PRC LAWS AND REGULATIONS

This Appendix sets out summaries of 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 IV — Taxation and Foreign Exchange" to this document. The principal objective of this summary is to provide an overview of the principal PRC laws and regulatory provisions applicable to our Company. This summary is not intended to include all the information which may be important to the issuer. For more details of laws and regulations which are relevant to our business, see the section headed "Regulatory Overview" in this document.

PRC LEGAL SYSTEM

The PRC legal system is based on the PRC Constitution of the People's Republic of China (《中華人民共和國憲法》) (the "PRC Constitution"), and is made up of written laws, administrative regulations, local regulations, autonomous regulations and separate regulations, rules and regulations of departments of the State Council, rules and regulations of local governments, laws of special administrative regions and international treaties and other regulatory documents signed by the PRC government. Court judgments do not constitute legally binding precedents, although they are used for the purposes of judicial reference and guidance.

According to the PRC Constitution and the Legislation Law of the People's Republic of China (《中華人民共和國立法法》) (the "PRC Legislation Law"), both the NPC and the 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 is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided 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 PRC Constitution and laws.

The people's congresses of provinces, autonomous regions and municipalities directly under the Central Government and their respective standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such local regulations do not contravene any provision of the PRC Constitution, laws or administrative regulations. The people's congresses of cities divided into districts and their standing committees may formulate local regulations with respect to urban and rural construction and management, environmental protection and historical and cultural protection and other aspects based on the specific circumstances and actual needs of such cities. 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 if they are not in conflict with the PRC Constitution, laws, administrative regulations and local regulations of the provinces or autonomous regions concerned.

The ministries and commissions of the State Council, the PBOC, the NAO and the subordinate institutions with administrative functions directly under the State Council may formulate departmental rules and regulations within the competence of their respective departments based on the laws and administrative regulations, and the decisions and orders of the State Council. The people's governments of the provinces, autonomous regions, and municipalities directly under the central government and cities divided into districts may formulate rules and regulations based on the laws, administrative regulations and local regulations of such provinces, autonomous regions and municipalities directly under the central government.

The PRC Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations and separate regulations may contravene the PRC Constitution. The authority of the PRC laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of the rules enacted by the people's governments of the provinces and autonomous regions is greater than that of the rules enacted by the people's governments of the cities divided into districts and autonomous prefectures within their respective administrative regions of such provinces and autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by the SCNPC, and to annul any autonomous regulations and separate regulations which have been approved by the SCNPC but contravene the PRC Constitution and the PRC Legislation Law. The SCNPC has the power to annul administrative regulations that contravene the PRC Constitution and laws, to annul local regulations that contravene the PRC Constitution, laws and administrative regulations, and to annul autonomous regulations and separate regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the Central Government but contravene the PRC Constitution and the PRC Legislation Law. The State Council has the power to alter or annul any inappropriate departmental regulations and rules of local governments. The people's congresses of provinces, autonomous regions and municipalities directly under the Central Government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The standing committees of the local people's congresses have the power to annul inappropriate rules enacted by the people's governments at the corresponding level. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the PRC Constitution, the power to interpret laws is vested in the SCNPC. According to the Decision of the SCNPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) adopted on June 10, 1981, issues related to the further clarification or supplement of laws shall be interpreted or provided by the SCNPC; issues related to the specific application of laws and decrees in a court trial shall be interpreted by the Supreme People's Court; issues related to the specific application of laws and decrees in the procuratorial work during the prosecution process shall be interpreted by the Supreme People's Procuratorate, and all other legal matters are to be interpreted by the State Council and its relevant competent departments. If there are differences in principle in the interpretation of the Supreme People's Court and the Supreme People's Procuratorate, they shall be submitted to the SCNPC for interpretation or decision. The State Council and its ministries and commissions also have the right to interpret the administrative rules and departmental regulations issued by them. At the local level, the power to interpret local laws resides with the local legislative and administrative authorities that enacted those laws.

PRC JUDICIAL SYSTEM

According to the PRC Constitution and the Law of Organization of the People's Courts of the People's Republic of China (《中華人民共和國人民法院組織法》) most recently amended on October 26, 2018 and effective on January 1, 2019, the people's courts are made up of the Supreme People's Court, the local people's courts at all levels, and the special people's courts.

The local people's courts are divided into three levels, namely the primary people's courts, the intermediate people's courts and the higher people's courts. The primary people's courts are further divided into civil, criminal and economic tribunals. The intermediate people's courts have structure similar to those of the primary people's courts and other special courts, such as the intellectual property courts, military courts and maritime courts. These two levels of people's courts are subject to supervision by people's courts at higher levels. The Supreme People's Procuratorate is authorized to supervise the judgement and ruling of the people's courts at all levels which have been legally effective, and the people's procuratorate at a higher level is authorized to supervise the judgement and ruling of a people's court at a lower level which have been legally effective. The Supreme People's Court is the highest judicial authority in the PRC. It supervises the administration of justice by the people's courts at all levels.

The people's courts employ a two-tier appellate system. The judgements or rulings of the second instance at a people's court are final. A party may appeal against the judgement or ruling of the first instance of a local people's court. The people's procuratorate may present a protest to the people's court at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people's procuratorate within the stipulated period, the judgements or rulings of the people's court are final. Judgements or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court are final. Judgements or rulings of the first instance of the Supreme People's Court are also final. However, if the Supreme People's Court or a people's court at the next higher level discovers an error in a final and binding judgement or ruling which has taken effect in a people's court at a lower level, or the presiding judge of a people's court finds an error in a final and binding judgement or ruling which has taken effect in the court over which he presides, a retrial of the case may be initiated according to the judicial supervision procedures.

