This Appendix summarizes certain aspects of PRC laws and regulations which are relevant to our Company's operations and business. Laws and regulations relating to taxation in the PRC are discussed separately in "Appendix III — Taxation and Foreign Exchange". This Appendix also contains a summary of laws and regulatory provisions of the PRC Company Law. The principal objective of this summary is to provide potential [REDACTED] with an overview of the principal laws and regulatory provisions applicable to our Company. This summary is not intended to include all the information which is important to the potential [REDACTED]. For a discussion of laws and regulations which are relevant to our Company's business, see "Regulatory Overview" in this document.

PRC LEGAL SYSTEM

The PRC legal system is based on the PRC Constitution (《中華人民共和國憲法》) last amended and came into effect on March 11, 2018 (the "**Constitution**") and 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 and international treaties of which the PRC government is the 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.

According to the Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》) which was last amended on March 13, 2023 and came into effect on March 15, 2023 (the "**Legislation Law**"), the NPC and SCNPC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing State organs, civil, criminal and other matters. The SCNPC formulates and amends the 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 standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such 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, ecological civilization development, 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 formulation of local regulations by cities divided into districts, those provisions shall prevail. Such local regulations 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, provided that they comply with the Constitution, laws, administrative regulations, and local regulations of the province or autonomous region. The standing committees of the people's congresses of the provinces or autonomous regions shall examine the legality of local regulations submitted for approval, and such approval shall be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of the relevant provinces or autonomous regions. Where, during the examination for approval of local regulations of cities divided into districts 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, a decision should be made 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. Autonomous regulations and separate regulations of autonomous regions shall take effect upon approval by the SCNPC. The autonomous regulations and separate regulations of autonomous prefectures and counties shall t come into force upon approval by the SCNPC of the province, autonomous region or centrally-administered municipalities.

The ministries and commissions of the State Council, PBOC, the Audit Office, and the subordinate institutions with administrative functions directly under the State Council may formulate departmental rules and regulations within the permissions of their respective departments based on the laws as well as the administrative regulations, 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 and the Legislation Law, the power to interpret laws belongs to the SCNPC. According to the Resolution of the SCNPC Providing an Improved Interpretation of the Law (《全國人民代表大會常務委員會關於加强法律解釋工作的決議》) passed on June 10, 1981, issues related to the application of laws and orders in a court trial should be interpreted by the Supreme People's Court, and issues related to the application of laws and orders in a prosecution process of the procuratorate should be interpreted by the Supreme People's Procuratorate. If there is a disagreement in principle between the interpretations of the Supreme People's Court and the Supreme People's Procuratorate, it shall be reported to the SCNPC for interpretation or decision. Issues related to the application of laws and orders other than in a court trial or in a prosecution process should be interpreted by the State Council and the competent authorities. At the regional level, the power to interpret local laws belongs to the local legislative and administrative authorities that promulgate the relevant laws.

PRC JUDICIAL SYSTEM

According to the Constitution and the Law of Organization of the People's Court of the PRC (《中華人民共和國人民法院組織法》) amended by the SCNPC on October 26, 2018 and effective on January 1, 2019 and the Law of Organization of the People's Procuratorate of the PRC (《中華人民共和國人民檢察院組織法》) amended by the SCNPC on October 26, 2018 and effective on January 1, 2019, the people's courts of the PRC are divided into the Supreme People's Court, the local people's courts at all levels and special people's courts. The local people's courts at all levels are divided into three levels, namely, the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts may set up certain people's tribunals based on the status of the region, population and cases. The Supreme People's Court shall be the highest judicial organ of the state. The Supreme People's Court shall supervise the administration of justice by the local people's courts at all levels and by the special people's courts. The people's courts at a higher level shall supervise the judicial work of the people's courts at lower levels. The People's Procuratorates of the PRC comprise the Supreme People's Procuratorate, local People's Procuratorates at various levels, and specialised People's Procuratorates such as military procuratorates. The Supreme People's Procuratorate is the highest procuratorial organ, which directs the work of local people's procuratorates at all levels and specialised people's procuratorates, while higher-level people's procuratorates direct the work of lower-level people's procuratorates.

The people's courts employ a two-tier appellate system, i.e., judgments or rulings of the second instance at the people's courts are final. A party may appeal against the judgment or ruling of the first instance of a local people's courts. The people's procuratorate may present a protest to the people's courts 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 courts 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 those of the first instance of the Supreme People's Court are final. However, Where the Supreme People's Court discovers an error in a written judgment, ruling document or mediation document of a Local People's Court at any level which has come into legal effect, or where a higher-level People's Court discovers an error in a written judgment, ruling document or mediation document of a lower-level People's Court which has come into legal effect, it shall have the right to arraign or order the lower-level People's Court to re-try the case. Where the president of a People's Court at any level discovers an error in a written judgment, ruling document or mediation document of this court which has come into legal effect and deemed that there is a need for re-trial, the matter shall be submitted to the Adjudication Committee 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**") promulgated by the SCNPC on April 9, 1991, latest amended on September 1, 2023 and took effect on January 1, 2024, prescribes the conditions for instituting a civil action, the jurisdiction of the people's court, 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. A civil case is generally under the jurisdiction of the court located in the defendant's place of domicile. For civil cases, the litigants of a contract may agree in writing on selection of the People's Court at the location of the Defendant's domicile, place of performance of contract, place of execution of contract, address of the Plaintiff, location of the subject matter, etc. or a venue which has actual connection with the dispute to be the People's Court which has jurisdiction, but shall not violate the provisions on grade jurisdiction and exclusive jurisdiction.

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 people's court. Should a foreign court limit the civil litigation rights of PRC citizens or enterprises, the People's court of PRC may apply the same limitations to the citizens or 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 people's 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. A people's court shall not accommodate any request made by a foreign court which will result in the violation of sovereignty, security or public interests of the PRC.

