This appendix provides a concise summary of the principal Chinese laws, regulations, and policies related to the company's ongoing business operations within the territory of China. Laws and regulations related to Chinese taxation are addressed separately in Appendix IV Taxation and Foreign Exchange. The primary objective of this summary is to furnish prospective investors with a general understanding of the key legal and regulatory frameworks applicable to the company. This summary does not include all information that may be material to potential investors. For discussions related to the laws and regulations governing the company's business activities, please refer to the Regulatory Overview section of this document.

THE LEGAL FRAMEWORK OF THE PEOPLE'S REPUBLIC OF CHINA

The legal framework of the People's Republic of China is founded upon the Constitution of the People's Republic of China (hereinafter referred to as the Constitution), which was revised and promulgated on March 11, 2018. This framework includes statutory laws, administrative regulations, local regulations, autonomous regulations, separate regulations, departmental rules issued by the State Council, local government rules, legislation of the Special Administrative Regions, as well as international treaties ratified by the Chinese government and other normative instruments. Judicial decisions do not establish legally binding precedents; however, they may serve as references and guidance in judicial proceedings.

Pursuant to the Constitution and the most recent amendment to the Legislative Law of the People's Republic of China (hereinafter referred to as the "Legislative Law"), revised on March 13, 2023, and effective as of March 15, 2023, the National People's Congress (NPC) and its Standing Committee possess the authority to exercise national legislative powers. The NPC holds the prerogative to enact and amend fundamental laws governing state institutions, civil affairs, criminal matters, and other domains. The Standing Committee of the NPC is empowered to enact and amend laws, except those statutes that must be enacted by the NPC itself. During the NPC's recess, the Standing Committee may partially supplement and amend laws enacted by the NPC, provided such modifications do not contravene the fundamental principles of the original legislation.

The State Council, as the highest national administrative authority, is authorized to formulate administrative regulations in accordance with the Constitution and relevant laws. People's congresses and their standing committees at the provincial, autonomous regional, and municipal levels directly under the central government may, based on the specific circumstances and practical requirements of their respective administrative regions, promulgate local regulations, provided these do not conflict with the Constitution, national laws, or administrative regulations. Similarly, people's congresses and their standing committees of cities with districts may enact local regulations concerning matters such as urban and rural construction and management, ecological civilization development, historical and cultural preservation, and grassroots governance, contingent upon the specific conditions and practical needs of their cities. Such regulations must not conflict with the Constitution, laws, administrative regulations, or local regulations of their respective provinces or autonomous regions. In cases where laws specify otherwise regarding the authority of cities with districts to enact local regulations, those provisions shall prevail. Relevant local laws and regulations require approval by the standing committee of the people's congress of the respective province or autonomous region prior to implementation.

The standing committees of the people's congresses of provinces and autonomous regions are responsible for reviewing the legality of local laws and regulations submitted for approval. Provided these regulations do not conflict with the Constitution, national laws, administrative regulations, or local laws and regulations of the province or autonomous region, approval shall be granted within four months. The people's congresses in ethnic autonomous areas possess the authority to enact autonomous regulations and separate regulations in accordance with the political, economic, and cultural characteristics of the local ethnic groups.

Departments and committees of the State Council, the People's Bank of China, the National Audit Office, directly affiliated institutions with administrative management functions, and other institutions prescribed by law may, within the scope of their authority and pursuant to laws, administrative regulations, and decisions or orders of the State Council, formulate departmental rules.

The NPC retains the authority to amend or repeal any inappropriate laws enacted by its Standing Committee and to annul any autonomous or separate regulations approved by the Standing Committee that are inconsistent with the Constitution or the Legislative Law. The Standing Committee of the NPC is empowered to repeal administrative regulations that conflict with the Constitution and laws, to rescind local regulations that contravene the Constitution, laws, and administrative regulations, and to annul autonomous and separate regulations approved by the standing committees of the people's congresses of provinces, autonomous regions, and municipalities directly under the central government that are inconsistent with the Constitution and the Legislative Law. The State Council holds the authority to amend or repeal inappropriate departmental rules and local government rules. The people's congresses of provinces, autonomous regions, and municipalities directly under the central government have the authority to amend or repeal inappropriate local regulations enacted or approved by their respective standing committees. The standing committees of local people's congresses may repeal inappropriate rules formulated by people's governments at the same level, while people's governments of provinces and autonomous regions may amend or repeal inappropriate rules formulated by people's governments at subordinate levels.

In accordance with the Resolution of the Standing Committee of the National People's Congress Providing an Improved Interpretation of the Law, adopted on June 10, 1981, any requirements for further clarification or supplementary provisions concerning the texts of laws and decrees shall be interpreted or regulated by the Standing Committee of the NPC. Interpretations regarding the specific application of laws in judicial trials shall be issued by the Supreme People's Court. Interpretations concerning the application of laws in prosecutorial work shall be provided by the Supreme People's Procuratorate. Other matters related to the specific application of laws, which do not fall within judicial trials or prosecutorial work, shall be interpreted by the State Council and relevant competent departments. At the local level, the authority to interpret local regulations resides with the local legislative and administrative bodies that promulgated such regulations.

JUDICIAL SYSTEM OF THE PEOPLE'S REPUBLIC OF CHINA

Pursuant to the Constitution and the Organic Law of the People's Courts of the People's Republic of China (as amended by the Standing Committee of the National People's Congress on October 26, 2018, and effective from January 1, 2019), the judicial system in China comprises the Supreme People's Court, local people's courts at various levels, and specialized people's courts. Local people's courts are organized into three tiers: basic people's courts, intermediate people's courts, and higher people's courts. Basic people's courts may establish specialized civil tribunals depending on regional characteristics, population size, and case circumstances. The Supreme People's Court serves as the highest judicial authority in China. It oversees the adjudicative functions of local people's courts at all levels as well as specialized people's courts. Higher-level people's courts supervise the adjudication conducted by lower-level people's courts.

The judicial system operates under a two-instance final judgment framework, whereby the judgment or ruling rendered after the second trial is final. The parties involved may appeal the initial judgments or rulings issued by local people's courts. Additionally, the People's Procuratorate may, in accordance with legally prescribed procedures, file a protest with the higher-level people's court. In the absence of an appeal by the parties within the stipulated time and no protest filed by the People's Procuratorate, the judgment or ruling shall be deemed final. Final judgments or rulings issued by intermediate people's courts, higher people's courts, and the Supreme People's Court in second-instance proceedings, as well as first-instance judgments or rulings by the Supreme People's Court, shall be deemed final. However, in the event that the Supreme People's Court identifies a substantive error in a final judgment or ruling that has already attained legal effect by the people's courts at various levels, or if a higher people's court detects such an error in a final judgment or ruling rendered by a lower people's court, or if the president of a people's court at any level discovers a substantive error in a final judgment or ruling that has already taken legal effect within their court, they are authorized to remit the case for retrial in accordance with the established judicial supervision procedures.