The Civil Procedure Law of the People's Republic of China (《中華人民共和國民事訴訟法》) (the "PRC Civil Procedure Law") adopted on April 9, 1991 and most recently amended on September 1, 2023, prescribes the conditions for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action, and the procedures for enforcement of a civil judgement or ruling. All parties to a civil action conducted within the PRC must abide by the PRC Civil Procedure Law. The court of jurisdiction in respect of a civil action may also be chosen by explicit agreement among the parties to a contract, the people's court having jurisdiction should be located at places directly connected with the disputes, such as the plaintiff's or the defendant's place of domicile, the place where the contract is executed or signed or the place where the object of the action is located. However, such choice shall not in any circumstances contravene the provisions on grade jurisdiction and exclusive jurisdiction.

A foreign individual, a person without nationality, a foreign enterprise or a foreign organization that institute or respond to proceedings in a people's court is given the same litigation rights and obligations as a citizen or legal person of the PRC. Should a foreign court limit the litigation rights of PRC citizens and enterprises, the PRC court shall apply the same limitations to the citizens and enterprises of such foreign country. A foreign individual, a person without nationality, a foreign enterprise or a foreign organization must engage a PRC lawyer in case he/she or it needs to engage a lawyer for the purpose of initiating actions or defending against litigations at a PRC court. In accordance with the international treaties to which the PRC is a signatory or a 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, collect evidence and conduct other actions on its behalf. A PRC 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 legally effective judgements and rulings. If any party to a civil action refuses to abide by a judgement or ruling made by a people's court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people's court for the enforcement of the same within two years, subject to application for postponed enforcement or revocation. If a party fails to satisfy within the stipulated period a judgement which the court has granted an enforcement approval, the court may, upon the application of the other party, mandatorily enforce the judgement. This A party seeking to enforce a judgement or ruling of a people's court against another party who is not or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of such judgement or ruling. Alternatively, the people's court may, pursuant to an international treaty to which the PRC is a signatory or a participant or according to the principle of reciprocity, request the foreign court to recognize and execute the judgement or ruling. Likewise, if the PRC has entered into either a treaty relating to judicial enforcement with the relevant foreign country or according to the principle of reciprocity, a foreign judgement or ruling may also be recognized and enforced in accordance with the PRC enforcement procedures by a PRC court unless the people's court considers that the recognition or enforcement of such judgement or ruling would violate the basic legal principles of the PRC, its sovereignty or national security, or would not be in the public interest.

The PRC Company Law (《中華人民共和國公司法》), Overseas Listing Trial Measures (《境外上市試行辦法》) and Guidance for Articles of Association.

A joint stock limited company incorporated in the PRC and seeking a listing on the Stock Exchange is mainly subject to the following laws and regulations in the PRC:

(i) The PRC Company Law (《中華人民共和國公司法》) which was promulgated on December 29, 2023 and took effect on July 1, 2024;

(ii) The Overseas Listing Trial Measures (《境外上市試行辦法》) which were promulgated by the CSRC on February 17, 2023 pursuant to the Securities Law of the People's Republic of China (《中華人民共和國證券法》) (the "PRC Securities Law") and are applicable to the direct and indirect overseas share offering or listing of domestic companies;

(iii) The Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) (the "Guidance for Articles of Association") which was most recently amended on March 28, 2025 by the CSRC. The articles of association is formulated based on the Guidance for Articles of Association on a reference basis, the summary of which is set out in the section entitled "Appendix VI — Summary of Articles of Association."

Set out below is a summary of the major provisions of the currently effective PRC Company Law, the Overseas Listing Trial Measures and the Guidance for Articles of Association which are applicable to issuer.

General

A joint stock limited company refers to a corporate legal person established in China under the PRC Company Law with its registered capital divided into shares. All shares of the company shall be either par value shares or no par value shares in accordance with the articles of association. Where par value shares are adopted, each share shall have equal value. The liability of the company is limited to the total amount of all assets it owns and the liability of its shareholders is limited to the extent of the shares they subscribe for.

The company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. Unless otherwise provided by law, the company may not be a contributor that undertakes joint liabilities for the debts of the invested companies.

Incorporation

A company may be incorporated by promotion or public subscription. A company shall be incorporated by a minimum of one but no more than 200 promoters, and at least half of the promoters must be residents within the PRC. Companies incorporated by promotion are companies of which the entire registered capital is subscribed for by the promoters. Shares in the company incorporated by promotion shall not be offered to others unless the registered capital has been fully paid up. If laws, administrative regulations and decisions of the State Council have separate provisions on paid-in registered capital and the minimum registered capital, the company should follow such provisions.

For companies incorporated by way of promotion, the promoters shall subscribe in writing for the shares required to be subscribed for by them and pay up their capital contributions under the articles of association. Procedures relating to the transfer of titles to non-monetary assets shall be duly completed if such assets are to be contributed as capital. Promoters who fail to pay up their capital contributions in accordance with the foregoing provisions shall assume default liabilities in accordance with the covenants set out in the promoters' agreements. After the promoters have confirmed the capital contribution under the articles of association, a board of directors and a board of supervisors shall be elected (except for those not required by law to establish a board of supervisors) and the board of directors shall apply for registration of incorporation by filing the articles of association with the company registration authority, and other documents as required by laws or administrative regulations.

Where companies are incorporated by floatation, not less than 35% of their total number of shares shall be subscribed for by the promoters, unless otherwise provided for by laws or administrative regulations. The promoters shall preside over and convene an inauguration meeting within thirty days from the date of the full payment of subscription capital contribution. The inauguration meeting shall be formed by the promoters and subscribers. Where the shares issued are not fully subscribed for within the offer period stipulated in the share offering document, or where the promoter fails to convene an inauguration meeting within thirty days of the subscription capital contribution for the shares issued being fully paid up, the subscribers may demand that the promoters refund the fully paid subscription capital contribution together with the interest calculated at bank rates of a deposit for the same period. Within thirty days of the conclusion of the inauguration meeting, the board of directors shall apply to the registration authority for registration of the establishment of the company. A company is formally established and has the capacity of a legal person after the registration with the relevant administration for market regulation has been completed and a business licence has been issued.