All parties to a civil action shall perform the legally effective judgments and rulings. If a party to civil proceedings refuses to comply with a judgment or ruling issued by a people's court or an award issued by an arbitration tribunal in the PRC, the other party may apply to the people's court for enforcement within two years (and may also apply for postponed enforcement or revocation). The suspension and interruption of the limitation period for enforcement shall be governed by the relevant provisions of law concerning the suspension and interruption of the limitation period for litigation. Where a party fails to perform the judgment within the stipulated period prescribed by the court for granting enforcement approval, the court may, upon application by the other party, enforce the judgment against such party.

Where a party requests for enforcement of an effective judgment or ruling made by a people's court, but the opposite party or his property is not within the territory of the People's Republic of China, the party may directly apply to the foreign court with jurisdiction for recognition and enforcement of the judgment or ruling, or the people's court may, in accordance with the provisions of international treaties to which the PRC is a signatory or in which the PRC is a participant or according to the principle of reciprocity, request for recognition and enforcement by the foreign court. Similarly, for an effective judgment or ruling made by a foreign court that requires recognition and enforcement by a people's court of the PRC, a party may directly apply to an intermediate people's court of the PRC with jurisdiction for recognition and enforcement of the judgment or ruling, or the foreign court may, in accordance with the provisions of international treaties to which its country and the PRC are signatories or in which its country is a participant or according to the principle of reciprocity, request for recognition and enforcement by the people's court, 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 would not be in social and public interest.

THE PRC COMPANY LAW, TRIAL MEASURES AND GUIDELINES FOR ARTICLES OF ASSOCIATION OF LISTED COMPANIES

A joint stock limited company established in the PRC seeking a listing on The HKSE is mainly subject to the following laws and regulations of the PRC.

The Company Law of the PRC (《中華人民共和國公司法》) (the "**PRC Company Law**") was adopted by the Standing Committee of the Eighth NPC at its Fifth Session on December 29, 1993 and came into effect on July 1, 1994. It was successively amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023. The latest revision of the PRC Company Law has taken effect on July 1, 2024.

The Trial Measures and relevant guidelines promulgated by the CSRC on February 17, 2023 and came into effect on March 31, 2023, and were applicable both direct and indirect overseas share subscription and listing of domestic enterprises. The Trial Measures also set out the filing and administration methods and regulatory requirements for the overseas issuance of securities and listing of domestic enterprises.

On March 28, 2025, the CSRC newly promulgated Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) (the "**Guidelines for Articles of Association**"), which came into effect on the same date. Pursuant to the Trial Measures and its supporting Guidelines for the Application of Regulatory Rules — Overseas Issuance and Listing Category No.1, domestic enterprises that directly issue and list overseas shall formulate articles of association and standardize corporate governance with reference to the Articles of Association Guidelines and other relevant provisions of the CSRC on corporate governance.

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

General Provisions

"A joint stock limited company" means a corporate legal person incorporated in China under the PRC Company Law, whose registered capital is divided into shares of equal par value. The liability of its shareholders is limited to the extent of the shares they have subscribed for and the liability of a company is limited to the full value of all the property owned by it.

A company must abide by the law, public and commercial ethics when engaging in business activities. A company may invest in other limited liability companies. The liabilities of the company to such invested companies are limited to the amount invested. If it is prescribed by any law that a company shall not become a capital contributor that shall bear the joint and several liability for the debts of the enterprises it invests in, such provisions shall prevail.

Incorporation

A company may be established by promotion or stock floatation. There shall be not less than 1 but not more than 200 promoters, more than half of whom shall have their domiciles within the territory of the PRC. The registered capital of a company shall be the total share capital of the issued shares as registered with the company registration authority. Before the capital for the shares subscribed for by the promoters are paid in full, the company may not offer any share to others.

Where there is any provision on the minimum amount of the registered capital of a joint stock limited company in any law, administrative regulation or decision of the State Council, such provision shall prevail.

Where a company is to be established by means of promotion, promoters shall fully subscribe for the shares that shall be issued at the time of the establishment of the company as provided for in the articles of association. If a company is to be established by means of stock floatation, the promoters shall subscribed for not less than 35% of the total shares that shall be issued at the time of the establishment of the company as provided for in the articles of association; however, where laws and administrative regulations provide otherwise, such provisions shall prevail.

Promoters of a joint stock limited company established by means of stock floatation shall, within 30 days after full payment has been made for the shares to be issued at the time of establishment, hold an establishment meeting of the company. The promoters shall notify each subscriber of the date of the meeting or make a public announcement 15 days before the meeting is held. The establishment meeting may not be held unless the subscribers who hold more than half of the voting rights attend the meeting. Where a joint stock limited company is established by means of promotion, the convening and voting procedures for the establishment meeting shall be prescribed by the articles of association of the company or the agreement of the promoters.

Powers to be exercised at the establishment meeting of a company shall include but not limited to the adoption of articles of association and the election of directors and supervisors. The resolutions made at the establishment meeting about the matters as mentioned in the preceding paragraph shall be adopted by the subscribers present at the meeting who represent more than half of the voting rights. Where the shares to be issued have not been fully subscribed for at the time of the establishment of a company, or the promoters fail to hold an establishment meeting within 30 days after the full payment has been made for the shares to be issued, subscribers may claim against the promoters for refund of the payment for shares plus the interest on the bank deposits for the same term. The promoters and subscribers may not withdraw their share capital after they have made payment for the shares or delivered non-monetary property as capital contributions, except that the shares have not been fully subscribed for within the time limit, the promoters fail to hold the establishment meeting on schedule, or the establishment meeting decides not to establish the company. The board of directors shall, within 30 days after the end of the establishment meeting of a company, authorize a representative to file an application for registration of establishment with the company registration authority. A company is formally established and has the status of a legal person after registration and the business license has been issued by the relevant company registration authority.

Registration and Issue of Shares

According to the PRC Company Law, the promoters may make capital contributions in currency, or in kind, intellectual property, land use right, stock rights, creditor's rights or other non-monetary property that may be assessed in currency and transferred according to law, except the property that may not be used as capital contributions according to any law or administrative regulation. The non-monetary property as capital contributions shall be assessed and verified, which may not be overvalued or undervalued. If there are provisions on the assessment of value in any law or administrative regulation, such provisions shall prevail.