The most recent amendment to the Civil Procedure Law of the People's Republic of China (hereinafter referred to as the Civil Procedure Law), revised on September 1, 2023 and effective on January 1, 2024, stipulates the initiation of civil litigation, judicial jurisdiction of people's courts, procedural requirements for civil litigation, and conditions governing the enforcement of civil judgments or rulings. All parties initiating civil litigation within the territory of China are required to comply with the Civil Procedure Law. Civil cases are generally adjudicated by the court located at the defendant's place of residence. In cases involving contract disputes or other property rights conflicts, parties may, through written agreement, select the jurisdiction of the people's court at the defendant's residence, the place of contract performance, the location where the contract was executed, the plaintiff's residence, the site of the subject matter, or other locations with a substantive connection to the dispute, provided such selection does not contravene provisions concerning hierarchical or exclusive jurisdiction under the Civil Procedure Law.

Foreigners, stateless persons, foreign companies, and foreign organizations enjoy equal litigation rights and obligations in the people's courts as Chinese citizens, legal persons, or other organizations when initiating or defending legal actions. Should foreign courts impose restrictions on the litigation rights of Chinese citizens or enterprises, the people's courts of China apply the principle of reciprocity concerning the civil litigation rights of nationals or enterprises of the respective foreign country. If a foreigner, a stateless person, a foreign company, or a foreign organization needs to appoint a lawyer to represent it in lawsuits in the People's Court of China, it must appoint a lawyer from China. In accordance with international treaties to which China is a party or based on the principle of reciprocity, the people's courts and the foreign courts may mutually request assistance in service of process, evidence collection, and other litigation-related activities. Requests from foreign courts that infringe upon China's sovereignty, security, or public interests will not be accepted by the people's courts.

Judgments and rulings in civil litigation that have attained legal effect are binding upon the parties. In the event that either party in a civil lawsuit fails to comply with a judgment or ruling issued by the People's Court, or with an award rendered by a Chinese arbitration tribunal, the opposing party may submit an application to the People's Court for the enforcement of the relevant judgment or ruling within a two-year period. Additionally, the party may request a postponement of enforcement or seek its revocation. The provisions governing the suspension or interruption of the statute of limitations for litigation shall likewise be applicable to the suspension or interruption of the statute of limitations for enforcement proceedings. Should a party fail to comply with the judgment within the time established by the court for enforcement, the court may, upon the request of the opposing party, proceed with compulsory enforcement of the judgment.

In instances where a party seeks the enforcement of a legally binding judgment or ruling issued by a people's court against the opposing party, and the opposing party or their assets are situated outside the territory of the People's Republic of China, the requesting party may submit an application to a foreign court possessing appropriate jurisdiction for the acknowledgment and enforcement of such judgment or ruling. Alternatively, the people's court may, pursuant to international treaties to which China is a party or based on the principle of reciprocity, formally request the foreign court to recognize and enforce the judgment or ruling. Likewise, a legally binding judgment or ruling issued by a foreign court that necessitates acknowledgment and enforcement by a people's court of China may be directly submitted for acknowledgment and enforcement by the parties to the competent intermediate people's court in China. Alternatively, the foreign court may petition the people's court to recognize and enforce the judgment or ruling in accordance with the provisions of an international treaty to which China is a party, or on the basis of the principle of reciprocity. Nevertheless, if the judgment or ruling contravenes the fundamental principles of Chinese law or undermines China's national sovereignty, security, or public interests, it shall not be recognized or enforced.

THE COMPANY LAW, THE INTERIM MEASURES, AND THE GUIDELINES ON THE BYLAWS

Joint-stock limited companies established in China that intend to list on the Stock Exchange of Hong Kong are required to primarily adhere to the following Chinese laws and regulations.

The Company Law of the People's Republic of China (hereinafter referred to as the Company Law) was enacted by the Fifth Session of the Standing Committee of the Eighth National People's Congress on December 29, 1993, and became effective on July 1, 1994. It has undergone amendments on December 25, 1999; August 28, 2004; October 27, 2005; December 28, 2013; October 26, 2018; and most recently on December 29, 2023. The latest amended version of the Company Law came into force on July 1, 2024.

The Interim Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises (hereinafter referred to as the Interim Measures), along with related guidelines, were promulgated by the China Securities Regulatory Commission (CSRC) on February 17, 2023, and became effective on March 31, 2023. These Measures apply to both direct and indirect overseas share subscriptions and listings by domestic companies. The Interim Measures also establish the filing procedures and regulatory requirements for domestic enterprises issuing securities abroad and seeking overseas listings.

On March 28, 2025, the CSRC issued the latest revised Guidelines on the Bylaws of Listed Companies (hereinafter referred to as the Guidelines on the Bylaws), which took effect immediately. Pursuant to the Interim Measures and its supporting guideline, the Guidelines for the Application of Regulatory Rules–Overseas Offering and Listing No. 1, domestic enterprises that directly issue shares overseas and seek listing must draft their articles of association in accordance with the Guidelines on the Bylaws and other relevant CSRC provisions concerning corporate governance to ensure proper company governance.

A summary of the principal provisions of the Company Law, the Interim Measures, and the Guidelines on the Bylaws applicable to the company is provided below.

General Provisions

A joint-stock limited company refers to a corporate legal entity established in China in accordance with the Company Law, with its registered capital being divided into shares of equal nominal value. The shareholders shall be liable for the company to the extent of their subscribed capital contribution. The company shall be liable for its debts to the extent of its total assets.

The company is obligated to conduct its business activities in strict accordance with applicable laws, regulations, social ethics, and business ethics. The company is permitted to invest in other limited liability companies. Its liability concerning the companies in which it invests is confined to the amount of its investment. Except as otherwise provided by law, the company shall not become a capital contributor that bears joint liabilities for the debts of the companies in which it invests.

Incorporation

A joint-stock limited company may be established through either the initiator method or the subscription method. The establishment of a joint-stock limited company requires the involvement of between one and two hundred initiators, with the majority of these initiators being domiciled within the territory of China.

When utilizing the initiator method, initiators are required to fully subscribe to the shares to be issued at the time of incorporation of a joint-stock limited company, as specified in the articles of association. In contrast, under the subscription method, initiators must subscribe to no less than 35% of the total shares to be issued at the time of incorporation of a joint-stock limited company, unless otherwise stipulated by applicable laws or administrative regulations, which shall take precedence.

