
APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the People’s Republic of China 《(中華人民共和國憲法)》 (the “**Constitution**”), amended and effective on March 11, 2018, which is made up of written laws, administrative regulations, local regulations, autonomous regulations, separate regulations, rules and regulations of State Council departments, rules and regulations of local governments, laws of special administrative regions and international treaties to which the Chinese government is a signatory and other regulatory documents. Court judgments do not constitute legally binding precedents, although they can serve as judicial reference and guidance.

According to the Constitution and the Legislation Law of the People’s Republic of China 《(中華人民共和國立法法)》 (the “**Legislation Law**”), latest amended on March 13, 2023 and effective on March 15, 2023, the NPC and SCNPC are empowered to exercise the legislative power of the State. The NPC has the power to enact and amend the basic laws governing civil, criminal, state organ and other matters. The SCNPC has the power to enact and amend other laws other than those required to be enacted by the NPC and to supplement and amend parts of the laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments do not contravene the basic principles of such laws.

The State Council is the highest organ of state administration and has the power to enact administrative regulations based on the Constitution and laws. The people’s congresses of the provinces, autonomous regions and municipalities and their standing committees may enact local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people’s congresses of cities divided into districts and their respective standing committees may enact local regulations on aspects such as urban and rural construction and management, ecological civilization development, historical and cultural protection, and grassroots governance based on the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. Where laws provide otherwise for the enactment of local regulations by cities divided into districts, those provisions shall prevail. Such local regulations will become enforceable after being reported to and approved by the standing committees of the people’s congresses of the relevant provinces or autonomous regions. The standing committees of the people’s congresses of the provinces or autonomous regions shall examine the legality of local regulations submitted for approval, and such approval shall be granted within four months if they do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of the relevant provinces or autonomous regions.

The people’s congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the ethnic groups in the areas concerned. The autonomous regulations and separate regulations enacted by an autonomous region shall come into effect after being reported to and approved by the Standing Committee of the National People’s Congress. The autonomous regulations and separate regulations enacted by an autonomous prefecture or autonomous county shall come into effect after being reported to and approved by the respective standing committees of the people’s congresses of the provinces, autonomous regions and municipalities directly under the Central Government.

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The ministries and commissions of the State Council, the People’s Bank of China, the National Audit Office, the subordinate institutions with administrative functions directly under the State Council, and the organizations prescribed by laws may formulate departmental rules and regulations within their respective scopes of authority in accordance with laws as well as the administrative regulations, decisions and orders of the State Council.

The NPC has the power to amend or repeal any inappropriate laws enacted by the SCNPC, and to repeal any autonomous regulations and separate regulations approved by the SCNPC that contravene the Constitution or the Legislation Law. The SCNPC has the power to repeal any administrative regulations that contravene the Constitution and laws, and to repeal any local regulations that contravene the Constitution, laws and administrative regulations, and to repeal autonomous regulations and separate regulations approved by the standing committees of the people’s congresses of the provinces, autonomous regions or municipalities directly under the Central Government that contravene any provision of the Constitution or the Legislation Law. The State Council has the right to amend or repeal any inappropriate departmental and local government regulations. The people’s congresses of the provinces, autonomous regions and municipalities directly under the Central Government have the right to amend or repeal any inappropriate local regulations enacted or approved by their respective standing committees. The standing committees of local people’s congresses have the right to repeal any inappropriate rules formulated by the people’s governments at the same level, and the people’s governments of provinces and autonomous regions have the right to amend or repeal any inappropriate rules formulated by the people’s governments at lower levels.

Pursuant to the Resolution of the Standing Committee of the National People’s Congress on Strengthening Legal Interpretation Work 《(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)》, promulgated and effective on June 10, 1981, where the provisions of laws or decrees require further clarification or additional provisions, the SCNPC shall provide interpretation or make stipulation by decree. Issues related to the application of laws or decrees in a court trial shall be interpreted by the Supreme People’s Court. Issues related to the application of laws or decrees in a prosecution process of the procuratorate shall be interpreted by the Supreme People’s Procuratorate. Issues related to the application of other laws or decrees other than in a court trial and in a prosecution process of the procuratorate shall be interpreted by the State Council and the competent authorities. Where the provisions of local regulations require further clarification or additional provisions, the respective standing committees of the people’s congresses of the provinces, autonomous regions and municipalities directly under the Central Government which enacted such regulations shall provide interpretation or make stipulation. Issues related to the application of local regulations shall be interpreted by the competent departments under the people’s government of the provinces, autonomous regions and municipalities.