The capital of a joint stock limited shall be divided into shares. All the shares of the company shall alternatively be shares with or without par value in accordance with the articles of association. Where par value shares are adopted, all the shares shall be of equal value. The company may, according to the articles of association, convert all the issued par value shares into no par value shares, or vice versa. Where no par value shares are adopted, more than half of the proceeds from the issuance of the shares shall be included in the registered capital.

A joint stock limited company shall maintain a register of shareholders and keep it in the company. The register of shareholders shall contain the following items: (i) name and domicile of each shareholder; (ii) class and number of shares subscribed by each shareholder; (iii) serial number of shares if the shares are issued in paper form; and (iv) date for each shareholder to obtain shares.

Shares shall be issued under the principle of fairness and impartiality. The shares of the same class shall rank *pari passu*. Shares of the same class in the same issue shall be issued at the same price and on same conditions. The same price shall be paid for each share subscribed for by a subscriber. The issue price of par value stock may be based on the face value or exceed the face value but shall not be lower than the face value.

According to the Trial Measures, a company that offers and lists securities on overseas markets may raise funds and pay dividends in a foreign currency or the Chinese Yuan (RMB). A domestic company that seeks to offer and list securities in overseas markets for the purpose of implementing equity incentive plans or financing asset acquisitions may offer securities to eligible domestic investors that meet the standards prescribed by the CSRC.

A domestic company that seeks to offer and list securities in overseas markets shall fulfill the filing procedure with the CSRC as per requirement of the Trial Measures, submit relevant materials that contain a filing report and a legal opinion, and provide truthful, accurate and complete information on the shareholders and etc. Where a domestic company seeks to directly offer and list securities in overseas markets, the issuer shall file with the CSRC. Where a domestic company seeks to indirectly offer and list securities in overseas markets, the issuer shall designate a major domestic operating entity, which shall, as the domestic responsible entity, file with the CSRC.

Increase in Share Capital

According to the relevant provisions of the PRC Company Law, where a company issues new shares, the shareholders' meeting shall make resolutions about the class and amount of the new stocks, the issuing price of the new stocks, the beginning and ending dates for the issuance of the new stocks, and the class and amount of the new stocks to be issued to the original shareholders in accordance with the articles of association. Where a company intends to make [REDACTED] of shares, it shall go through the registration with the securities regulatory authority of the State Council and announce the document. After the share capital is raised by a company making offering of shares, an announcement shall be made.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the PRC Company Law: (1) the company shall prepare a balance sheet and an inventory of property; (2) the reduction of registered capital shall be approved by shareholders at the shareholders' meeting; (3) the company shall notify its creditors within ten days from the date of the resolution to reduce the registered capital and make an announcement in the newspaper or the National Enterprise Credit Information Publicity System within thirty days; (4) the company's creditors have the right to demand the company to settle the debts or provide corresponding guarantees within thirty days from the date of receipt of the notice, or within forty-five days from the date of the announcement if the notice has not been received; and (5) the company shall apply to the company registration authority for change of registration.

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

Share Buy-back

According to the PRC Company Law, no company may purchase its own shares except under any of the following circumstances: (i) where the company's registered capital is reduced; (ii) where it merges with another company holding its shares; (iii) where its shares are used for employee stock ownership plan or equity incentives; (iv) where any shareholder, who raises objections to the resolution of the shareholders' meeting on the merger or split-up of the company, requests the company to purchase its shares; (v) where its shares are used for converting the corporate bonds into convertible stocks issued by the company; or (vi) it is necessary for a listed company to maintain its company value and its shareholders' equity. Where a company purchases its own shares under any of the circumstances as mentioned in items (i) or (ii) of the preceding paragraph, a resolution of the shareholders' meeting shall be adopted. Where a company purchases its own shares under any of the circumstances as mentioned in items (iii), (v) or (vi) of the preceding paragraph, a resolution shall be adopted at the meeting of the board of directors with the attendance of not less than two thirds of the directors, according to the articles of association or the shareholders' meeting of the company.

After the company purchases its own shares according to the first paragraph of this Article, the shares purchased shall be written off within ten days as of the purchase date under the circumstance as mentioned in item (i); the shares shall be transferred or written off within six months under the circumstance as mentioned in item (ii) or (iv); and the shares held accumulatively by the company shall not exceed 10% of the total shares issued and be transferred or written off within three years under any of the circumstances as mentioned in item (iii), (v) or (vi).

Transfer of Shares

The shares held by shareholders of a joint stock limited company may be transferred to other shareholders or to persons other than shareholders. Where the articles of association of the company have any restriction on the transfer of shares, the transfer shall be carried out in accordance with the articles of association. According to the PRC Company Law, the share transfer by a shareholder shall be conducted on a lawfully established stock exchange or by any other means as prescribed by the State Council. The stocks shall be transferred by a shareholder in the form of endorsement or by any other means prescribed by the relevant laws or administrative regulations. After the transfer, the company shall record the name and domicile of the transferee in the register of shareholders.

According to the PRC Company Law, the register of shareholders shall not be modified within 20 days before any shareholders' meeting is held, or within 5 days prior to the benchmark date decided by the company for the distribution of dividends. Where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the modification of the register of shareholders of a listed company, such provisions shall prevail.

According to the PRC Company Law, the shares issued before a company makes a [REDACTED] of shares shall not be transferred within 1 year as of the day when the stocks of the company are listed and traded on the stock exchange. Where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the transfer of shares held by the shareholders or actual controllers of a listed company, such provisions shall prevail. The directors, supervisors and senior executives of the company shall declare to the company the shares they hold and the changes thereof. During the term of office as determined when they assume the posts, the shares transferred each year shall not exceed 25% of the total shares they hold of the company. The shares of the company held by them shall not be transferred within 1 year as of the day when the stocks of the company are [REDACTED] and traded on the stock exchange. Any of the aforesaid persons shall not transfer the shares of the company held within six months after he/she leaves office. Any other restrictions on the transfer of company shares held by directors, supervisors or senior executives may be specified in the articles of association. Where the shares are pledged within the time limit for restricted transfer as provided for by laws and administrative regulations, the pledgee may not exercise the pledge right within such restricted period.