For joint-stock limited companies established via the subscription method, initiators must convene the founding meeting within 30 days following the full payment of the share capital to be issued at incorporation. All subscribers must be notified of the meeting date, or a public announcement must be made by the initiators, at least 15 days before convening the meeting. The founding meeting shall proceed only if shareholders representing more than half of the voting rights are present. The procedures for convening and voting at the founding meeting of a joint-stock limited company established by the initiator method shall be governed by the articles of association or the initiators' agreement.

The initial meeting of the company shall exercise the following functions and powers:

(i) To review the initiators' report on preparatory activities for the company's establishment;

(ii) To adopt the articles of association;

(iii) To elect directors and supervisors;

(iv) To audit the company's establishment expenses;

(v) To audit the valuation of non-monetary contributions made by the initiators; and

(vi) To resolve not to proceed with the establishment in cases of force majeure or significant changes to the operating conditions that directly impact the company's incorporation.

Resolutions made at the founding meeting on the aforementioned matters shall be adopted by a majority of the voting rights held by shareholders present at the meeting.

Within 30 days after the conclusion of the founding meeting, the board of directors must apply to the registration authority for the registration of the establishment of the joint-stock limited company. Upon issuance of a business license by the registration authority, the company shall be officially established and shall acquire legal person status.

Registered Shares and Share Issuance

In accordance with the Company Law, shareholders may contribute capital in the form of monetary funds or non-monetary assets, including but not limited to tangible goods, intellectual property rights, land use rights, stock rights, creditor's rights, or other non-monetary properties that can be legally valued and converted into monetary terms, excluding any assets prohibited by applicable laws or administrative regulations from serving as capital contributions.

The capital of a joint-stock limited company is divided into shares. All shares issued by the company shall be either par value shares or no-par value shares, as stipulated in the company's articles of association. In the case of par value shares, each share carries an equal nominal value. The company may, in accordance with its articles of association, convert all issued par value shares into no-par value shares, or vice versa. For no-par value shares, at least fifty percent of the proceeds from the share issuance must be allocated to the registered capital.

A joint-stock limited company is required to maintain a register of shareholders, which shall be kept at the company's premises. The register of shareholders must contain the following information:

(i) Name or designation and residence of each shareholder;

(ii) The category and number of shares subscribed by each shareholder;

(iii) For shares issued in physical certificate form, the certificate numbers; and

(iv) The date on which each shareholder acquired the shares.

The issuance of shares by a joint-stock limited company shall adhere to principles of fairness and impartiality. Each share within the same class shall confer equal rights. Shares of the same class issued in the same issuance shall be subject to identical issuance conditions and pricing. Subscribers are obligated to pay an equal price per share for the shares they subscribe to. The issuance price of par value shares may be equal to or exceed the par value, but shall not be lower than the par value.

In accordance with the Interim Measures, companies issuing and listing securities on overseas markets may raise capital and distribute dividends in foreign currencies or RMB. In specific circumstances, such as equity incentive plans or asset acquisitions through securities issuance, domestic enterprises may issue securities to designated domestic recipients when conducting direct overseas issuance and listing.

The Interim Measures further provide that, for domestic enterprises engaging in direct overseas issuance and listing, shareholders holding unlisted domestic shares may apply to convert these shares into overseas listed shares for trading on foreign exchanges, subject to the relevant regulations of the CSRC. The domestic enterprise must file the relevant documentation with the CSRC. The term "unlisted domestic shares" as mentioned in the preceding paragraph, refers to shares issued by domestic enterprises that are not listed or traded on any domestic exchange or trading platform. Such unlisted domestic shares shall be centrally registered and deposited with domestic securities registration and settlement institutions. The registration and settlement of overseas listed shares shall comply with the regulations of the respective overseas listing venue.

Domestic enterprises issuing and listing securities overseas are required to file with the CSRC in accordance with the Interim Measures, submitting filing reports, legal opinions, and other relevant materials, and must ensure truthful, accurate, and complete disclosure of shareholder information and related matters. For direct overseas issuance and listing by domestic enterprises, the issuer shall file with the CSRC. In cases of indirect overseas issuance and listing, the issuer must designate a primary domestic operating entity to act as the domestic responsible party for filing with the CSRC.

Increase of Share Capital

In accordance with the Company Law, when a joint-stock limited company intends to issue new shares, the shareholders' meeting must adopt resolutions concerning the following matters:

(i) The category and quantity of the new shares to be issued;

(ii) The issuance price of the new shares;

(iii) The commencement and conclusion dates for the issuance;

(iv) The category and quantity of new shares to be allocated to original shareholders; and

(v) In the case of issuing no-par value shares, the amount of proceeds from the new shares is to be credited to the registered capital.

Should the company conduct a public offering of shares to the general public, it is required to register with and obtain approval from the securities regulatory authority under the State Council, and to make a public announcement accordingly.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the procedures prescribed by the Company Law, which include:

(i) Preparing a balance sheet and a list of assets by the company;

(ii) Obtaining approval for the reduction of registered capital from the shareholders at a shareholders' meeting;

(iii) Notifying creditors within ten days following the shareholders' resolution to reduce the registered capital, and publishing a public announcement in a newspaper or on the National Enterprise Credit Information Publicity System within thirty days;

(iv) Creditors shall have the right to require the company to pay off debts or offer corresponding guarantees within 30 days upon receipt of the notice or 45 days from the date of announcement if they have not received the notice; and

(v) Applying to the company registration authority for the corresponding change of registration.

When reducing the registered capital, the company shall proportionally reduce capital contributions or shares in accordance with shareholders' respective contributions or shareholdings, except where otherwise provided by law, unanimously agreed upon by all shareholders in a limited liability company, or stipulated in the articles of association of a joint-stock limited company.

Redemption

In accordance with the Company Law, a company is prohibited from repurchasing its own shares except under the following conditions:

(i) Decrease the registered capital of the company;

(ii) Merge with other companies holding its shares;

(iii) Use shares for employee stock ownership plans or equity incentives;

(iv) The shareholders who dissent from the merger and division resolutions of the company made by the shareholders' meeting request the company to buy back its shares;

(v) Use shares to convert corporate bonds that are issued by companies and can be converted into shares; or

(vi) It is necessary for the company to safeguard the company's value and shareholders' rights and interests.

If the repurchase is conducted under conditions (i) or (ii), the company must secure approval through a resolution passed at the shareholders' meeting. For repurchases under conditions (iii), (v), or (vi), the company may proceed in accordance with its articles of association or authorization granted by the shareholders' meeting, and must obtain approval via a board resolution passed by at least two-thirds of the directors present at the meeting.