Share Capital

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

There is no limit under the PRC Company Law as to the percentage of shares held by an individual shareholder in a company. The shares of a company are represented by stocks. A stock is a certificate issued by the company to certify the share held by a shareholder. The stock issued by the company shall be in the form of registered stock.

The issuance of shares shall be conducted in a fair and equitable manner. Each share of the same class must carry equal rights. Shares of the same class issued at the same time must be issued on the same conditions and at the same price. The same price per share shall be paid by any share subscriber (whether an entity or an individual). The share offering price may be equal to or greater than the par value of the share, but may not be less than the par value.

Under the Overseas Listing Trial Measures, if a domestic company offers shares overseas, it may raise funds and dividend distributions in foreign currency or Renminbi.

Under the PRC Company Law, a company issuing registered share certificates shall maintain a shareholder register which sets forth the following matters:

(i) the name and domicile of each shareholder;

(ii) the number of shares held by each shareholder;

(iii) the serial numbers of shares held by each shareholder;

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

Increase in Share Capital

In response to its operational and development needs and in accordance with laws and regulations, a company may increase its share capital under any of the following methods, after the resolutions is passed at a shareholders' general meeting: (i) a public offering of shares; (ii) a private placement of shares; (iii) offering of bonus shares to existing shareholders; (iv) the conversion of reserve funds into shares; and (v) any other methods provided in law and administrative regulations and approved by the CSRC.

Pursuant to the PRC Company Law, a company may, according to its articles of association, issue the following classes of shares, which have different rights from those of the ordinary shares: (i) shares with priority or inferior rights to profits or remaining property in distribution; (ii) shares with more or less voting rights per share than those of the ordinary shares; (iii) shares whose transfer is subject to the consent of the company and other restrictions; (iv) other classes of shares provided by the State Council. A company making a public offering of shares shall not issue any of the classes of shares as prescribed on items (ii) and (iii), except those issued prior to the public offering. Where a company is issuing new shares, resolutions shall be passed at general meeting in accordance with the articles of association in respect of the class and amount of the new shares, the issue price of the new shares, the commencement and end dates for the issue of the new shares and when the new shares are proposed to be issued to existing shareholders, the class and amount of such new shares.

When a domestic company offers shares overseas, it shall report the application documents for offering and listing to the CSRC for record-filing within three business days after submission of the application documents for offering and listing overseas.

Reduction of Share Capital

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

(i) the company shall prepare a balance sheet and a list of properties;

(ii) the reduction of registered capital must be approved by shareholders at the general meeting;

(iii) the company shall notify its creditors of the reduction in registered capital within ten days and publish an announcement of the reduction in newspapers or the National Enterprise Credit Information Publicity System within thirty days of the resolution approving the reduction being passed;

(iv) the creditors of the company may within the statutory time limit require the company to repay its debts or provide guarantees for covering the debts;

(v) the company must apply to the relevant company registration authority for registration of the change and reduction in registered capital.

Repurchase of Shares

Pursuant to the PRC Company Law, a company shall not purchase its own shares other than in any of the following circumstances:

(i) reducing its registered capital;

(ii) merging with another company which holds its shares;

(iii) utilising the shares for employee stock ownership plan or share incentive scheme;

(iv) acquiring its own shares at the request of its shareholders who vote in a shareholders' general meeting against a resolution regarding a merger or separation;

(v) utilising the shares for conversion of corporate bonds which are convertible into shares issued by a listed company;

(vi) where it is necessary for a listed company to maintain its corporate value and shareholders' equity.

Any company's purchase of its own shares for any reason specified in item (i) and item (ii) of the preceding paragraph shall be subject to a resolution of the general meeting; any company's purchase of its own shares for any reason specified in item (iii), item (v) and item (vi) of the preceding paragraph may be subject to a resolution of the board meeting with more than two thirds of directors present, according to the provisions of the articles of association or upon authorisation by the general meeting.

The shares acquired under the circumstance stipulated in item (i) hereof shall be deregistered within ten days from the date of acquisition of shares; the shares repurchased under the circumstances stipulated in either item (ii) or item (iv) shall be assigned or deregistered within six months; and the shares held in total by a company after the repurchase under any of the circumstances stipulated in item (iii), item (v) or item (vi) shall not exceed 10% of the company's total shares in issue, and shall be assigned or deregistered within three years.

Transfer of Shares

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

Pursuant to the PRC Company Law, shares of the company issued prior to the public offering of shares may not be transferred within one year of the date of the company's listing on a stock exchange. Directors, supervisors and the senior management of a company shall declare to the company their shareholdings in the company and any changes thereof. During their terms of office, they may transfer no more than 25% of the total number of shares they hold in the company per annum. They shall not transfer the shares they hold within one year of the date of the company's listing on a stock exchange, nor within half a year after they leave their positions in the company. The articles of association may set out other restrictive provisions in respect of the transfer of shares in the company held by its directors, supervisors and the senior management.