Shareholders

According to the PRC Company Law and the Guidelines for Articles of Association, the rights of shareholders include the rights: (i) deriving proceeds from assets of the company, participating in making important decisions and selecting managers of the company according to law; (ii) Where the procedures for convening a meeting of the shareholders' meeting or of the board of directors or the voting method is contrary to any law, administrative regulation or the articles of association, or the contents of any resolution are contrary to the articles of association, shareholders may, within 60 days as of the day when the resolution is made, request the people's court to cancel the resolution, except where the procedures for convening a meeting of the shareholders' meeting or the board of directors or the voting method only has some minor defects, which produces no substantial effect on the resolution; (iii) transferring, donating or pledging shares held by them pursuant to the provisions of laws, administrative regulations and the Articles of Association; (iv) requesting to attend or appoint a proxy to attend a shareholders' meeting pursuant to the law and exercising the corresponding voting rights; (v) consulting and making copies of the company's articles of association, register of shareholders, minutes of shareholders' meetings, resolutions of board meetings and financial accounting reports; supervising the company's business operations, proposing recommendations or raising queries; (vi) being entitled to dividends and any other form of distribution of benefits based on the number of shares held by them; (vii) participating in the distribution of residual property based on their shareholding upon termination or liquidation of the company; and (viii) any other shareholders' rights provided for in laws, administrative regulations, other normative documents and the articles of association, any other rights stipulated by laws, administrative regulations, other normative documents or the Articles of Association.

The obligations of shareholders include the obligation to abide by the company's articles of association, to pay the subscription money according to the number of shares subscribed, to be liable to the company to the extent of shares they have subscribed for., not to abuse their shareholders' rights to damage the interests of a company or other shareholders; not to abuse the independent legal person status of a company and the limited liability of shareholders to damage the interests of the creditors of a company, and any other shareholder obligation conferred by the articles of association.

Shareholders' Meetings

The shareholders' meeting is the authority of the company, which shall exercise its functions and powers according to the PRC Company Law. The shareholders' meeting may exercise the following functions and powers: (i) electing and replacing directors and supervisors and deciding on their remunerations; (ii) deliberating on and approving the reports of the board of directors; (iii) deliberating on and approving the reports of the board of supervisors; (iv) deliberating on and approving the plans for profit distribution and making up losses of the company; (v) making resolutions on the increase or decrease of the registered capital of the company; (vi) making resolutions on the issuance of corporate bonds; (vii) making resolutions on the merger, split-up, dissolution, liquidation or change of corporate form of the company; (viii) amending the articles of association; and (ix) other functions and powers as prescribed in the articles of association. The shareholders' meeting may authorize the board of directors to make a resolution on the issuance of corporate bonds.

According to the PRC Company Law and the Guidelines for the Articles of Association, an annual shareholders' meeting shall be held every year within six months after the end of the last accounting year. If any of the following circumstances occurs, an interim shareholders' meeting shall be held within two months: (i) where the number of directors is less than two thirds of the number as provided for by law or the articles of association; (ii) where the unrecovered losses of the company reach one third of the total capital stock; (iii) where the shareholders who separately or aggregately hold 10% or more of the company's shares so request; (iv) where the board of directors deems it necessary; (v) where the board of supervisors so proposes; or (vi) other circumstances as provided for in the articles of association.

The shareholders' meeting shall be convened by the board of directors and presided over by the chairman of the board of directors. If the chairman is unable or fails to perform his/her duties, the meeting shall be presided over by the deputy chairman. If the deputy chairman is unable or fails to perform his/her duties, the meeting shall be presided over by a director jointly elected by more than half of the directors. If the board of directors is unable or fails to perform the duties of convening the shareholders' meeting, the board of supervisors shall timely convene and preside over the meeting. If the board of supervisors fails to convene and preside over the meeting, shareholders who separately or aggregately hold 10% or more of the shares of the company for 90 or more consecutive days may convene and preside over the meeting by themselves. If the shareholders who separately or aggregately hold 10% or more of the shares of the company request to convene an interim shareholders' meeting, the board of directors and the board of supervisors shall, within 10 days after the receipt of such request, decide whether to hold an interim shareholders' meeting and reply to the shareholders in writing.

According to the PRC Company Law, the time and place of the meeting and the matters to be deliberated shall be notified to each shareholder 20 days before a shareholders' meeting is held. For an interim shareholders' meeting, a notice shall be served 15 days in advance. The shareholders who separately or aggregately hold 1% or more of the shares of the company may, 10 days before a shareholders' meeting is held, submit an interim proposal in writing to the board of directors. The interim proposal shall contain a clear topic for discussion and specific matters for resolution. The board of directors shall, within 2 days after it receives such a proposal, notify other shareholders and submit the interim proposal to the shareholders' meeting for deliberation, unless the interim proposal is in violation of any law, administrative regulation or the articles of association or fails to fall into the scope of functions of the shareholders' meeting. The company shall not raise the shareholding proportion of the shareholder who brings forward any interim proposal.

According to the PRC Company Law, a shareholder who attends the shareholders' meeting has one vote for each share held by it, except the shareholders of classified shares. The company may not have a voting right for the shares it holds. Where a shareholder entrusts an agent to attend the shareholders' meeting, it shall clarify the matters, power and time limit of the agent. The agent shall present a power of attorney issued by the shareholder to the company and exercise voting rights within the authorized scope.

The shareholders' meeting may, in electing the directors or supervisors, adopt a cumulative voting system according to the articles of association or the resolutions of the shareholders' meeting. Under the cumulative voting system, when the shareholders' meeting elects the directors or supervisors, each shareholder is entitled to one vote per share, multiplied by the number of candidates and uses them all for one candidate for director or supervisor.

