in the Articles of Association, a summary of which is set out in the appendix headed "Appendix V – Summary of the Articles of Association" to this document.

Duties of Directors, Supervisors and Senior Management officers

A director, supervisor and senior management officer of a company are required under the PRC Company Law to comply with the relevant laws, regulations and our company's articles of association, carry out their duties honestly and protect the interests of our company. They are also prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating our company's properties. Directors and senior management officers are prohibited from:

- (i) misappropriation of company funds;
- (ii) deposit of company funds into accounts under their own name or the name of other individuals;
- (iii) loaning company funds to others or providing guarantees in favor of others supported by our company properties in violation of the articles of association or without prior approval of the general meeting or board of directors;
- (iv) entering into contracts or deals with our company in violation of the articles of association or without prior approval of the general meeting or board of directors;
- (v) using their position to procure business opportunities for themselves or others that should have otherwise been available to our company or operating businesses similar to that of our company for their own benefits or on behalf of others without prior approval of the general meeting;
- (vi) accepting commissions for their own benefit from other parties dealing with our company;

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(vii) unauthorised divulgence of confidential information of our company; or

(viii) other acts in violation of their duty of loyalty to our company.

A director, supervisor and senior management officer of a company is also under a duty of confidentiality to our company.

A director, supervisor and senior management officer who contravenes any law, regulation or our company's articles of association in the performance of his duties which results in any loss to our company shall be personally liable to our company.

The Special Regulations and the Mandatory Provisions provide that a director, supervisor and senior management officer of a company owe fiduciary duties to our company and are required to perform their duties faithfully and to protect the interests of our company and not to make use of their positions in our company for their own benefit.

Where the attendance of a director, supervisor and senior management officer is requested by the general meeting, such director, supervisor and senior management officer shall attend the meeting as requested and answer enquiries of shareholders. Directors and senior management officers shall furnish with all truthfulness facts and information to the supervisory committee without obstructing the discharge of duties by the supervisory committee.

A company shall not directly, or through its subsidiary, provide loans to any director, supervisor or senior management officer and shall regularly disclose to the shareholders any information regarding remunerations received by the directors, supervisors or senior management officer of our company.

Finance and Accounting

A company shall establish its financial and accounting systems according to laws, administrative regulations and the provisions of the competent financial department of the State Council and at the end of each financial year, prepare a financial report which shall be audited and verified as provided by law.

A company shall deposit its financial statements at our company for inspection by the shareholders at least 20 days before the convening of the annual general meeting. A company incorporated by public subscription must publish its financial statements.

The common reserve of a company comprises the statutory surplus reserve, the discretionary common reserve and the capital common reserve.

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When distributing each year's after-tax profits, our company shall set aside 10% of its after-tax profits for our company's statutory surplus reserve (except where the reserve has reached 50% of our company's registered capital). After a company has made an allocation to its statutory common reserve from its after-tax profits, subject to a resolution of the general meeting, our company may make an allocation to a discretionary common reserve.

When our company's statutory surplus reserve is not sufficient to make up for our company's losses of the previous years, the current year profits shall be used to make up for the losses before allocations are set aside for the statutory surplus reserve.

After our company has made up for its losses and make allocations to its statutory surplus reserve, the remaining profits could be available for distribution to shareholder in proportion to the number of shares held by the shareholders except as otherwise provided in the articles of association of such company limited by shares.

The capital common reserve of a company is made up of the premium over the nominal value of the shares of our company on issue and other amounts required by the relevant governmental authority to be treated as the capital common reserve.

The common reserve of a company shall be applied for the following purposes:

- (i) to make up our company's losses other than the capital common reserve;
- (ii) to expand the business operations of our company; and
- (iii) to increase the registered capital of our company by the issue of new shares to shareholders in proportion to their existing shareholdings in our company or by increasing the nominal value of the shares currently held by the shareholders provided that if the statutory surplus reserve is converted into registered capital, the balance of the statutory surplus reserve after such conversion shall not be less than 25% of the registered capital of our company before such conversion.