PRC JUDICIAL SYSTEM

According to the Constitution and the Law of Organization of the People’s Court of the People’s Republic of China 《中華人民共和國人民法院組織法》, amended by the SCNPC on October 26, 2018 and effective on January 1, 2019, the people’s courts of the PRC are divided into the Supreme People’s Court, local people’s courts at various levels and special people’s courts. Local people’s courts at various levels are divided into three levels, namely, higher people’s courts, intermediate people’s courts and basic people’s courts. Basic people’s courts may set up several people’s courts based on region, population and case-related considerations. The Supreme People’s Court serves as the highest judicial organ in the PRC. The Supreme People’s Court exercises its supervisory authority over the trial practices of local people’s courts at various levels and special people’s courts, while higher people’s courts exercise their supervisory authority over the trial practices of people’s courts at lower levels.

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The people’s courts employ a two-tier appellate system, i.e., judgments or rulings of the second instance at the people’s courts are final. A party may appeal against the judgment or ruling of the first instance of a people’s courts. In the absence of any appeal by the parties within the stipulated period, the judgments or rulings of the people’s courts are final. Judgments or rulings of the second instance of the intermediate people’s courts, the higher people’s courts and the Supreme People’s Court and those of the first instance of the Supreme People’s Court are final. However, if the Supreme People’s Court finds some definite errors in a legally effective judgment, ruling or conciliation statement of the people’s court at any level, or if the people’s court at a higher level finds such errors in a legally effective judgment, ruling or conciliation statement of the people’s court at a lower level, it has the authority to review the case itself or to direct the lower-level people’s court to conduct a retrial. If the chief judge of all levels of people’s courts finds some definite errors in a legally effective judgment, ruling or conciliation statement, and considers a retrial is preferred, such case shall be submitted to the judicial committee for discussion and decision. If the Supreme People’s Procuratorate finds some definite errors in a legally effective judgment or ruling of the people’s court at any level, or if the people’s procuratorate at a higher level finds such errors in a legally effective judgment or ruling of the people’s court at a lower level, it may present a protest to the people’s court in accordance with the procedures stipulated by laws.

The Civil Procedure Law of the People’s Republic of China 《(中華人民共和國民事訴訟法)》 (the “**Civil Procedure Law**”), latest amended on September 1, 2023 and effective on January 1, 2024 provides for the conditions for instituting a civil action, the jurisdiction of people’s courts, the procedures for conducting a civil action, and the procedures for enforcement of a civil judgment or ruling. All parties to a civil action conducted within the PRC must abide by the Civil Procedure Law. A civil case is generally under the jurisdiction of the court located in the defendant’s place of domicile. The litigants of a contract dispute or other property rights dispute may agree in writing on selection of the jurisdiction of a people’s court at the location of the defendant’s domicile, place of performance of contract, place of execution of contract, address of the plaintiff, location of the subject matter or a venue which has actual connection with the dispute, provided that the selection does not violate the provisions of the Civil Procedure Law on hierarchical jurisdiction and exclusive jurisdiction.

A foreign individual, person without nationality, foreign enterprise and foreign organization shall have the same litigation rights and obligations as a Chinese citizen, legal person and other organization in initiating or defending against a litigation in a people’s court. Where a foreign court restricts the civil litigation rights of a Chinese citizen, legal person and other organization, the Chinese people’s courts shall apply the principle of reciprocity to the civil litigation rights of the citizens, enterprises and organizations of that country. Where a foreign individual, person without nationality, foreign enterprise and foreign organization initiates or responds to a litigation in a people’s court in the PRC and needs to engage a lawyer to represent he/she/it in the litigation, he/she/it must engage a Chinese lawyer. In accordance with the international treaties to which the PRC is a signatory or party, or according to the principle of reciprocity, a people’s court and a foreign court may request each other to serve documents, conduct investigations and collect evidence and conduct other actions on their behalf. A people’s court shall not accede to any request made by a foreign court which results in the infringement of the sovereignty, security or public interests of the PRC.

All parties to a civil action shall perform the legally effective judgments and rulings. If any party to a civil action refuses to abide by a judgment, ruling or conciliation statement and other legal documents to be executed by a people’s court or an award made by an arbitration institution in the PRC, the other party may apply to the people’s court for the enforcement of the same within two years. The laws governing the suspension or interruption of the statute of limitations shall apply to the

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suspension or interruption of the statute of limitations for the application for enforcement. If a party fails to perform the acts specified in the judgment, ruling or other legal documents pursuant to the enforcement notice within the stipulated period, the court may mandatorily enforce the judgment or ruling.