Shareholders

Under the PRC Company Law, the rights of shareholders include the rights:

(i) to receive a return on assets, participate in significant decision-making and select management personnel;

(ii) to petition the people's court to revoke any resolution passed on a shareholders' general meeting or a meeting of the board of directors that has not been convened in accordance with the laws and regulations or the articles of association or whose voting has violated the laws, administrative regulations or the articles of association of the company, or any resolution the contents of which is in violation of the articles of association, provided that such petition shall be submitted within sixty days of the passing of such resolution;

(iii) to transfer the shares according to the applicable laws and regulations and the articles of association;

(iv) to attend or appoint a proxy to attend general meetings and exercise the voting rights;

(v) to inspect the articles of association, share register, counterfoil of company debentures, minutes of general meetings, board resolutions, resolutions of the board of supervisors and financial and accounting reports, and to make suggestions or inquiries in respect of the company's operations;

(vi) to receive dividends in respect of the number of shares held;

(vii) to participate in distribution of residual properties of the company in proportion to their shareholdings upon the liquidation of the company; and

(viii) any other shareholders' rights provided for in laws, administrative regulations, other normative documents and the articles of association.

The obligations of shareholders include the obligation to abide by the company's articles of association, to pay the subscription capital contribution in respect of the shares subscribed for, to be liable for the company's debts and liabilities to the extent of the amount of subscription capital agreed to be paid in respect of the shares taken up by them and any other shareholder obligation specified in the articles of association.

General Meeting

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

(i) to elect and remove the directors and supervisors (not being representative (s) of employees) and to decide on the matters relating to the remuneration of directors and supervisors;

(ii) to review and approve the reports of the board of directors;

(iii) to review and approve the reports of the board of supervisors or supervisors;

(iv) to review and approve the company's profit distribution proposals and loss recovery proposals;

(v) to decide on any increase or reduction of the company's registered capital;

(vi) to decide on the issue of corporate bonds;

(vii) to decide on merger, division, dissolution and liquidation of the company or change of its corporate form;

(viii) to amend the company's articles of association;

(ix) to exercise any other authority stipulated in the articles of association.

The general meeting may authorise the board of directors to make resolutions on the issuance of corporate bonds.

Pursuant to the PRC Company Law, a general meeting is required to be held once every year. An extraordinary general meeting is required to be held within two months of the occurrence of any of the following circumstances:

(i) the number of directors is less than the number stipulated by the law or less than two thirds of the number specified in the articles of association;

(ii) the outstanding losses of the company amounted to one-third of the company's total share capital;

(iii) shareholders individually or in aggregate holding 10% or more of the company's shares request that an extraordinary general meeting is convened;

(iv) the board of directors deems it necessary to convene a meeting;

(v) the board of supervisors so proposes;

(vi) any other circumstances as provided for in the articles of association.

A general meeting shall be convened by the board of directors and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or is not performing his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or is not performing his duties, a director nominated by half or more of the directors shall preside over the meeting. Where the board of directors is incapable of performing or is not performing its duties to convene the general meeting, the board of supervisors shall convene and preside over such meeting in a timely manner. If the board of supervisors fails to convene and preside over such meeting, shareholders individually or in aggregate holding 10% or more of the company's shares for ninety days or more consecutively may unilaterally convene and preside over such meeting. Where shareholders individually or in aggregately holding 10% or more of the company's shares request to convene an extraordinary general meeting, the board of directors and the board of supervisors shall, within ten days after receipt of such request, decide whether to convene the extraordinary general meeting and reply to the shareholders in writing.

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

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

Pursuant to the PRC Company Law, shareholders (excluding classified shareholders) present at a general meeting have one vote for each share they hold, save that shares held by the company are not entitled to any voting rights.

An accumulative voting system may be adopted for the election of directors and supervisors at the general meeting pursuant to the provisions of the articles of association or a resolution of the general meeting. Under the accumulative voting system, each share shall be entitled to the number of votes equivalent to the number of directors or supervisors to be elected at the general meeting, and shareholders may consolidate their votes for one or more directors or supervisors when casting a vote.

Pursuant to the PRC Company Law, resolutions of the general meeting must be passed by more than half of the voting rights held by shareholders present at the meeting, with the exception of resolutions relating to merger, division or dissolution of the company, increase or reduction of registered share capital, change of corporate form or amendments to the articles of association, which in each case must be passed by more than two-thirds of the voting rights held by the shareholders present at the meeting. Where the PRC Company Law and the articles of association provide that the transfer or acquisition of significant assets or the provision of external guarantees by the company must be approved by way of resolution of the general meeting, the board of directors shall convene a general meeting promptly to vote on such matters.

A shareholder may entrust a proxy to attend the general meeting on his/her behalf and the matters, power and time limit of the proxy shall be clarified by such shareholder. The proxy shall present the shareholders' power of attorney to the company and exercise voting rights within the scope of authorisation.

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

Board of Directors

A joint stock limited company shall have a board of directors which shall have at least three members. For a company that has three hundred or more employees, the board of directors shall include the staff representative unless the board of supervisors has been established and already included the staff representative supervisor. The term of a director shall be stipulated in the articles of association, provided that no term of office shall last for more than three years. A director may serve consecutive terms if re-elected. A director shall continue to perform his/her duties as a director in accordance with the laws, administrative regulations and the articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of directors results in the number of directors being less than the quorum.

Under the PRC Company Law, the board of directors may exercise its powers:

(i) to summon the general meetings and report its works to the general meetings;

(ii) to implement the resolutions passed by the shareholders at the general meetings;

(iii) to decide on the company's operational plans and investment proposals;

(iv) to formulate the company's profit distribution proposals and loss recovery proposals;

(v) to formulate proposals for the increase or reduction of the company's registered capital and the issue of corporate bonds;

(vi) to formulate proposals for the merger, division or dissolution of the company or change of corporate form;

(vii) to decide on the setup of the company's internal management organs;

(viii) to appoint or dismiss the company's manager and decide on his/her remuneration and, based on the manager's recommendation, to appoint or dismiss any deputy manager and the person responsible for financial matters of the company and to decide on their remunerations;

(ix) to formulate the company's basic management system;

(x) to exercise any other authority as is stipulated in the articles of association.

Restrictions on the board of directors' powers in the articles of association shall not be used against a third party in good faith.