Where a share buyback by the company pursuant to the provisions of the first section of this article falls under the circumstance set out in paragraph (i), the shares shall be canceled within ten days from the date of buyback; where the share buyback falls under the circumstances set out in paragraph (ii) or paragraph (iv), the shares shall be transferred or canceled within six months; where the share buyback falls under the circumstances set out in paragraph (iii), paragraph (v), or paragraph (vi), the total shares held by the company shall not exceed ten percent of the total amount of the shares issued by the company, and the company shall transfer or cancel the shares within three years.

Equity Transfer

The shareholders may transfer their shares in accordance with applicable laws. In accordance with the Company Law, such transfers must occur through a legally recognized securities trading venue or by other methods prescribed by the State Council. The transfer of shares shall be executed by the shareholders via endorsement or other means as stipulated by laws and administrative regulations. Following the transfer, the company shall update the register of shareholders to reflect the assignee's name and address. The register of shareholders shall remain unchanged within twenty days prior to the convening of a shareholders' meeting or within five days preceding the record date for dividend distribution. In cases where laws, administrative regulations, or directives issued by the securities regulatory authority under the State Council provide alternative provisions concerning amendments to the register of shareholders of listed companies, such provisions shall prevail.

In accordance with the Company Law, the shares issued prior to the public offering by the company shall not be transferred within one year from the date when the company's shares are listed on the stock exchange. Should there be any other stipulations in laws, administrative regulations, or from the securities regulatory authority under the State Council regarding the transfer of shares held by shareholders or actual controllers of listed companies, those stipulations shall prevail.

The directors, supervisors, and senior executives shall declare to the company their holding of shares in the company and the changes thereof, and shall not transfer shares more than 25% of the total Company's shares they held in each year during their tenure; and shall not transfer the company's shares within one year since the date when the shares are listed. The aforesaid persons shall not be allowed to transfer the company's shares they held within half a year from their resignation. The company's articles of association may impose additional restrictions on the transfer of shares held by directors, supervisors, and senior executives.

In the event that shares are pledged during any legally or administratively mandated restricted transfer period, the pledgee shall be prohibited from exercising pledge rights throughout the duration of such restricted period.

Shareholders

In accordance with the Company Law and the Guidelines on the Bylaws, shareholders are entitled to the following rights:

(i) To receive dividends and other forms of profit distribution based on the proportion of shares;

(ii) To request, convene, preside over, participate in, or appoint an agent to attend the shareholders' meeting and exercise the corresponding voting rights according to law;

(iii) To supervise the business activities of the company and provide advice or address inquiries;

(iv) To transfer, grant, or pledge their shares in accordance with laws, administrative regulations, and provisions of the articles of association;

(v) To consult and duplicate copies of the company's articles of association, register of shareholders, minutes of shareholders' meetings, resolutions of the board of directors, and financial accounting reports; shareholders meeting specified criteria may also inspect the company's accounting books and vouchers;

(vi) To participate in the distribution of residual property in accordance with shares held by it, in the case of any termination or liquidation;

(vii) To request the company to purchase the shares of the shareholders who dissent from the resolution on the merger or division of the company adopted by the shareholders' meeting;

(viii) To exercise other rights prescribed by laws, administrative regulations, departmental regulations, and the provisions hereof.

The shareholders' responsibilities include:

(i) To comply with laws, administrative regulations, and the provisions hereof;

(ii) To make a monetary contribution in the amount as subscribed and in the method as agreed;

(iii) To refrain from redeeming the shares held by such shareholder in the company except as otherwise stipulated by laws and regulations;

(iv) To protect the interests of the company or other shareholders by not abusing the shareholders' rights; protect the interests of the company's creditors by not abusing the independent legal person status of the company and the limited liability of the shareholders;

(v) To assume other obligations stipulated by laws, administrative regulations, and the provisions hereof.

Shareholders' Meeting

In accordance with the Company Law, the shareholders' meeting of a joint-stock limited company comprises all shareholders. The shareholders' meeting constitutes the company's supreme governing body and is vested with the following functions and powers:

(i) To elect and replace the directors and the supervisor assumed by non-employee representatives, and decide on matters in relation to their remuneration;

(ii) To deliberate and approve reports of the board of directors;

(iii) To deliberate and approve reports of the board of supervisors;

(iv) To deliberate and approve the company's plans for profit appropriation and recovery of losses;

(v) To make a resolution on the increase or reduction of the company's registered capital;

(vi) To make resolutions on the issue of corporate bonds;

(vii) To make a resolution on matters such as merger, division, dissolution, liquidation, or change of corporate form;

(viii) To amend the articles of association of the company; and

(ix) To exercise other duties and powers as stipulated by the articles of association of the company.

In accordance with the Company Law, the shareholders' meetings shall be held once a year generally. The company shall convene an extraordinary general meeting within two months following the occurrence of any of the following circumstances:

(i) The number of directors does not satisfy the requirement of two-thirds of the quorum stipulated by the Company Law or the articles of association;

(ii) The loss to be offset by the company reaches one-third of the total share capital;

(iii) The extraordinary general meeting is requested by a shareholder separately or jointly holding over ten percent of the company's shares;

(iv) Where the board of directors deems it necessary;

(v) Where an extraordinary general meeting is proposed by the board of supervisors; or

(vi) As otherwise specified under the articles of association.

The shareholders' meeting shall be convened by the board of directors and presided over by the chairman. Where the chairman is unable or fails to perform his/her duties, such duties shall be presided over by the vice chairman; if the vice-chairman is unable or fails to perform his/her duties, such duties shall be presided over by a director jointly elected by over half of the directors.

Where the board of directors is unable or fails to perform the duties to convene a shareholders' meeting, the shareholders' meeting shall be convened and presided over by the board of supervisors promptly. Where the board of supervisors fails to convene and preside over such shareholders' meeting, the shareholders representing one-tenth or more of the voting rights for more than 90 consecutive days individually or collectively are entitled to independently convene and preside over a shareholders' meeting.

When shareholders holding 10% or more of the company's shares request the convening of an extraordinary general meeting, the board of directors or the board of supervisors must decide whether to convene the meeting within ten days of receiving the request and provide a written response to the shareholders.

Notification of the time, venue, and agenda of the shareholders' meeting must be provided to all shareholders at least twenty days in advance; for extraordinary general meetings, notification must be given at least fifteen days in advance.

The shareholders separately or jointly holding one percent or more of the company's shares may put forward a temporary proposal and submit it in writing to the board of directors ten days before the holding of the shareholders' meetings. The temporary proposal shall have clear topics and specific resolutions. The board of directors shall notify other shareholders within two days of receiving any temporary proposal and shall submit it for consideration at the shareholders' meeting. Proposals that contravene laws, administrative regulations, or the articles of association, or fall outside the authority of the shareholders' meeting, shall be excluded. The company shall not impose any higher shareholding threshold for shareholders to submit temporary proposals.