Where a party requests for the enforcement of a legally effective judgment or ruling made by a people’s court, but the opposite party or his/her/its property is not within the territory of the People’s Republic of China, the party making the request may apply to the foreign court with jurisdiction for the recognition and enforcement of the judgment or ruling, or the people’s court may, in accordance with the provisions of international treaties to which the PRC is a signatory or party, or according to the principle of reciprocity, request for the recognition and enforcement of the judgment or ruling by the foreign court. Similarly, for an effective judgment or ruling made by a foreign court that requires recognition and enforcement by a people’s court of the PRC, the party concerned may directly apply to an intermediate people’s court of the PRC with jurisdiction for recognition and enforcement of the judgment or ruling, or the foreign court may, in accordance with the provisions of international treaties to which that country and the PRC are signatories or parties, or according to the principle of reciprocity, request for the recognition and enforcement by the people’s court, unless such judgment or ruling is contrary to the fundamental principles of the PRC laws or to the sovereignty or security of the PRC, or is not in the social and public interests of the PRC.

THE COMPANY LAW, TRIAL MEASURES AND ARTICLES OF ASSOCIATION GUIDELINES

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

The Company Law of the People’s Republic of China 《(中華人民共和國公司法)》 (the “**Company Law**”) was adopted by the Fifth Session of the Standing Committee of the Eighth National People’s Congress on December 29, 1993 and effective on July 1, 1994. It was successively amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023. The latest revision of the Company Law has taken effect on July 1, 2024.

The Interim Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises 《(境內企業境外發行證券和上市管理試行辦法)》 (the “**Trial Measures**”) and supporting guidelines were promulgated by the CSRC on February 17, 2023 and effective on March 31, 2023, and were applicable to the relevant activities of PRC domestic companies directly or indirectly offering securities overseas or listing and trading their securities overseas. The Trial Measures set out the filing requirements and regulatory requirements for the overseas securities offering and listing by domestic companies.

On March 28, 2025, the CSRC promulgated the latest revised Guidelines for the Articles of Association of the Listed Companies 《(上市公司章程指引)》 (the “**Articles of Association Guidelines**”), which came into effect on the same date. Pursuant to the provisions of the Trial Measures and its supporting guidelines, the Guidelines of Regulatory Rules Application – Overseas Offering and Listing No. 1 《(監管規則適用指引 — 境外發行上市類第1號)》, domestic companies directly offering and listing overseas are required to formulate articles of association and standardize corporate governance with reference to the Articles of Association Guidelines and other relevant provisions of the CSRC on corporate governance.

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

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General Provisions

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

A company must conduct its business in accordance with laws and regulations as well as public and commercial ethics. A company may invest in other companies. Where any laws stipulate that a company cannot be the capital contributor who has the joint liabilities associated with the debts of the invested enterprises, such requirements shall prevail.

Incorporation

A joint stock limited company may be established by means of promotion or stock floatation. To establish a joint stock limited company, there shall be not less than 1 but not more than 200 promoters, more than half of whom shall have their domiciles within the territory of the PRC.

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

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

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

- (i) deliberating on the report on the preparations for establishment of the company by promoters;
- (ii) adopting the articles of association;
- (iii) electing directors and supervisors;
- (iv) reviewing the expenses for the establishment of the company;
- (v) reviewing the valuations of the non-monetary property contributed by the promoters; and
- (vi) where any force majeure or any major change of business conditions directly affects the establishment of the company, the resolution of not establishing the company may be made.

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The resolutions made at the establishment meeting about the matters as mentioned in the preceding provision shall be adopted by the subscribers present at the meeting who represent more than half of the voting rights.

The board of directors shall, within 30 days after the end of the establishment meeting, authorize a representative to file an application for registration of establishment with the company registration authority. A company is formally established and has the status of a legal person after the business license has been issued by the relevant registration authority.

Registered Shares and Issue of Shares

Under the Company Law, a shareholder may make a capital contribution in currencies, or other non-monetary assets such as in kind, intellectual property rights, land use rights, stock rights or creditor’s 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 regulation.

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

A joint stock limited company shall make a register of shareholders and keep it in the company. The register of shareholders shall contain the following items:

- (i) name and domicile of each shareholder;
- (ii) class and number of shares subscribed for by each shareholder;
- (iii) serial number of shares if the shares are issued in paper form; and
- (iv) date on which each shareholder acquired the shares.