Our company shall have no other accounting books except the statutory accounting books. Our company's assets shall not be deposited in any accounts opened in the name of an individual.

Appointment and Retirement of Auditors

The Special Regulations require a company to employ an independent PRC qualified accounting firm to audit our company's annual report and to review and check other financial reports.

The auditors are to be appointed for a term commencing from the close of an annual general meeting and ending at the close of the next annual general meeting.

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If a company removes or ceases to continue to appoint the auditors, it is required by the Special Regulations to give prior notice to the auditors and the auditors are entitled to make representations before the shareholders in general meeting. The appointment, removal or non-reappointment of auditors shall be decided by shareholders at the general meetings and shall be filed with the CSRC for record.

Distribution of Profits

The Company Law provides that a company is restricted from distributing profits before accumulated losses have been made up and statutory common reserve have been drawn. The Special Regulations provide that the dividends and other distributions to be paid to holders of overseas listed foreign shares shall be declared and calculated in Renminbi and paid in foreign currency. Under the Mandatory Provisions, the payment of foreign currency to shareholders shall be made through a receiving agent.

Amendments to Articles of Association

Any amendments to our company's articles of association must be made in accordance with the procedures set forth in our company's articles of association. The amendment to articles of association involving content of the Mandatory Provisions will only be effective upon approval of the approving authority authorised by the State Council and the CSRC; where the amendments involve the registered particulars of our company, procedures for change of registration shall be completed with our company's registration authority.

Dissolution and Liquidation

Under the PRC Company Law, a company shall be dissolved in any of the following events:

- (i) the term of its operations set down in its articles of association has expired or events of dissolution specified in its articles of association have occurred;
- (ii) the shareholders in general meeting have resolved to dissolve our company;
- (iii) our company is dissolved by reason of its merger or division;
- (iv) the business license of our company is revoked or our company is ordered to close down or to be dissolved in accordance with the laws; or
- (v) our 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 our company, on the grounds that the operation and management of our company has suffered serious difficulties that cannot be resolved through other means, rendering ongoing existence of our company a cause for significant losses to the shareholders.

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Where our company is dissolved in the circumstances described in (i), (ii), (iv) and (v) above, a liquidation committee must be formed within 15 days after the occurrence of the cause of dissolution so as to carry out liquidation. Members of the liquidation committee shall be composed of directors or any other person determined by the general meeting.

If a liquidation committee is not established within the stipulated period, our company's creditors can apply to the people's court for its establishment.

The liquidation committee shall notify our company's creditors within ten days after its establishment, and issue a public notice in the newspapers within 60 days. A creditor shall lodge his claim with the liquidation committee within 30 days after receiving notification, or within 45 days of the public notice if he did not receive any notification. The liquidation committee shall exercise the following powers during the liquidation period:

- (i) to handle our company's assets and to prepare a balance sheet and an inventory of assets;
- (ii) to notify creditors or issue public notices;
- (iii) to deal with and settle any outstanding business of relevant company;
- (iv) to pay any tax overdue;
- (v) to settle our company's financial claims and liabilities;
- (vi) to handle the remaining assets of our company after its debts have been paid off; and
- (vii) to represent our company in civil lawsuits.

If our company's assets are sufficient to meet its liabilities, they shall be applied towards the payment of the liquidation expenses, wages owed to the employees and labor insurance expenses, tax overdue and debts of our company. Any remaining assets shall be distributed to the shareholders of our company in proportion to the number of shares held by them.

During the liquidation period, a company shall not engage in operating activities unrelated to the liquidation.

If the liquidation committee becomes aware that our company does not have sufficient assets to meet its liabilities, it must immediately apply to the people's court for a declaration of insolvency according to the laws. Following such declaration of insolvency by the people's court, the liquidation committee shall hand over all affairs of the liquidation to the people's court.