According to the Company Law and the Guidelines for Articles of Association, a resolution made at the shareholders' meeting shall be adopted by more than half of the voting rights held by the shareholders who attend the meeting. A resolution made at the shareholders' meeting on modifying the articles of association, increasing or reducing the registered capital as well as merger, split-up, dissolution or change of the corporate form shall be adopted by two thirds or more of the voting rights held by the shareholders who attend the meeting.

The Board of Directors

A company shall have a board of directors, unless otherwise stipulated in Article 128 of the PRC Company Law. If the board of directors of a company has three or more members, it may include an employees' representative of the company, who shall be democratically elected by the employees through the employees' representative congress, employees' congress or by other means.

The term of office of directors shall be prescribed in the articles of association, but each term shall not exceed three years. After the term of office of a director expires, he/she may be reelected to serve another term. Where a director is not reelected timely upon expiration of the term of office, or the resignation of any director during his/her term of office results in the number of members of the board of directors being less than the quorum, the original director shall, before a newly elected director takes office, perform his/her duties as a director according to the laws, administrative regulations and the articles of association. Where a director resigns, he/she shall notify the company in written form, and the resignation shall become effective on the day when the company receives the notice. However, under any of the circumstances as mentioned in the preceding paragraph, the director shall continue performing his/her duties.

Under the PRC Company Law, the board of directors shall exercise the following functions and powers: (i) convening the shareholders' meeting and reporting its work to the shareholders' meeting; (ii) executing the resolutions of the shareholders' meeting; (iii) deciding the business plans and investment scheme of the company; (iv) formulating the plans for profit distribution and making up for loss of the company; (v) formulating the plan for increasing or decreasing the registered capital, as well as the plan for issuance of corporate bonds; (vi) formulating the plan for merger, division, dissolution, or change of corporate form of the company; (vii) deciding the establishment of the internal management body of the company; (viii) deciding the appointment or dismissal of the manager of the company and the remuneration thereof, and, according to the nomination of the manager, deciding on hiring or dismissing deputy managers and financial director of the company as well as their remuneration; (ix) formulating the basic management rules of the company; and (x) other functions and powers specified in the articles of association or granted by the shareholders' meeting. Any restrictions on the functions and powers of the board of directors set out in the articles of association may not be asserted against any bona fide third party.

The board of directors shall convene at least two meetings every year. Each meeting shall be notified to all directors and supervisors 10 days before it is held. The shareholders representing one tenth or more of the voting rights, one third or more of the directors, or the board of supervisors may propose to convene an interim meeting of the board of directors. The chairman of the board of directors shall, within 10 days upon receipt of such a proposal, convene and preside over a meeting of the board of directors. If the board of directors holds an interim meeting, it may separately decide the method and time limit for the notification on convening meetings of the board of directors. No meeting of the board of directors may be held unless more than half of the directors are present. A resolution made by the board of directors shall be adopted by more than half of all the directors. For voting on a resolution of the board of directors, each director shall have one vote. The board of directors shall prepare minutes regarding the decisions on the matters discussed at the meetings, which shall be signed by the directors present.

Where a resolution of the board of directors is in violation of any law, administrative regulation, article of association or resolution of the shareholders' meeting and causes any serious loss to the company, the directors who participate in adopting such resolution shall be liable for compensation to the company. If a director is proved to have expressed his/her objection to the voting on such resolution and such objection has been recorded in the minutes, he/she may be exempted from liability.

According to the PRC Company Law, under any of the following circumstances, anyone may not act as a director, supervisor or senior executive of a company: (i) having no capacity for civil conduct or having limited capacity for civil conduct; (ii) having been sentenced to any criminal penalty due to an offence of corruption, bribery, encroachment of property, misappropriation of property or disrupting the order of the socialist market economy, or having been deprived of political rights due to a crime, where a five-year period has not elapsed since the expiration of execution period; If he/she is pronounced for suspension of sentence, a two-year period has not elapsed since the expiration of the suspension of sentence; (iii) serving as a director, factory director or manager of a company or enterprise which has been bankrupt and liquidated and being personally liable for the bankruptcy of such company or enterprise, where a three-year period has not elapsed since the completion of the bankruptcy and liquidation; (iv) acting as the legal representative of a company or enterprise whose business license has been revoked or which was ordered to close down due to any violation of the law and being personally liable, where a three-year period has not elapsed since the date of revocation of business license or the order for closure; or (v) being listed as a dishonest person subject to enforcement by the people's court due to his/her failure to pay off a relatively large amount of due debts.

Where the election or appointment of any director or supervisor, or employment of any senior executive is in violation of the preceding paragraph, it shall be invalidated. Where any director, supervisor or senior executive, during his/her term of office, is under any of the circumstances set out in the first paragraph of this Article, the company shall remove him/her from office.

According to the PRC Company Law, the board of directors shall have one chairman and may have deputy chairmen. The chairman and deputy chairmen shall be elected by more than half of all the directors. The chairman shall convene and preside over the meetings of the board of directors and check the implementation of the resolutions of the board of directors. The deputy chairman shall assist the chairman in work. If the chairman is unable or fails to perform his/her duties, the deputy chairman shall perform such duties. If the deputy chairman is unable or fails to perform his/her duties, a director jointly elected by more than half of the directors shall perform such duties.

The Board of Supervisors

The company shall establish a board of supervisors, except it is otherwise provided in, paragraph 1 of Article 121 and Article 133 of the PRC Company Law. The board of supervisors shall comprise 3 members or more. The members of the board of supervisors shall include shareholders' representatives and an appropriate proportion of employees' representatives of the company, among which the proportion of the employees' representatives shall not be lower than one third, and the concrete proportion shall be specified in the articles of association. The employees' representatives who serve as members of the board of supervisors shall be democratically elected by employees through the employees' representative congress, employees' congress or by other means. No director or senior executive may concurrently hold the post of supervisor.