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

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

Under the PRC Company Law, the following person may not serve as a director in a company:

(i) a person with no capacity for civil conduct or limited capacity for civil conduct;

(ii) a person who has been convicted of an offense of corruption, bribery, embezzlement, misappropriation of property or sabotaging the order of socialist market economy, or who has been deprived of his political rights due to his crimes, in each case where less than five years have elapsed since the date of completion of the sentence, in case of a suspended sentence, not more than two years have elapsed since the date of expiry of the probationary period;

(iii) a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;

(iv) a person who has been a legal representative of a company or an enterprise that has had its business license revoked due to violations of the law or has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of such revocation or the order for closure;

(v) a person 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 debts which has fall due.

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

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

Board of Supervisors

Under the PRC Company Law, a joint stock limited company shall establish an audit committee composed of directors within the board of directors to exercise the board of supervisors' functions. A joint stock limited company with a smaller scale or fewer shareholders may choose not to establish a board of supervisors and instead appoint a single supervisor. A joint stock limited company shall have a board of supervisors composed of not less than three members. The board of supervisors shall consist of representatives of the shareholders and an appropriate proportion of representatives of the company's staff, among which the proportion of representatives of the company's staff shall not be less than one-third, and the actual proportion shall be determined in the articles of association. Representatives of the company's staff at the board of supervisors shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. The board of supervisors shall have a chairman and may have a vice chairman. The chairman and the vice chairman of the board of supervisors shall be elected by more than half of all the supervisors. Directors and senior management members shall not act concurrently as supervisors.

The chairman of the board of supervisors shall summon and preside over board of supervisors meetings. Where the chairman of the board of supervisors is incapable of performing, or is not performing his/her duties, the vice chairman of the board of supervisors shall summon and preside over board of supervisors meetings. Where the vice chairman of the board of supervisors is incapable of performing, or is not performing his/her duties, a supervisor elected by more than half of the supervisors shall summon and preside over board of supervisors meetings.

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

The board of supervisors may exercise its powers:

(i) to review the company's financial position;

(ii) to supervise the acts of directors and senior management members in their performance of their duties and to propose the removal of directors and senior management members who have violated laws, regulations, the articles of association or the shareholders' resolutions;

(iii) when the acts of a director or senior management members are detrimental to the company's interests, to require the director and senior management members to correct these acts;

(iv) to propose the convening of extraordinary general meetings and to convene and preside over general meetings when the board of directors fails to perform the duty of convening and presiding over general meetings under the PRC Company Law;

(v) to submit proposals to the general meetings;

(vi) to bring actions against directors and senior management members pursuant to the relevant provisions of the PRC Company Law;

(vii) any other authority stipulated in the articles of association.

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

Audit Committee

Under the PRC Company Law, a joint stock limited company may establish an audit committee composed of directors within its board of directors pursuant to the provisions of its articles of association to exercise the functions and powers of a board of supervisors as prescribed by PRC Company Law, in lieu of establishing a board of supervisors or supervisor.

The audit committee shall comprise at least three members, with a majority not holding any position in the company other than that of director, and having no relationship with the company that may affect their independent and objective judgment. Employee representatives serving on the board of directors may be appointed as audit committee members.

For listed companies with audit committees, the following matters shall require approval by a majority of all audit committee members before being resolved by the board of directors:

(1) Appointment or dismissal of accounting firms engaged for the company's audit work;

(2) Appointment or removal of the financial controller;

(3) Disclosure of financial accounting reports;

(4) Other matters specified by the securities regulatory authority under the State Council.

The Guidance for Articles of Association stipulates that the audit committee shall consist of at least three members, with independent directors constituting the majority and an accounting professional among the independent directors serving as convener. Employee representatives on the board may serve as audit committee members. The audit committee shall be responsible for reviewing the company's financial information and disclosures, overseeing and evaluating internal and external audits and internal controls. The following matters shall be submitted to the board meetings only after obtaining approval by a majority of all audit committee members:

(1) Disclosure of financial accounting reports, financial information in periodic reports, and internal control evaluation reports;

(2) Appointment or dismissal of accounting firms engaged for the listed company's audit work;

(3) Appointment or removal of the listed company's financial controller;

(4) Changes in accounting policies or accounting estimates, or corrections of material accounting errors not resulting from changes in accounting standards;

(5) Other matters stipulated by laws, administrative regulations, CSRC regulations and the company's articles of association.

The audit committee shall convene a meeting at least once a quarter. Interim meetings may be held upon request by two or more members or when the convener deems necessary. Audit committee meetings require attendance by at least two-thirds of members to constitute a quorum. Resolutions of the audit committee shall require approval by a majority of its members.

Manager and the Senior Management Members

Under the PRC Company Law, a company may have a manager who shall be appointed or removed by the board of directors. The manager shall exercise his duties and powers in accordance with the provisions of the company's articles of association or the authorization of the board of directors.

Other provisions in the articles of association on the manager's powers shall also be complied with. The manager shall be present at the board meetings. However, the manager shall have no voting rights at the board meetings unless he/she concurrently serves as a director.

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

Duties of Directors, Supervisors, Managers and Other Senior Management Members

Directors, supervisors and senior management members are required under the PRC Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company. The provisions of the preceding paragraph shall also apply to controlling shareholders or de facto controllers of the company who, although not serving as directors of the company, are actually involved in the company's affairs.

Directors, supervisors and senior management members are prohibited from abusing their authority in accepting bribes or other unlawful revenue and from misappropriating the company's property.