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

The Trial Measures provides that a domestic company that offers and lists securities overseas may raise funds and pay dividends in a foreign currency or Renminbi. Under certain circumstances, such as equity incentives and the acquisition of assets through the issuance of securities, a domestic company is allowed to issue securities to specific domestic targets that meet the requirements stipulated by the CSRC when issuing and listing overseas directly.

Under the Trial Measures, for a domestic company directly offering and listing overseas, shareholders of its domestic unlisted shares applying to convert such shares into shares listed and traded on an overseas trading venue shall conform to relevant regulations promulgated by the CSRC, and authorize the domestic company to file with the CSRC on their behalf. The term “domestic unlisted shares” in the preceding provision refers to shares offered by a domestic company but not listed or

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quoted for trading on any domestic trading venues. Domestic unlisted shares shall be centrally registered and deposited at a domestic securities depository and settlement agency. The registration and settlement arrangement of overseas listed shares is subject to applicable rules in overseas markets.

Domestic companies offering and listing overseas shall file with the CSRC in accordance with the Trial Measures, submit filing reports, legal opinions and other relevant materials, and truthfully, accurately and completely explain shareholder information and other information. For a domestic company directly offering and listing overseas, the issuer shall file with the CSRC. For a domestic company indirectly offering and listing overseas, the issuer shall designate a major domestic operating entity as the domestic responsible person and file with the CSRC.

Increase in Share Capital

Pursuant to the relevant provisions of the Company Law, where a joint stock limited company intends to issue new stocks, its shareholders’ general meeting shall make a resolution about the following matters:

- (i) the class and amount of the new stocks;
- (ii) the issuing price of the new stocks;
- (iii) the beginning and ending dates for the issuance of the new stocks;
- (iv) the class and amount of the new stocks to be issued to the original shareholders; and
- (v) if any no par value stock is issued, the proceeds from the issuance of the new stocks shall be included into the registered capital.

Where a company intends to make public offering of shares, it shall go through the registration with the securities regulatory authority of the State Council and announce the document.

Reduction of Share Capital

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

- (i) the company shall prepare a balance sheet and an inventory of property;
- (ii) make a resolution at a shareholders’ general meeting of the company to reduce the registered capital;
- (iii) the company shall notify its creditors within ten days from the date of the resolution of the shareholders’ general meeting to reduce the registered capital and make an announcement in a newspaper or the National Enterprise Credit Information Publicity System within thirty days;
- (iv) the creditors have the right to demand the company to settle the debts or provide corresponding guarantees within thirty days from the date of receipt of the notice, or within forty-five days from the date of the announcement if the notice has not been received; and
- (v) the company shall apply to the company registration authority for change in registration.

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

Share Buy-Back

Under the Company Law, no company may purchase its own shares except under any of the following circumstances:

- (i) where the company’s registered capital is reduced;
- (ii) where it merges with another company holding its shares;
- (iii) where its shares are used for employee stock ownership plan or equity incentives;
- (iv) where any shareholder, who raises objections to the resolution of the shareholders’ general meeting on the merger or split-up of the company, requests the company to purchase its shares;
- (v) where its shares are used for converting the corporate bonds into convertible stocks issued by the company; or
- (vi) it is necessary for a listed company to maintain its company value and its shareholders’ equity.

Where a company purchases its own shares under any of the circumstances as mentioned in items (i) or (ii) of the preceding paragraph, a resolution of the shareholders’ general meeting shall be adopted. Where a company purchases its own shares under any of the circumstances as mentioned in items (iii), (v) or (vi) of the preceding paragraph, a resolution of a meeting of the board of directors shall be made by more than two-thirds of directors attending the meeting according to the provisions of the articles of association or as authorized by the shareholders’ general meeting.

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

Transfer of Shares

Shares held by a shareholder may be transferred according to laws. Under the Company Law, the share transfer by a shareholder shall be conducted on a lawfully established stock exchange or by any other means as prescribed by the State Council. The stocks shall be transferred by a shareholder in the form of endorsement or by any other means prescribed by the relevant laws or administrative regulations. After the transfer, the company shall record the name and domicile of the transferee in the register of shareholders. The register of shareholders shall not be modified within 20 days before any shareholders’ general meeting is held, or within 5 days prior to the benchmark date decided by the company for the distribution of dividends. Where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the modification of the register of shareholders of a listed company, such provisions shall prevail.