In accordance with the Company Law, when shareholders appoint proxies to attend the shareholders' meeting on their behalf, the scope, authorization, and duration of such agency must be clearly specified. The proxy must submit a power of attorney to the company and exercise voting rights within the authorized scope. The Company Law does not explicitly prescribe a statutory quorum for shareholders' meetings.

In accordance with the Company Law, each share owned by a shareholder present at the shareholders' meeting entitles the holder to one voting right, with the exception of shareholders holding preferred shares. The shares held by the company itself carry no voting rights.

In accordance with the Company Law and the Guidelines on the Bylaws, the resolutions of the shareholders' meeting shall be adopted by a majority vote of more than half of the voting rights held by shareholders present. The resolution related to the amendment of the articles of association, increase or decrease of the registered capital, merger, separation, dissolution, or change in the corporate form must be approved by the shareholders representing more than two thirds of the voting rights at a shareholders' meeting.

When the shareholders' meeting votes on the election of directors or supervisors, the cumulative voting system may be implemented in accordance with the provisions of the articles of association or the resolutions of the shareholders' meeting. The cumulative voting system refers to a system in which, a shareholders' meeting elects directors or supervisors, each share has the same number of voting rights as that of the directors or supervisors to be elected, and the voting rights held by shareholders can be used collectively.

Board of Directors

In accordance with the Company Law, a joint-stock limited company is required to establish a board of directors consisting of no fewer than three members. The duration of each director's term is defined in the company's articles of association, with a maximum term length of three years. Upon expiry of the term of office, directors may be re-elected consecutively.

The board of directors shall have one chairman and may have one vice chairman. The term of office of the board shall be three years. The chairman shall convene and preside over the meetings of the board of directors and inspect the implementation of the resolutions thereof. The vice chairman shall assist the chairman. If the chairman is unable or fails to perform his/her duties, such duties shall be performed by the vice chairman; if the vice-chairman is unable or fails to perform his/her duties, such duties shall be performed by a director jointly elected by over half of the directors.

A person shall not serve as the director of the company in any of the following circumstances:

(i) The person does not have the capacity for civil conduct or has a restricted capacity for civil conduct;

(ii) The person has been sentenced to any criminal penalty due to an offense of corruption, bribery, encroachment of property, appropriation of property, or disturbance of the socialist market economic order, where less than five years have elapsed since the expiration of the period of execution, or where less than five years have elapsed since the person has ever been deprived of his or her political rights due to any crime, or where a suspended sentence is announced and not more than two years have elapsed from the date on which the test for the suspended sentence expires;

(iii) The person is a former director, factory director, or manager of a company or an enterprise which has become bankrupt and has been liquidated as a result of mismanagement, personally liable for the bankruptcy of such company or enterprise, where less than three years have elapsed since the date of completion of the bankruptcy and liquidation;

(iv) The person serves as a legal representative of a company or an enterprise whose business license is revoked and is ordered to close due to violation of laws, and is personally liable for the revocation of such company or enterprise, where less than three years have elapsed since the date of the revocation of the business license or being ordered to close down thereof; or

(v) Being identified as a person subject to execution by the People's Court for breach of trust for a relatively large amount of outstanding but overdue debts.

The board meeting shall be convened at least twice a year. All directors and supervisors must be notified at least ten days in advance of each meeting. The board of directors shall exercise the following functions and powers:

(i) To be responsible for convening the shareholders' meeting and reporting to the shareholders' meeting;

(ii) To execute the resolutions of the shareholders' meeting;

(iii) To decide on plans for the operation and investment of the company;

(iv) To formulate the profit distribution plan and deficit coverage plan of the company;

(v) To formulate plans for the increase or decrease of the registered capital of the company and plans for issuing corporate bonds;

(vi) To formulate the plans of merger, division, dissolution, or form change of the company;

(vii) To decide on the establishment of internal management organs of the company;

(viii) To decide on the appointment or removal of the general manager of the company and matters concerning his or her remuneration, and to determine the appointment or removal of the deputy general manager and the chief financial officer of the company upon the general manager's nomination and to decide on matters concerning their remuneration; and

(ix) To formulate a basic management system of the company; and

(x) To exercise other functions and powers as stipulated by the articles of association or granted by the shareholders' meeting.

The meeting of the board of directors shall be held only when more than half of the directors are present. Any resolution made at a Board meeting shall be subject to adoption by over half of all the directors. The resolutions of the meeting of the board of directors shall be voted based on the principle of "one person, one vote". The meeting of the board of directors shall keep minutes of the resolutions made on the matters discussed. The minutes shall be signed by all directors present at the meeting.

The directors shall attend the meeting of the board of directors in person. Should a director be unable to attend the Board meeting, he/she may entrust another director to attend the meeting on his/her in writing. The power of attorney shall specify the scope of authorization. Directors shall be responsible for the Board resolutions. Should a resolution of the board of directors contravene the laws, administrative regulations, the company's articles of association, or shareholders' meeting resolutions, resulting in significant losses to the company, the directors who participated in such a resolution shall be liable for compensation to the company. Nonetheless, a director who formally expressed dissent during the vote and had such dissent recorded in the meeting minutes may be exempt from such liability.

Board of Supervisors

In accordance with the Company Law, a joint-stock limited company is required to establish a board of supervisors comprising no fewer than three members. The members of the board of supervisors shall be composed of shareholder representatives and employee representatives under an appropriate proportion, of whom the proportion of employee representatives shall not be less than one-third, and the specific proportion shall be stipulated in the articles of association of the company. The employees' representatives of the board of supervisors shall be democratically elected by the workers and employees' congress, general membership meeting, or other forms of democratic election from employees of the company. The director or the senior executives shall not concurrently serve as the supervisor.

The board of supervisors shall have one chairman and may appoint one vice chairman. The chairman and the vice chairman of the board of supervisors shall be elected by more than half of all the supervisors. The chairman of the board of supervisors shall convene and preside over meetings of the board of supervisors. If the chairman of the board of supervisors is unable to exercise his/her duties or fails to exercise his/her duties, the vice chairman of the board of supervisors shall convene and preside over meetings of the board of supervisors. If the vice chairman of the board of supervisors is unable to exercise his/her duties or fails to exercise his/her duties, a supervisor approved by more than half of all the supervisors shall be appointed to convene and preside over the meetings of the board of supervisors.