Directors, supervisors, and senior management members are prohibited from:

(i) embezzlement of company properties and misappropriating company funds;

(ii) depositing company funds into accounts under their own names or the names of other individuals;

(iii) utilising power to accept bribe or accept other illegal revenue;

(iv) accepting for their own benefit commissions from third parties for transactions conducted with the company;

(v) unauthorized divulgence of confidential information of the company;

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

If any director, supervisor, and senior management members directly or indirectly enters into any contract or engages in any transaction with the company, he/she shall report such matter to the board of directors or the general meeting, and such contract or transaction shall be approved by a resolution of the board of directors or the general meeting in accordance with the provisions of the articles of association. The provisions of the preceding paragraph shall also apply to contracts or transactions entered into by close relatives of directors, supervisors, and senior management members, enterprises directly or indirectly controlled by such close relatives, or any other persons having an affiliated relationship with directors, supervisors, and senior management members.

Directors, supervisors, and senior management members shall not exploit their positions to seize business opportunities that rightfully belong to the company, whether for their own benefit or for the benefit of others, unless such conduct has been reported to the board of directors or the general meeting and approved in accordance with the provisions of the articles of association; or the company is unable to exploit such business opportunity under applicable laws, administrative regulations, or the articles of association.

Directors, supervisors, and senior management members shall not engage in any business that competes with the company, whether for their own benefit or for the benefit of others, unless such conduct has been reported to the board of directors or the general meeting and approved in accordance with the provisions of the articles of association.

Any revenue derived by a director or senior management members in violation of the provisions of the preceding paragraph shall be returned to the company.

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

The Guidance for Articles of Association stipulates that directors and senior management members of the company owe a duty of diligence to the company. For example, directors and senior management members shall exercise the powers granted by the company prudently, diligently, and in good faith to ensure that the company's business operations comply with national laws, administrative regulations, and relevant economic policies, and that such operations do not exceed the scope of business activities specified in the company's business license. Directors and senior management members shall treat all shareholders fairly. Directors and senior management members shall sign written confirmation statements for the company's periodic reports to ensure that the information disclosed by the company is true, accurate, and complete. Directors and senior management members shall truthfully provide accurate information and materials to the audit committee and shall not obstruct the audit committee in the performance of their duties. Directors and senior management members shall also perform other duties of diligence as prescribed by laws, administrative regulations, departmental rules, and the company's articles of association.

Finance and Accounting

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

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

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

Any profits distributed to shareholders in violation of the provisions of the preceding paragraph shall be returned to the company. The company shall not be entitled to receive any profit distribution in respect of the shares it holds.

The premium on the par value of the company's issued shares and other revenue designated as capital reserve by the relevant government authorities shall be recorded as capital reserve. The company's reserve funds shall be used to offset the company's losses, expand the company's business operations, or increase the company's capital. When the company needs to use reserve funds to offset losses, it shall first allocate from the discretionary reserve fund and the statutory reserve fund; if such funds are insufficient, the company may allocate from the capital reserve fund in accordance with applicable regulations. When the statutory reserve fund is converted into capital, the balance of the reserve fund shall not be less than 25% of the company's registered capital prior to such conversion.

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

Appointment and Dismissal of Accountants

The Guidance for Articles of Association stipulates that the company must engage an accounting firm that complies with the provisions of the PRC Securities Law to provide services, including financial statement audits, net asset verification, and other relevant consulting services. The engagement period is one year and can be renewed.

Pursuant to the PRC Company Law, when a company engages or dismisses an accounting firm responsible for the company's audit work, it shall be determined by the shareholders at the general meeting or board of directors, or board of supervisors in accordance with the articles of association. When the general meeting or board of directors, or board of supervisors votes on the dismissal of the accounting firm, the accounting firm shall be allowed to make representations. The company shall provide the engaged accounting firm with true and complete accounting evidence, accounting books, financial and accounting reports, and other accounting materials, and shall not refuse to provide, conceal, or forge any materials. In addition, the Guidance for Articles of Association stipulates that the audit fees of the accounting firm shall also be determined by the shareholders at the general meeting.

Profit Distribution

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

Amendments to the Articles of Association

According to the provisions of the PRC Company Law, a resolution of the general meeting regarding any amendment to the company's articles of association shall be passed by more than two-thirds of the votes held by the shareholders present at the general meeting.

According to the provisions of the Guidance for Articles of Association, the company shall amend its articles of association under any of the following circumstances:

(i) after any amendment to the PRC Company Law or any other applicable laws or administrative regulations, the provisions of the articles of association conflict with the amended laws and/or administrative regulations;

(ii) changes in the actual situation of the company result in inconsistencies with the content set forth in the articles of association;

(iii) the general meeting resolves to amend the articles of association.

The Guidance for Articles of Association further stipulates that any amendment to the articles of association adopted by the general meeting shall be submitted for approval if approval from the competent departments is required; if the amendment involves matters of company registration, the registration information of the company with the competent departments shall also be amended. In addition, if any laws or regulations require the disclosure of amendments to the articles of association, a public announcement shall be made in accordance with the applicable regulations.

Dissolution and Liquidation

In accordance with the provisions of the PRC Company Law, the Company shall be dissolved under any of the following circumstances:

(i) the business operating period stipulated by the Articles of Association has expired or other events causing dissolution, as stipulated by the Articles of Association, have materialized;

(ii) the shareholders resolve to dissolve the Company at a general meeting;

(iii) the Company has to be dissolved on account of its merger or division;

(iv) the Company's business license is revoked, or the Company is ordered to close or dissolve in accordance with the law;

(v) the Company experiences severe difficulties in its operations and management, and such difficulties cannot be resolved through other means, resulting in significant losses to the shareholders' interests if the Company continues to exist. In such cases, the people's court shall, upon the request of shareholders holding 10% or more of the total voting rights of the Company, order the dissolution of the Company. If any of the aforementioned grounds for dissolution arises, the Company shall, within ten days, publicly announce the grounds for dissolution through the National Enterprise Credit Information Publicity System.