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Upon completion of the liquidation, the liquidation committee shall submit a liquidation report to the general meeting or the people's court for confirmation. Thereafter, the report shall be submitted to our company's registration authority in order to cancel our company's registration, and a public notice of its termination shall be issued.

Members of the liquidation committee are required to discharge their duties honestly and in compliance with relevant laws. A member of liquidation committee is liable to indemnify our company and its creditors in respect of any loss arising from his willful or material default.

Loss of Share Certificates

A shareholder may apply, in accordance with the relevant provisions set out in the PRC Civil Procedure Law, to a people's court in the event that share certificates in registered form are either stolen or lost, for a declaration that such certificates will no longer be valid. After such a declaration has been obtained, the shareholder may apply to our company for the issue of replacement certificates.

The Mandatory Provisions provide for a separate procedure regarding loss of H share certificates (which has been incorporated in the Articles of Association, a summary of which is set out in "Appendix V – Summary of Articles of Association.")

Merger and Division

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

As for a corporate merger, the merging parties shall sign an agreement and formulate a balance sheet and an inventory of assets. The companies involved shall, within 10 days after the date of passing the resolution approving the merger, notify the creditors, and shall make a public announcement in a newspaper within 30 days. The creditors may, within 30 days after the receipt of the notification or within 45 days after the date of the public announcement if it fails to receive the notification, require our company to settle any outstanding debts or to provide corresponding guarantees. In the case of a merger, the credits and debts of the merging parties shall be assumed by our company that survives the merger or by the newly established company.

As for the division of a company, the assets thereof shall be divided accordingly, and a balance sheet and an inventory of assets shall be prepared. Our company shall, within 10 days after the date of passing the resolution approving the division, notify the creditors and make a public announcement in a newspaper within 30 days. The debts of our company which have accrued prior to the division shall be jointly assumed by the companies which exist after the division, unless it is otherwise prescribed by our company and the creditors before the division with regard to the settlement of such debts in the written agreement.

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Overseas Listing

The shares of a company shall only be listed overseas after obtaining approval from the securities regulatory authority of the State Council and the listing must be arranged in accordance with procedures specified by the State Council.

According to the Special Regulations, a company’s plan to issue overseas listed foreign shares and domestic shares which has been approved by the securities regulatory authority of the State Council may be implemented by the board of directors of a company by way of separate issues, within 15 months after approval is obtained from the CSRC.

SECURITIES LAW AND REGULATIONS

The PRC has promulgated a number of regulations related to the issue and trading of the shares and disclosure of information. CSRC is the securities supervising body in China responsible for formulating securities policies, drafting of securities regulatory provisions, supervising securities markets, market agents and participants, regulating public offers for sale of securities by PRC companies in the PRC or overseas, and regulating the trading of securities.

The Securities Law of the PRC (the “Securities Law”) came into force on July 1, 1999, and was last amended on December 28, 2019 and became effective on March 1, 2020. This is the first national securities law in the PRC, and it is divided into 14 chapters and 226 articles regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council’s securities regulatory authorities. The PRC Securities Law comprehensively regulates activities in the PRC securities market. Article 224 of the PRC Securities Law provides that a domestic enterprise issuing securities overseas, directly or indirectly, or having its securities listed or traded overseas, shall comply with the relevant regulations of the State Council. Article 225 of the PRC Securities Law provides that specific provisions in respect of shares of companies in the PRC which are to be subscribed and traded in foreign currencies shall be separately formulated by the State Council. Currently, the issue of foreign issued shares (including H Shares) is still mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The Arbitration Law of the PRC (《中華人民共和國的仲裁法》, the “Arbitration Law”) was passed by the Standing Committee of the National People’s Congress on August 31, 1994, last amended on September 1, 2017 and came into effect on January 1, 2018. It is applicable to contract disputes and other property disputes between natural persons, legal persons and other organizations 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 of arbitration regulations, formulate provisional arbitration rules in accordance with the Arbitration Law and the Civil Procedure Law. Where the parties have by agreement provided arbitration as the method for dispute resolution, the people’s court will refuse to handle the case.