The board of supervisors shall exercise the following functions and powers:

(i) To examine the financial affairs of the company;

(ii) To supervise the director and the senior executives for their performance of duties, and put forward recommendations to remove the director or the senior executives for violating the laws, administrative regulations, the articles of association, or the resolutions made by the shareholders' meeting;

(iii) To require the directors and the senior executives to take corrective measures if their acts impair the interests of the company;

(iv) To propose the convening of an extraordinary general meeting, and to convene and preside over any shareholders' meeting when the board of directors fails to perform the duty of convening and presiding over such meeting as provided for by the Company Law;

(v) To make proposals at the shareholders' meeting;

(vi) To file proceedings against the director and the senior executives in accordance with the provisions of Article 189 of the Company Law; and

(vii) To exercise other functions and powers as stipulated by the articles of association.

In accordance with its articles of association, a joint-stock limited company may establish an audit committee composed of directors within the board of directors to exercise the functions and powers of the board of supervisors, thereby substituting the establishment of a board of supervisors.

On December 27, 2024, CSRC issued the Transitional Arrangements for the Implementation of Supporting Rules under the New Company Law. Listed companies are required, by January 1, 2026, to stipulate in their articles of association the establishment of an audit committee within the board of directors to exercise the powers of the board of supervisors as prescribed by the Company Law, in accordance with the Provisions by the State Council on Implementing the Registration Management System of Registered Capital in the Company Law of the People's Republic of China, and the CSRC's supporting rules, and shall not establish a board of supervisors or appoint supervisors. Until the internal supervisory structure is adjusted, the board of supervisors or supervisors of listed companies shall continue to comply with the provisions of the original CSRC regulatory rules.

General Manager and Senior Executives

In accordance with the Company Law, a joint-stock limited company shall have one general manager who shall be hired or dismissed upon the decision of the board of directors. The general manager is accountable to the board of directors and exercises functions and powers in accordance with the company's articles of association or as authorized by the board of directors. The general manager shall attend board meetings as a non-voting participant.

In accordance with the Company Law, the senior executives refer to the general manager, deputy general manager, chief financial officer (CFO), secretary of the board of directors of the listed company, and other personnel as stipulated in the articles of association.

Functions and Duties of Directors, Supervisors, and Senior Executives

In accordance with the Company Law, the directors, the supervisors, and the senior executives shall comply with relevant laws, regulations, and the articles of association, and be loyal and diligent to the company. The directors, supervisors, and senior executives shall have a fiduciary duty of loyalty to the company. They are obligated to implement measures to prevent conflicts of interest between their personal interests and those of the company, and must not leverage their positions to secure improper advantages.

The directors, supervisors, and senior executives shall bear a fiduciary duty of diligence toward the company and, in the execution of their duties and responsibilities, are expected to exercise the degree of care that a reasonably prudent manager would employ to act in the company's best interests.

The directors, supervisors, and senior executives shall not:

(i) Encroach on the company's property, or misappropriate the company's funds;

(ii) Open accounts in his or her own name or in the name of any other individual for the deposit of the company's funds;

(iii) Accept bribes or other illegal incomes by taking advantage of their functions and powers;

(iv) Take any commissions in connection with transactions of the company with others;

(v) Disclose the secrets of the company without authorization; or

(vi) Conduct other acts in violation of the duty of loyalty to the company.

The directors, supervisors, and senior executives who engage in contracts or transactions with the company, whether directly or indirectly, are required to disclose such matters to the board of directors or the shareholders' meeting. Furthermore, they must secure approval through a formal resolution of the board of directors or the shareholders' meeting, in accordance with the provisions set forth in the company's articles of association.

Close relatives of directors, supervisors, and senior executives, as well as enterprises directly or indirectly controlled by such directors, supervisors, senior executives, or their close relatives, and any related parties maintaining other affiliated relationships with directors, supervisors, or senior executives, shall be governed by the provisions outlined in the preceding paragraph when entering into contracts or engaging in transactions with the company.

The directors, supervisors, and senior executives shall not seek commercial opportunities that should belong to the company for themselves or any other person by taking advantage of their position. Exceptions to this prohibition include:

(i) disclosing such matters to the board of directors or the shareholders' meeting and obtaining prior approval through resolutions from the board of directors or shareholders' meeting in accordance with the company's articles of association; or

(ii) circumstances where, under applicable laws, administrative regulations, or the company's articles of association, the company is unable to pursue the business opportunity.

The directors, supervisors, and senior executives shall not engage in or operate similar businesses to those of the company on their own behalf or for others without reporting to the board of directors or the shareholders' meeting and obtaining approval through a resolution of the board of directors or the shareholders' meeting in accordance with the company's articles of association.

In the case that the directors, the supervisors, and the senior executives violate laws, administrative regulations, or the provisions hereof in the exercise of their duties, thus causing losses to the company, they shall bear the liabilities for compensation.

Finance and Accounting

In accordance with the Company Law, the company shall establish its financial accounting system in accordance with the laws, administrative regulations, and provisions of the financial department of the State Council. At the end of each fiscal year, the company shall prepare a financial report, which shall be audited by an accounting firm by law. The financial and accounting reports shall be prepared in accordance with the laws, regulations, and provisions of the financial department of the State Council.

For joint-stock limited companies, the financial accounting reports must be made available at the company's premises twenty days prior to the annual shareholders' meeting to allow shareholders adequate time for review. Additionally, joint-stock limited companies with publicly issued shares are obligated to publicly disclose their financial accounting reports.

Any premium received from issuing shares at a price exceeding the par value, amounts received from issuing no-par value shares that are not included in registered capital, and other items designated by the financial department of the State Council to be recorded as capital reserves shall be accounted for as the company's capital reserves.

The reserve of the company shall be used to cover the company's losses, expand its production and operation, or be converted to the company's increased registered capital. When reserves are applied to cover losses, discretionary reserves and statutory reserves must be used first; should these be insufficient, capital reserves may be employed in accordance with regulatory provisions. When the statutory reserve is converted into the increased registered capital, the amount remaining in such statutory reserve shall be no less than 25% of the registered capital before the increase of capital.

No books of account other than those required by laws shall be established by the company. The assets of the company shall not be deposited in an account opened under the name of any individual.

Engagement and Dismissal of Accounting Firms

In accordance with the Company Law, the shareholders' meeting, the board of directors, or the board of supervisors shall decide on the appointment or removal of the accounting firm that undertakes the company's auditing business, in accordance with the provisions of the company's articles of association. When a resolution to dismiss an accounting firm is voted on by the shareholders' meeting, the board of directors, or the board of supervisors, the accounting firm must be given the opportunity to present its views. The company shall warrant to provide the accounting firm with authentic and complete accounting vouchers, account books, financial reports, and other data, and shall not reject, conceal, or make false reports.