The board of supervisors shall exercise the following functions and powers: (i) examining the financial affairs of the company; (ii) supervising the acts of the directors and senior executives in the performance of their duties, and proposing the removal of the directors and senior executives who have violated laws, administrative regulations, the articles of association or the resolutions of the shareholders' meeting; (iii) requiring the directors and senior executives to correct their acts if such acts damage the interests of the company; (iv) proposing to convene interim shareholders' meetings, and convening and presiding over the shareholders' meeting when the board of directors fails to implement the duties to convene and preside over the shareholders' meeting as prescribed in the PRC Company Law; (v) presenting proposals to the shareholders' meetings; (vi) initiating lawsuits against the directors and senior executives according to Article 189 of the PRC Company Law; and (vii) other functions and powers provided for in the articles of association.

According to the Relevant Arrangements for the Transitional Period for Implementing the Supporting Systems and Rules for the New Company Law (《關於新〈公司法〉配套制度規則實施相關過渡期安排》) issued by the CSRC on December 27, 2024 and the Guidelines for Articles of Association, listed companies shall, before January 1, 2026, provide in the articles of association for the establishment of an audit committee in the board of directors, and exercise the functions and powers of the board of supervisors as stipulated in the PRC Company Law, and there shall be no supervisory committee nor supervisors.

Managers and Senior Management

According to the relevant provisions of the PRC Company Law, a company may have a manager, who shall be appointed or removed as decided by the board of directors. The manager shall be responsible to the board of directors and exercise his/her functions and powers according to the articles of association or the authorization of the board of directors. The manager shall attend the meetings of the board of directors as a non-voting member.

According to the PRC Company Law, senior management refers to the company manager, deputy company manager, head of finance, secretary to the board of directors of a listed company, and any other persons as specified in the company's articles of association.

Duties of Directors, Supervisors and Senior Management

According to the PRC Company Law, directors, supervisors and senior executives shall comply with laws, administrative regulations and the articles of association, and shall assume the obligation of loyalty to the company and take measures to avoid the conflict between their own interests and those of the company and may not seek any improper interests by taking advantage of their powers. When performing their duties, they shall, for the best interests of the company, exercise the reasonable care that shall be generally possessed by a manager. No director, supervisor or senior executive may have any of the following acts: (i) embezzling the property or misappropriating the funds of the company; (ii) depositing the funds of the company into an account opened in his/her own name or in the name of any other individual; (iii) giving bribes or accepting any other illegal proceeds by taking advantage of his/her power; (iv) taking commissions from the transactions between the company and any other person into his/her own pocket; (v) unlawfully disclosing the confidential information of the company; or (vi) other acts in violation of the obligation of loyalty to the company. The income derived by directors, supervisors, and senior management personnel in violation of the above provisions shall belong to the company.

Where any director, supervisor or senior executive directly or indirectly concludes a contract or conducts a transaction with his/her company, he/she shall report the matters relating to the conclusion of the contract or transaction to the board of directors or shareholders' meeting, which shall be subject to the resolution of the board of directors or shareholders' meeting according to the articles of association.

Where any of the near relatives of the directors, supervisors or senior executives, or any of the enterprises directly or indirectly controlled by the directors, supervisors or senior executives or any of their near relatives, and any of the related parties who has any other related-party relationship with the directors, supervisors or senior executives, concludes a contract or conducts a transaction with the company, the provisions of the preceding paragraph shall apply.

No director, supervisor or senior executive may take advantage of his/her position to seek any business opportunity that belongs to the company for himself/herself or any other person except under any of the following circumstances: (i) where he/she has reported to the board of directors or the shareholders' meeting and has been approved by a resolution of the board of directors or the shareholders' meeting according to the articles of association; or (ii) where the company cannot make use of the business opportunity as stipulated by laws, administrative regulations or the articles of association.

Where any director, supervisor or senior executive fails to report to the board of directors or the shareholders' meeting and obtain an approval by resolution of the board of directors or the shareholders' meeting according to the articles of association, he/she may not engage in any business that is similar to that of the company where he/she holds office for himself/herself or for any other person.

Where any director, supervisor or senior executive violates any law, administrative regulation or the articles of association during the performance of duties and causes any loss to the company, he/she shall be liable for compensation.

Finance and Accounting

According to the PRC Company Law, a company shall establish its financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council. At the end of each fiscal year, the company shall prepare a financial accounting report which shall be audited by an accounting firm in accordance with the law. The financial accounting report shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial department of the State Council. A company's financial accounting report shall be made available for inspection by the shareholders at the company not later than twenty days before the annual meeting of shareholders; a joint stock limited company that has publicly issued shares shall announce its financial accounting report.

The premiums received by a 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 have not been credited to the registered capital, and other items required by the financial department of the State Council to be included in the capital reserve shall be classified as the capital reserve of the company.

The reserve of a company shall be used for making up losses, expanding the production and business scale or increasing the registered capital of the company. Where the reserve of a company is used for making up losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions. Where the statutory reserve is converted to increase registered capital, the amount of such reserve retained shall not be less than 25% of the registered capital of the company prior to the conversion.

No company may keep any accounting books other than the statutory accounting books. No account shall be opened in the name of any individual for the deposit of a company's funds.

Appointment and Dismissal of Accounting Firms

According to the PRC Company Law, the employment or dismissal of an accounting firm undertaking a company's auditing business shall be decided by the shareholders' meeting, the board of directors or the board of supervisors in accordance with the provisions of the company's articles of association. When a company's shareholders' meeting, board of directors or the board of supervisors votes on the dismissal of an accounting firm, the accounting firm shall be allowed to state its own opinions. A company shall provide true and complete accounting documents, accounting books, financial accounting reports and other accounting information to the accounting firm engaged by it, and shall not refuse, conceal or misrepresent them.

The Guidelines for Articles of Association provide that the a listed company's engagement of an accounting firm shall be decided by the shareholders' meeting. The board of directors shall not engage any accounting firm before the decision is made by the shareholders' meeting. The audit fee to the accounting firm shall be decided by the shareholders' meeting.