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The Hong Kong Listing Rules and the Mandatory Provisions require an arbitration clause to be included in the articles of association and, in the case of the Hong Kong Listing Rules, also in a company’s contracts with each of the directors and supervisors, to the effect that whenever any disputes or claims arise between holders of the H shares and our company; holders of the H shares and the directors, supervisors or senior management officers; or holders of the shares, in respect of any disputes or claims in relation to our affairs or as a result of any rights or obligations arising under the articles of association, the Company Law or other relevant laws and administrative regulations, such disputes or claims shall be referred to arbitration.

Where a dispute or claim of rights referred to in the preceding paragraph is referred to arbitration, the entire claim or dispute must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, if they are shareholders, directors, supervisors, senior management officers of our company, shall be subject to the arbitration. Disputes in respect of who is the shareholder and disputes in relation to our register of members need not be resolved by arbitration.

A claimant may elect for arbitration to be carried out at either the China International Economic and Trade Arbitration Commission (“CIETAC”) in accordance with its rules or the Hong Kong International Arbitration Centre (“HKIAC”) in accordance with its securities arbitration rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant. If the claimant elects for arbitration to be carried out at the HKIAC, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the securities arbitration rules of the HKIAC.

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

A party seeking to enforce an arbitral award of PRC arbitration panel against a party who, or whose property, is not within the PRC, 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 acceded to 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 June 10, 1958 pursuant to a resolution of the Standing Committee of the National People’s Congress passed on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognised and enforced by other parties to the New York Convention, subject to their right to refuse enforcement under certain circumstances,

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including where the enforcement of the arbitral award is against the public policy of the State to which the application for enforcement is made. It was declared by the Standing Committee of the National People's Congress simultaneously with the accession of the PRC that (i) the PRC will only recognize and enforce foreign arbitral awards on the principle of reciprocity and (ii) the PRC will only apply the New York Convention in disputes considered under PRC laws to arise from contractual and non-contractual mercantile legal relations.

In June 1999, an arrangement was made between Hong Kong and the Supreme People's Court of the PRC for the mutual enforcement of arbitral awards. This new arrangement was approved by the Supreme People's Court of the PRC and the Hong Kong Legislative Council, and became effective on February 1, 2000. The arrangement is made in accordance with the spirit of the New York Convention. Under the arrangement, awards made by PRC arbitration bodies pursuant to the Arbitration Law can be enforced in Hong Kong. Hong Kong arbitral awards pursuant to the Arbitration Ordinance of Hong Kong are also enforceable in the PRC. On November 26, 2020, the Supreme People's Court of the PRC issued the Supplemental Arrangement Concerning 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》, the "Supplemental Arrangement"), among which, Article 1 and Article 4 of the Supplemental Arrangement were implemented on November 27, 2020, and Article 2 and Article 3 thereof were implemented on May 19, 2021.

ESTABLISHMENT OF OVERSEAS OPERATIONS RULES AND REGULATIONS

According to the Provisions for Overseas Investment Management (《境外投資管理辦法》) which was promulgated by MOFCOM and took effective on October 6, 2014, and the Provisions on the Foreign Exchange Administration of Overseas Investment of Domestic Institutions (《境內機構境外直接投資外匯管理規定》) which was issued by SAFE and became effective on August 1, 2009, upon obtaining approval from the commerce authority to establish enterprises overseas, PRC enterprises shall apply for foreign exchange registration for overseas investments.

According to the Administrative Measures for Overseas Investment by Enterprises (《企業境外投資管理辦法》) which was promulgated by the NDRC and became effective on March 1, 2018, the investment activities in which a domestic enterprise of the PRC obtains ownership, right of control, operation and management rights and other relevant interests overseas directly or through its controlled overseas enterprise by way of investing assets and equities or providing financing and guarantee are subject to obtaining the approval from and filing with the NDRC or its provincial authorities according to the relevant conditions of the overseas investment projects.