In the event of the circumstances described in items (i) and (ii) above, the Company may continue to exist by amending its Articles of Association without distributing any assets to any shareholders. Any amendment to the Articles of Association in accordance with the aforementioned provisions shall require the approval of shareholders representing more than two-thirds of the voting rights present at the general meeting.

If the Company is dissolved due to the circumstances listed in items (i), (ii), (iv), or (v) above, a liquidation process must be initiated. The directors shall act as the liquidators of the Company and shall establish a liquidation committee within fifteen days from the date of the occurrence of the dissolution event. The liquidation committee shall be composed of directors or any other persons determined by the general meeting. If the liquidation committee is not established within the specified period or if the liquidation is ineffective after the establishment of the liquidation committee, interested parties may apply to the people's court to request the appointment of relevant persons to form a liquidation committee to manage the liquidation process. The people's court shall accept such applications and promptly establish a liquidation committee to carry out the liquidation.

During the liquidation process, the liquidation committee shall perform the following functions and powers:

(i) dispose of the Company's assets and prepare a balance sheet and an inventory of assets;

(ii) notify the Company's creditors or publish announcements;

(iii) handle and settle any outstanding business related to the liquidation;

(iv) pay any outstanding taxes and taxes arising during the liquidation process;

(v) settle the Company's claims and liabilities;

(vi) distribute the remaining assets of the Company after the repayment of all debts;

(vii) participate in civil proceedings on behalf of the Company.

The liquidation committee shall notify the Company's creditors within 10 days after its establishment and issue public notices in newspapers or on the National Enterprise Credit Information Publicity System within 60 days.

The creditors shall submit their claims to the liquidation committee within 30 days after receiving such notice, or if they fail to receive such notice, within 45 days after the publication of such announcement.

In filing their claims, creditors shall explain matters relating to the claims and provide the supporting documents. The liquidation committee shall register such claims. During the claim declaration period, the liquidation committee shall not repay any debt to any creditor.

After the liquidation committee has disposed of the properties of the Company and prepared a balance sheet and a property inventory as required, it shall formulate a liquidation proposal and submit it to the general meeting or the people's court for approval. The remaining assets of the Company after paying the costs of liquidation, the employees' salaries, social insurance contributions and legal compensation, taxes and debts of the Company, shall be distributed to the shareholders in proportion to their respective shareholding. During the period of liquidation, the Company shall continue to exist but shall not engage in any business activity except for those relating to the liquidation. Before repayment in accordance with the aforementioned provisions, the assets of the Company shall not be distributed to shareholders.

After the liquidation committee has sorted out the assets of the Company and prepared a balance sheet and a property inventory as required, if it discovers that the Company's assets are insufficient to repay its debts in full, it shall apply to the people's court in accordance with the law to declare bankruptcy. Upon the people's court declaring bankruptcy, the liquidation committee shall hand over the management matters to the bankruptcy administrator designated by the people's court.

After completion of the liquidation, the liquidation committee shall prepare a liquidation report and submit the same to the general meeting or the people's court for confirmation, then deliver the same to the Company's registration authority to apply for cancellation of the Company's registration and publicly announce the Company's dissolution. The members of the liquidation committee performing their duties of liquidation are obliged to loyalty and diligence. Any member of the liquidation committee 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 committee who cause any loss to any creditor due to his/her intentional or gross negligence shall be liable for compensation.

If the Company declares bankruptcy according to law, it shall perform liquidation procedures in accordance with the relevant provisions of the Enterprise Bankruptcy Law of People's Republic of China (《中華人民共和國企業破產法》).

Overseas Listing

In accordance with the Trial Measures for Overseas Listing (境外上市試行辦法), an initial public offering or listing on an overseas market shall be filed with the CSRC within three business days after submitting the relevant application overseas. If the issuer issues securities again on an overseas market where it has previously issued and listed securities, it shall file with the CSRC within three business days from the date of completion of the issuance. Furthermore, if the filing documents are complete and meet the regulatory requirements, the CSRC will complete the filing process within twenty business days from the date of receiving the filing documents and publish the filing results on the website of the CSRC. If the filing documents are incomplete or do not meet the regulatory requirements, the CSRC will request supplementation and amendments within five business days from the date of receiving the filing documents, and the issuer shall complete such supplementation and amendments within thirty business days.

Loss of Share Certificates

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

Merger and Division

A company merger may be conducted either through absorption or through the establishment of a new entity. In the case of an absorption merger, the absorbed company shall be dissolved. In the case of a merger through the establishment of a new entity, all merging parties shall be dissolved.

The parties involved in the merger shall enter into a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten days from the date of the merger resolution and publish an announcement in newspapers or on the National Enterprise Credit Information Publicity System within thirty days. Creditors may, within thirty days from the date of receiving the notice, demand the Company to repay its debts or provide guarantee for such repayment; those who have not received the notice may make such demands within forty-five days from the date of the announcement. In the event of a merger, the rights and obligations of the merging parties shall be assumed by the surviving company or the newly established company.

Where a company merges with another company in which it holds not less than 90% of the shares, the acquired company is not required to obtain approval through a general meeting resolution, but it must notify other shareholders who have the right to require the company to acquire their equity or shares at a reasonable price. If the price paid for the company merger does not exceed 10% of the company's net assets, approval through a general meeting resolution is not required, unless otherwise stipulated in the company's articles of association. If the company merger is exempt from approval through a general meeting resolution under the aforementioned two circumstances, it must be approved by the resolution of the board of directors.

If the Company undergoes a division, its assets must also be divided, and a balance sheet and an inventory of assets must be prepared. The Company shall notify its creditors within ten days from the date of the division resolution and publish an announcement in newspapers or on the National Enterprise Credit Information Publicity System within thirty days. The liabilities of the Company prior to the division shall be jointly assumed by the divided companies, unless otherwise stipulated in a written agreement regarding the repayment of debts entered into between the Company and its creditors prior to the division.