Profit Distribution

When a company distributes its after-tax profit for the current year, 10% of the profit shall be accrued and included in the company's statutory reserve. Such accrual is no longer required when the accumulated amount of the company's statutory reserve is 50% or more of the company's registered capital. Where the accumulative amount of the company's statutory reserve is not enough to make up for the losses of the previous year, the current year's profits shall first be used to make up for the losses before the statutory reserve is accrued according to the provisions of the preceding provision. After having accrued statutory reserves from the after-tax profits, a company can also set aside discretionary reserve from the after-tax profits upon a resolution made by the shareholders' meeting. The residual after-tax profits after a joint stock limited company has made up its losses and accrued reserve shall be distributed by the joint stock limited company in proportion to the shares held by its shareholders, except as otherwise provided for in the company's articles of association.

Where a company distributes profits to shareholders in violation of the provisions of the PRC Company Law, the shareholders shall refund the profits distributed to the company, and the shareholders and the liable directors, supervisors and senior executives shall be held liable for compensation if any loss is caused to the company.

Dissolution and Liquidation

According to the PRC Company Law, a company shall be dissolved for the following reasons: (i) the expiration of the business period stipulated in the company's articles of association or the occurrence of other causes of dissolution stipulated in the company's articles of association; (ii) dissolution by a resolution of the shareholders' meeting; (iii) dissolution due to merger or demerger of the company; (iv) suspension of the business license, being ordered to close down or being revoked in accordance with the law; or (v) Where a company meets any serious difficulty in its operation or management, and the interests of its shareholders will be subject to heavy loss if the company survives, which cannot be solved by any other means, the shareholders who hold 10% or more of the voting rights of the company may request the people's court to dissolve the company. If any of the situations mentioned above arises, a company shall publicize the situations through the National Enterprise Credit Information Publicity System within ten days.

Where a company falls under the circumstance as mentioned in (i) and (ii) of the preceding paragraph, and it has not distributed the assets to its shareholders yet, it may survive by modifying its articles of association or upon a resolution of the shareholders' meeting. To modify its articles of association or make a resolution of the shareholders' meeting according to the provisions of the preceding paragraph, the consent of two thirds or more of the voting rights of the shareholders who attend the meeting of the shareholders' meeting is required.

Where the company is dissolved pursuant to the circumstances (i), (ii), (iv) or (v) mentioned above, it shall be liquidated. The directors, who are the liquidation obligors of the company, shall form a liquidation group to carry out liquidation within 15 days from the date of occurrence of the cause of dissolution. The liquidation group shall be composed of the directors, unless it is otherwise provided for in the company's Articles of Association or it is otherwise elected by the shareholders' meeting. The liquidation obligors shall be liable for compensation if they fail to fulfill their obligations of liquidation in a timely manner, and thus any loss is caused to the company or the creditors. Where the liquidation group fails to be formed within the time limit or fails to carry out the liquidation after its formation, any interested party may request the people's court to designate relevant persons to form a liquidation group. The people's court shall accept such requests and organize a liquidation group to carry out the liquidation in a timely manner.

The liquidation group may exercise the following functions during the period of liquidation: (i) liquidating the property of the company, preparing a balance sheet and an inventory of property, respectively; (ii) notifying the company's creditors by mail or public announcement; (iii) handling and liquidating the unfinished business of the company; (iv) paying off the taxes overdue and the taxes incurred in the process of liquidation; (v) liquidation of claims and debts of the company; (vi) distributing the remaining property after all the debts of the company are paid off; and (vii) representing the company in civil litigation activities.

The liquidation group shall notify the company's creditors within ten days as of its formation and shall make a public announcement in the newspaper or on the National Enterprise Credit Information Publicity System within 60 days. The creditors shall file their proofs of claim with the liquidation group within 30 days as of the receipt of the notice or within 45 days as of the issuance of the public announcement in the case of failing to receive such notice. When filing a proof of claim, the creditor shall describe the relevant matters of claim and provide the relevant evidentiary materials. The liquidation group shall register the proof of claim. During the period for filing proofs of claims, the liquidation group shall not pay off for any of the creditors.

The liquidation group shall, after liquidating the property of the company and preparing a balance sheet and an inventory of property, make a plan of liquidation and report the same to the shareholders' meeting or the people's court for confirmation. After paying off the liquidation expenses, wages of employees, social insurance premiums and statutory compensations, the outstanding taxes and the debts of the company with the property of the company, the remaining assets may be distributed in proportion to the shares held by the shareholders. During the period of liquidation, the company survives, but shall not carry out any business operation unrelated to the liquidation. The property of the company shall not be distributed to the shareholders until it has been liquidated in accordance with the preceding paragraph.

Where the liquidation group finds that the property of the company are not sufficient for paying off the debts after liquidating the property of the company and preparing a balance sheet and an inventory of property, it shall file an application to a people's court for bankruptcy liquidation. After the people's court accepts the application for bankruptcy, the liquidation group shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

Upon completion of the liquidation of the company, the liquidation group shall produce a liquidation report, report the same to the shareholders' meeting or the people's court for confirmation, and submit the same to the company registration authority to apply for deregistration of the company. The members of the liquidation group performing their duties of liquidation are obliged to loyalty and diligence. Any member of the liquidation group who neglects to fulfill his/her liquidation duties, thus causing any loss to the company shall be liable for compensation, and any member of the liquidation group who cause any loss to any creditor due to his/her intentional or gross negligence shall be liable for compensation. In addition, any company declared bankrupt according to law shall carry out a bankruptcy liquidation in accordance with the provisions concerning bankruptcy liquidation.

Overseas Listing

According to the Trial Measures, Initial public offerings or listings in overseas markets shall be filed with the CSRC within 3 working days after the relevant application is submitted overseas. Subsequent securities offerings of an issuer in the same overseas market where it has previously offered and listed securities shall be filed with the CSRC within 3 working days after the offering is completed. Subsequent securities offerings and listings of an issuer in other overseas markets than where it has offered and listed shall be filed pursuant to provisions in the first in the first sentence of this paragraph. In addition, Where the filing documents are complete and in compliance with stipulated requirements, the CSRC will, within 20 working days after receiving the filing documents, conclude the filing procedure and publish the filing results on the CSRC website. Where the filing documents are incomplete or do not conform to stipulated requirements, the CSRC shall request supplementation and amendment thereto within 5 working days after receiving the filing documents. The issuer should then complete supplementation and amendment within 30 working days.