In accordance with the Guidelines on the Bylaws, any employment of an accounting firm by the company shall be determined by the shareholders' meetings, and before then, the board of directors shall not designate any accounting firm. The audit expenses of the accounting firm shall be determined by the shareholders' meetings.

Profit Distribution

Where the company distributes annual after-tax profits, it shall allocate ten percent of its profits into the statutory reserve fund. The company does not need to allocate further amounts if the cumulative amount of the statutory reserve reaches 50% or more of the registered capital. Where the statutory reserve fund of the company is not sufficient to cover the company's losses from the previous years, the profits of the current year shall be used to cover such losses before the allocation is made to the statutory reserve fund pursuant to the previous paragraph. After the allocation to the statutory reserve has been made from the after-tax profits of the company, a discretionary reserve can be withdrawn from the after-tax profits upon the resolution of the shareholders' meeting. Following the settlement of losses and allocation to the reserve fund, the remaining after-tax profit shall be distributed by a joint-stock limited company to its shareholders in proportion to their respective shareholdings, except as otherwise provided in the company's articles of association. The company's shares held by the company shall not be engaged in the distribution of profits.

In the event that profit distributions are made in violation of the Company Law, the shareholders shall be required to return the improperly distributed profits to the company; furthermore, if such actions cause losses to the company, the shareholders, along with the responsible directors, supervisors, and senior executives, shall bear liability for compensation.

Upon the shareholders' meeting passing a resolution on profit distribution, the board of directors shall ensure that the profits are distributed within six months from the date of the resolution.

Dissolution and Liquidation

In accordance with the Company Law, the company shall be dissolved for the following reasons:

(i) The term of business as stipulated by the articles of association expires, or any other cause of dissolution stipulated herein appears;

(ii) A resolution is passed to dissolve the company by the shareholders' meeting;

(iii) The company is dissolved due to a merger or division;

(iv) The business license of the company is revoked, or the company is ordered to shut down or be dissolved in accordance with laws; or

(v) The company is dissolved by the People's Court in accordance with the provisions of Article 231 of the Company Law.

The company shall, within ten days of the occurrence of the reasons for dissolution set forth in the preceding paragraph, make the reasons for dissolution public through the National Enterprise Credit Information Publicity System.

In cases where dissolution arises from reasons set forth in items (i) or (ii) and the company has not yet distributed its assets to shareholders, the company may continue its existence by amending the articles of association or through a shareholders' meeting resolution. Such an amendment or resolution must be approved by shareholders representing more than two-thirds of the voting rights present. A company dissolved for reasons under items (i), (ii), (iv), or (v) shall proceed to liquidation. The director, as the liquidation obligor of the company, shall form a liquidation committee to carry out the liquidation within 15 days from the date of occurrence of the cause of dissolution. The liquidation committee shall consist of the directors unless otherwise provided in the articles of association or determined by the shareholders' meeting to appoint alternative personnel. If the liquidation obligors fail to fulfill their liquidation obligations in a timely manner, resulting in losses to the company or creditors, they shall bear the responsibility for compensation.

In the event that the liquidation committee is not established within the time limit for liquidation, or if the liquidation committee is established but does not carry out the liquidation, the interested parties may apply to a people's court to appoint relevant personnel to form a liquidation committee for liquidation. The people's court shall accept such petitions and promptly organize the liquidation committee to carry out the liquidation.

The liquidation committee may exercise the following functions and powers during the liquidation:

(i) To investigate the company's assets, and to prepare a balance sheet and a list of the company's assets;

(ii) To notify the creditors through notice or announcement;

(iii) To handle the company's outstanding businesses concerning liquidation;

(iv) To effect payment of all overdue taxes of the company;

(v) To settle creditors' rights and debts of the company;

(vi) To distribute the remaining assets after the settlement of the company's debts; and

(vii) To appear in court for civil proceedings on behalf of the company.

The liquidation committee shall notify the creditors of the company within ten days from the date of its establishment and shall make an announcement in the newspaper or the National Enterprise Credit Information Publicity System within 60 days. Creditors shall declare their creditor's rights to the liquidation committee within 30 days upon receipt of the notice and 45 days from the date of announcement if they have not received the notice. In declaring the creditor's right, the creditors shall explain the relevant matters concerning the creditor's right and provide supporting materials. The liquidation committee shall register the creditor's rights. During the declaration of creditors' rights, the liquidation committee shall not pay off the debts to the creditors.

After clearing up the property of the company and preparing the balance sheet and a list of assets, the liquidation committee shall formulate a liquidation proposal and submit it to the shareholders' meeting or a people's court for confirmation.

After paying liquidation expenses, wages of employees, social insurance premiums and legal compensation as well as taxes owed, and paying off the company's debts, the remaining assets of the company shall be distributed by the limited liability company based on the proportion of capital contribution of the shareholders, and by the joint-stock limited company based on the proportion of shares held by the shareholders.

During the liquidation, the company may continue to exist, but shall not carry out any business activities unrelated to the liquidation. No assets of the company may be distributed to the shareholder prior to full payments as stipulated by the preceding clause.

If the liquidation committee, after the clear-up of the assets of the company and preparation of the balance sheet and the list of assets, confirms that the assets of the company are insufficient to settle its debts, it shall make an application to the people's court for a declaration of insolvency and liquidation according to law. After the people's court accepts the bankruptcy application, the liquidation committee shall transfer the liquidation matters to the bankruptcy administrator designated by the people's court.

Members of the liquidation committee are obligated to perform their duties with loyalty and diligence. If members of the liquidation committee fail to fulfill their liquidation responsibilities and thereby cause losses to the company, they shall be held liable for compensation. Furthermore, if their willful misconduct or gross negligence results in losses to the creditors, they shall likewise be liable for corresponding compensation.

After the liquidation, the liquidation committee shall prepare a liquidation report, submit it to the shareholders or the people's court for confirmation, report it to the company registration authority, and apply for its registration cancelation.

In instances where a company's business license is revoked, it is ordered to close, or is canceled, and no application for cancelation of company registration is submitted to the registration authority within three years, the registration authority may publish a notice via the National Enterprise Credit Information Publicity System for a period of no less than sixty days. If no objections are raised during this period, the registration authority may proceed to cancel the company's registration.

Overseas Listing

Pursuant to the Interim Measures, when an issuer undertakes an initial public offering or listing on an overseas market, it is required to submit the application documents for issuance and listing to CSRC within three working days following the submission of the application abroad. Subsequent to the issuance of securities and listing on the same overseas market, the issuer must file the relevant documentation with the CSRC within three working days after the completion of the issuance. In cases where the issuer issues and lists securities on additional overseas markets following the initial overseas issuance and listing, the filing must be conducted in accordance with the provisions set forth in the first paragraph of this article.