The PRC Securities Laws, Regulations and Regulatory Regimes

The PRC has promulgated a number of regulations that relate to the issuance and trading of shares and disclosure of information. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions governing securities markets, supervising securities companies, regulating public offerings of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking relevant research and analysis. In April 1998, the State Council merged the Securities Committee with the CSRC and restructured the CSRC.

The Provisional Regulations Concerning the Issuance and Trading of Shares (《股票發行與交易管理暫行條例》) cover the application and approval procedures for public offerings of equity securities, trading in equity securities, the acquisition of listed companies, deposit, clearing and transfer of listed equity securities, as well as the disclosure of information, investigation, penalties and dispute resolutions with respect to a listed company.

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

The PRC Securities Law (《中華人民共和國證券法》) came into effect on July 1, 1999, and was amended on August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014, and December 28, 2019, respectively. The most recent amended PRC Securities Law became effective on March 1, 2020. This law is the first national securities law in China, comprising

14 chapters and 226 articles, regulating, among other things, the issuance and trading of securities, the acquisition of listed companies, securities exchanges, the obligations and responsibilities of securities companies and the securities regulatory authority under the State Council. The Securities Law comprehensively oversees the activities of China's securities market. Article 224 of the Securities Law stipulates that domestic enterprises listing their shares overseas must comply with the relevant regulations of the State Council.

Currently, the issuance and trading of overseas stock offerings are primarily regulated by rules and regulations promulgated by the State Council and the CSRC.

Arbitration and Enforcement of Arbitral Awards

The Arbitration Law of the PRC (《中華人民共和國仲裁法》) ("the PRC Arbitration Law") was enacted by the SCNPC on August 31, 1994, which became effective on September 1, 1995 and was last amended on September 1, 2017. Pursuant to the PRC Arbitration Law, an arbitration committee may, before the promulgation of arbitration regulations by the China Arbitration Association, formulate interim arbitration rules in accordance with the PRC Arbitration Law and the PRC Civil Procedure Law. Where the parties have agreed to settle disputes by means of arbitration, a people's court will refuse to handle a legal proceeding initiated by one of the parties at such people's court, unless the arbitration agreement has lapsed.

Under the PRC Arbitration Law and the PRC Civil Procedure Law, an arbitral award shall be final and binding on the parties involved in the arbitration. If any party fails to comply with the award, the other party to the award may apply to a people's court for its enforcement.

If the respondent provides evidence proving that the arbitration award involves any of the following circumstances, and upon review and verification by the people's court, the court shall rule not to enforce the award:

(i) the parties did not include an arbitration clause in the contract, nor did they subsequently reach a written arbitration agreement;

(ii) the matters ruled upon fall outside the scope of the arbitration agreement, or the arbitration institution had no authority to arbitrate;

(iii) the composition of the arbitration tribunal or the arbitration procedure violated statutory procedures;

(iv) the evidence on which the award is based was forged;

(v) the other party concealed evidence from the arbitration institution that could have affected a fair ruling;

(vi) the arbitrator engaged in embezzlement, bribery, malpractice, or other illegal conduct during the arbitration of the case.

If the people's court determines that enforcing the award would violate public interest, it shall rule not to enforce the award.

Any party seeking to enforce an arbitral award of a foreign affairs arbitration organ of the PRC against a party who or whose property is not located within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of the award. Likewise, an arbitral award made by a foreign arbitration body may be recognised and enforced by a PRC court in accordance with the principle of reciprocity or any international convention concluded or acceded to by the PRC.

Pursuant to the resolution adopted by the SCNPC on December 2, 1986, the PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (《承認及執行外國仲裁裁決公約》) (the "New York Convention") adopted on June 10, 1958. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognised and enforced by other parties thereto subject to their rights to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of that state. At the time of the PRC's accession to the convention, the SCNPC declared that (i) the PRC will only recognise and enforce foreign arbitral awards based on the principle of reciprocity; and (ii) the New York Convention will only be applied to disputes deemed under PRC law to be arising from contractual or non-contractual mercantile legal relations.

The Judicial Committee of the Supreme People's Court adopted the Arrangement Concerning Mutual Enforcement of Arbitration Awards Between the Mainland and the Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的安排》) on June 18, 1999, which came into effect on February 1, 2000. The Supreme People's Court promulgated the Supplementary Arrangement Concerning Mutual Enforcement of Arbitration Awards Between the Mainland and the Hong Kong Special Administrative Region (《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》) on November 26, 2020. Under these arrangements, if one party fails to comply with an arbitration award made in the Mainland or Hong Kong, the other party may apply to the relevant court in the place of the respondent's domicile or where their assets are located for compulsory enforcement.

Judicial Judgments and Their Enforcement

In accordance with the Arrangement of the Supreme People's Court on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties (《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 from August 1, 2008, if any designated court in the Mainland China or Hong Kong renders an enforceable final judgment requiring the payment in a civil or commercial case based on a written jurisdiction agreement, the relevant parties may apply to the corresponding Mainland China or Hong Kong court for recognition and enforcement of the judgment. If the disputing parties have not agreed to enter into a written jurisdiction agreement, a judgment rendered by a Hong Kong court may not be enforceable in the Mainland China.

On January 18, 2019, the Supreme People's Court and the Government of the Hong Kong Special Administrative Region entered into the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and 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"), aiming to establish a clearer and more certain mechanism for the mutual recognition and enforcement of a broader range of civil and commercial judgments between the Mainland China and Hong Kong. The New Arrangement does not require the parties to enter into a written jurisdiction agreement. The New Arrangement came into effect on January 29, 2024, and replaced the previous arrangement.