Upon the occurrence of any of the material events specified below after an issuer has offered and listed securities in an overseas market, the issuer shall submit a report thereof to CSRC within 3 working days after the occurrence and public disclosure of the event: (i) change of control; (ii) investigations or sanctions imposed by overseas securities regulatory agencies or other relevant competent authorities; (iii) change of listing status or transfer of listing segment; (iv) voluntary or mandatory delisting.

Loss of Share Certificates

A shareholder may, in accordance with the public notice procedures set out in the PRC Civil Procedure Law, apply to a people's court if his share certificate(s) in registered form is either stolen, lost or destroyed, for a declaration that such certificate(s) will no longer be valid. After the people's court declared that such certificate(s) will no longer be valid, the shareholder may apply to the company for the issue of a replacement certificate(s).

Suspension and Termination of Listing

The Company Law has removed the provisions on suspension and termination of listing, and the PRC Securities Law amended on December 28, 2019 has also removed the provisions on suspension of listing. Where listed securities fall under the delisting circumstances stipulated by the stock exchange, the stock exchange shall terminate its listing and trading in accordance with the business rules.

According to the Trial Measures, upon the occurrence of voluntary or mandatory delisting after an issuer has offered and listed securities in an overseas market, the issuer shall submit a report thereof to CSRC within 3 working days after the occurrence of the event.

SECURITIES LAW AND REGULATIONS

In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Commission is responsible for coordinating the drafting of securities regulations, formulating securities policies, and planning the development of the securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating the public offering of securities by Chinese companies in the Mainland China or overseas, regulating securities trading, compiling securities-related statistics, and conducting relevant research and analysis. In April 1998, the State Council consolidated the above two departments and reformed the CSRC.

On April 22, 1993, the State Council promulgated the Provisional Regulations Concerning the Issue and Trading of Shares (《股票發行與交易管理暫行條例》), which regulates the application and approval procedures for public offerings, the issuance and trading of shares, the acquisition of listed companies, the deposit, liquidation and transfer of shares, and the information disclosure, investigation, penalties and dispute resolution of listed companies.

On December 25, 1995, the State Council promulgated the Regulations of the State Council Concerning the Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》), which regulates the issuance, subscription, trading, dividend declaration and other distributions of domestic listed foreign shares, as well as disclosure of information of joint stock limited companies with domestic listed foreign shares.

The PRC Securities Law, which was latest amended by the SCNPC on December 28, 2019 and came into effect on March 1, 2020, provides a series of provisions regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies, securities depository and clearing institutions and securities regulatory authorities, and comprehensively regulates activities in the PRC securities market. The PRC Securities Law provides that a domestic enterprise must comply with the relevant provisions of the State Council in issuing securities directly or indirectly outside the PRC or listing and trading its securities outside the PRC. 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.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

Under the Arbitration Law of the People's Republic of China (《中華人民共和國仲裁法》) (the "**PRC Arbitration Law**"), amended by the SCNPC on September 1 2017 and effective on January 1 2018, the PRC Arbitration Law is applicable to economic disputes involving foreign parties, and all parties have entered into a written agreement to refer the matter to an arbitration committee constituted in accordance with the PRC Arbitration Law. An arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with relevant regulations under the PRC Arbitration Law and the PRC Civil Procedure Law. Where the disputing parties have reached an arbitration agreement and one party applies to the People's Court to have the case heard, the People's Court shall not deal with this, except if the arbitration agreement is invalid.

According to the PRC Arbitration Law and the PRC Civil Procedure Law, arbitration awards shall be final and binding upon all parties. Should one party fail to comply with the arbitration award, the other party may apply to the People's Court for enforcement. However, A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any procedural irregularity (including but not limited to irregularity in the composition of the arbitration committee or the making of an award on matters beyond the scope of the arbitration agreement or the jurisdiction of the arbitration commission).

Where a party involved in a foreign arbitration case applies for the enforcement of an award which has taken legal effect, and if the other party that should implement the award or that party's property is not in the territory of the People's Republic of China, the first-mentioned party shall apply directly to a foreign court of law which has jurisdiction of recognition and enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the people's court in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC.

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

JUDICIAL JUDGMENT AND ITS ENFORCEMENT

Under the Supreme People's Court's Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) promulgated by the Supreme People's Court on July 3, 2008 and effective on August 1, 2008 and was abolished on January 29, 2024, as for an enforceable final judgment made by a court in Mainland China or Hong Kong Special Administrative Region court concerning a civil and commercial case under a written agreement on jurisdiction, in which payment must be made, the party concerned may, under the Arrangement, apply to a people's court in Mainland China or a Hong Kong Special Administrative Region court for recognition and enforcement. The term "written agreement on jurisdiction" refers to agreements clearly stipulated in written form by parties concerned that a people's court in Mainland China or Hong Kong Special Administrative Region court has sole jurisdiction as to the effectiveness of the Arrangement, so as to settle disputes relevant to a certain legal relationship that has either arisen or might arise. Therefore, the party concerned may apply to the court in Mainland China or the court of the Hong Kong Special Administrative Region to recognize and enforce the final judgment made in Mainland China or Hong Kong that meet certain conditions of the aforementioned regulations.

On January 25, 2024, the Supreme People's Court promulgated the Arrangement on Reciprocal Recognition and Enforcement of Judgements in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "**New Arrangement**"). The new arrangement seeks to establish a mechanism with further clarification on and certainty for recognition and enforcement of judgements in a wider range of civil and commercial matters between Hong Kong Special Administrative Region and the Mainland China and has removed the requirement that mutual recognition and enforcement of judgments require a jurisdiction agreement. At the same time, the Hong Kong Special Administrative Region Government enacted the Mainland Judgments in Civil and Commercial Matters (Reciprocal Enforcement) Ordinance (Cap. 645), which aims to implement the New Arrangement in the Hong Kong Special Administrative Region through local legislative measures, which also came into effect on the same day. With effect from January 29, 2024, the New Arrangement replaced the old arrangement.