Loss of Stock Certificates

In the event that stock certificates are stolen, lost, or destroyed, shareholders may, in accordance with the public notice and claim procedures prescribed by the Civil Procedure Law of the People's Republic of China, petition the people's court to declare the stock certificates invalid. Upon the court's declaration of invalidity, shareholders may apply to the company for the reissuance of the stock certificates.

Suspension and Termination of Listing

Provisions concerning the suspension and termination of listing have been removed from the Company Law. Similarly, the Securities Law of the People's Republic of China (2019 Revision) has eliminated provisions related to the suspension of listing. Where listed securities meet the delisting criteria established by the securities exchange, the exchange shall proceed to terminate their listing and trading in accordance with its business rules.

In accordance with the Interim Measures, if an issuer voluntarily or mandatorily terminates its listing following the issuance and listing of securities on an overseas market, the issuer is obligated to submit a report to the CSRC within three working days after the occurrence and public disclosure of such event.

Securities Laws and Regulations

In October 1992, the State Council established the Securities Committee alongside CSRC. The Securities Committee is tasked with coordinating the drafting of securities regulations, formulating policies related to securities, planning the development of the securities market, providing guidance, coordination, and supervision of all securities-related institutions within China, and overseeing the management of CSRC. CSRC functions as the regulatory body under the Securities Committee, responsible for drafting regulatory rules governing the securities market, supervising securities firms, overseeing the public issuance of securities by Chinese companies both domestically and internationally, regulating securities trading activities, compiling securities-related statistical data, and conducting pertinent research and analysis. On March 29, 1998, the State Council consolidated these two entities and reorganized the CSRC.

The State Council promulgated the Interim Provisions on the Management of the Issuing and Trading of Stocks, which became effective on April 22, 1993. These regulations stipulate the procedures for application and approval of public stock issuance, stock trading, acquisition of listed companies, custody, clearing, and transfer of listed stocks, disclosure of information by listed companies, investigation, and enforcement measures, as well as dispute arbitration.

The State Council issued the Regulations of the State Council on Domestic Listing of Foreign-oriented Stocks by Share-holding Companies, effective December 25, 1995. These regulations primarily govern the issuance, subscription, trading, and dividend distribution of foreign-invested shares listed domestically, and the disclosure obligations of joint-stock limited companies holding such shares.

The Standing Committee of the National People's Congress most recently amended the Securities Law of the People's Republic of China (hereinafter referred to as the China Securities Law) on December 28, 2019, with the amendments taking effect on March 1, 2020. This legislation establishes comprehensive provisions concerning securities issuance and trading within China, acquisition of listed companies, securities exchanges, securities firms, and the responsibilities and duties of the State Council's securities regulatory authorities, thereby providing an extensive regulatory framework for securities market activities in China. The China Securities Law mandates that domestic enterprises issuing securities abroad, either directly or indirectly, or listing their securities for trading overseas, must adhere to relevant regulations promulgated by the State Council. At present, the issuance and trading of shares abroad are principally governed by rules and regulations issued by the State Council and the CSRC.

Arbitration and Enforcement of Arbitration Awards

Pursuant to the Arbitration Law of the People's Republic of China (hereinafter referred to as the Arbitration Law), as amended by the Standing Committee of the National People's Congress on September 1, 2017, and effective from January 1, 2018, foreign-related economic disputes submitted to arbitration by arbitration commissions established under the Arbitration Law, based on a written agreement between the parties, are subject to the provisions of the Arbitration Law. Prior to the establishment of arbitration rules by the China Arbitration Association, arbitration commissions were authorized to formulate interim arbitration rules in accordance with the Arbitration Law and relevant provisions of the Civil Procedure Law of the People's Republic of China. Where parties involved have entered into a valid arbitration agreement and one party initiates litigation before a people's court, the court shall decline to accept the case, except in instances where the arbitration agreement is deemed invalid.

The Arbitration Law stipulates that arbitration decisions are final and binding upon all parties involved. In the event that any party fails to comply with an arbitration award, the opposing party may apply to the people's court for enforcement of the award in accordance with the Civil Procedure Law of the People's Republic of China. Should the arbitration proceedings be deemed unlawful (such as when the composition of the arbitration commission contravenes statutory requirements, the subject matter exceeds the scope of the arbitration agreement, or the arbitration commission lacks jurisdiction), the people's court may refuse to enforce the arbitration award rendered by the arbitration commission. For arbitration awards lawfully rendered within the territory of the People's Republic of China that possess legal effect, if enforcement is sought and the party against whom enforcement is requested or their assets are located outside the territory of China, the requesting party may directly apply to a foreign court with appropriate jurisdiction for recognition and enforcement. Similarly, the people's court may recognize and enforce arbitration awards issued by foreign arbitration institutions based on the principle of reciprocity or pursuant to any international treaties to which China is a signatory or has acceded.

In accordance with the Arrangements of the Supreme People's Court on the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region, promulgated on January 24, 2000, effective February 1, 2000, and the Supplementary Arrangements of the Supreme People's Court for the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region, promulgated on November 26, 2020, effective November 27, 2020, arbitration awards rendered by mainland Chinese arbitration institutions may be enforced in Hong Kong, and conversely, arbitration awards made in Hong Kong may be enforced in the mainland of China.

Judicial Judgments and Their Enforcement

Pursuant to the Arrangement of the Supreme People's Court between the Mainland and the HKSAR on Reciprocal Recognition and Enforcement of the Decisions of Civil and Commercial Cases under Consensual Jurisdiction, promulgated by the Supreme People's Court on July 3, 2008, and effective as of August 1, 2008 (subsequently repealed on January 29, 2024), final and enforceable judgments involving payment obligations issued by courts in the mainland of China or Hong Kong in civil and commercial matters, where a written jurisdiction agreement exists, may be subject to recognition and enforcement upon application to the relevant Mainland or Hong Kong courts under this arrangement. A written jurisdiction agreement refers to a written contract in which the parties expressly consent to the exclusive jurisdiction of either the mainland court or the Hong Kong court to adjudicate disputes arising from a specified legal relationship. Accordingly, final judgments rendered by courts in the mainland of China or Hong Kong that satisfy the criteria stipulated in the aforementioned arrangement may be recognized and enforced by the courts of the Mainland or the Hong Kong Special Administrative Region upon the parties' request.

On January 25, 2024, the Supreme People's Court promulgated the 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 (hereinafter referred to as the New Arrangement), which took effect on January 29, 2024. This new arrangement aims to establish a clearer and more comprehensive framework for the recognition and enforcement of a wider scope of civil and commercial judgments between the Hong Kong Special Administrative Region and the mainland of China.