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Under the Company Law, the shares issued before a company makes a public offering of shares shall not be transferred within one year as of the day when the stocks of the company are listed and traded on the stock exchange. Where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the transfer of shares held by the shareholders or actual controllers of a listed company, such provisions shall prevail.

The directors, supervisors and senior executives of the company shall declare to the company the shares they hold and the changes thereof. During the term of office as determined when they assume the posts, the shares transferred each year shall not exceed 25% of the total shares they hold of the company. The shares of the company held by them shall not be transferred within one year as of the day when the stocks of the company are listed and traded on the stock exchange. Any of the aforesaid persons shall not transfer the shares of the company held within six months after he/she leaves office. Any other restrictions on the transfer of the shares of the company held by directors, supervisors or senior executives of the company may be specified in the articles of association.

Where the shares are pledged within the time limit for restricted transfer as provided for by laws and administrative regulations, the pledgee may not exercise the pledge right within such restricted period.

Shareholders

Under the Company Law and the Articles of Association Guidelines, the rights of a shareholder include:

- (i) to receive dividends and other forms of distributions in proportion to their shareholdings;
- (ii) to request, convene, preside over, attend or appoint a proxy to attend shareholders’ general meetings and to exercise the corresponding voting rights in accordance with laws;
- (iii) to supervise a company’s business operations, and to present proposals or to raise inquiries;
- (iv) to transfer, gift or pledge the shares held by him/her in accordance with laws, administrative regulations and the provisions of the articles of association;
- (v) to inspect and copy the company’s articles of association, share register, minutes of shareholders’ general meetings, resolutions of meetings of the board of directors, and financial and accounting reports; shareholders who meet the specified requirements may inspect the company’s accounting books and accounting vouchers;
- (vi) in the event of the winding-up or liquidation of a company, to participate in the distribution of remaining property of a company in proportion to the number of shares held;
- (vii) for any shareholder who raises objections to the resolution of the shareholders’ general meeting on the merger or split-up of the company, to request the company to purchase its shares;
- (viii) other rights conferred by laws, administrative regulations, departmental rules or the articles of association.

The obligations of a shareholder include:

- (i) to comply with laws, administrative regulations and the articles of association;

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- (ii) to pay subscription money according to the number of shares subscribed and the method of subscription;
- (iii) not to withdraw his/her share capital except under the circumstances prescribed by laws or regulations;
- (iv) not to abuse their shareholders’ rights to damage the interests of the company or other shareholders; not to abuse the independent legal person status of the company and the limited liability of shareholders to damage the interests of the creditors of the company;
- (v) other obligations conferred by laws, administrative regulations and the articles of association.

Shareholders’ General Meetings

Under the Company Law, the shareholders’ general meeting of a joint stock limited company is made up of all shareholders. The shareholders’ general meeting is the authority of a company, which shall exercise the following functions and powers:

- (i) electing and replacing directors and supervisors and deciding on their remunerations;
- (ii) deliberating on and approving the reports of the board of directors;
- (iii) deliberating on and approving the reports of the board of supervisors;
- (iv) deliberating on and approving the plans for profit distribution and making up losses of the company;
- (v) making resolutions on the increase or decrease of the registered capital of the company;
- (vi) making resolutions on the issuance of corporate bonds;
- (vii) making resolutions on the merger, split-up, dissolution, liquidation or change of corporate form of the company;
- (viii) amending the articles of association; and
- (ix) other functions and powers as prescribed in the articles of association.

Under the Company Law, an annual shareholders’ general meeting shall be held every year. If any of the following circumstances occurs, an extraordinary general meeting shall be held within two months:

- (i) where the number of directors is less than two thirds of the number as provided for by the Company Law or the articles of association;
- (ii) where the unrecovered losses of the company reach one third of the total capital stock;
- (iii) where the shareholders who separately or aggregately hold 10% or more of the company’s shares so request;
- (iv) where the board of directors deems it necessary;

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- (v) where the board of supervisors so proposes; or
- (vi) other circumstances as provided for in the articles of association.

The shareholders' general meeting shall be convened by the board of directors and presided over by the chairman of the board of directors. If the chairman is unable or fails to perform his/her duties, the meeting shall be presided over by the deputy chairman. If the deputy chairman is unable or fails to perform his/her duties, the meeting shall be presided over by a director jointly elected by more than half of the directors.

If the board of directors is unable or fails to perform the duties of convening the shareholders' general meeting, the board of supervisors shall timely convene and preside over the meeting. If the board of supervisors fails to convene and preside over the meeting, shareholders who separately or aggregately hold 10% or more of the shares of the company for 90 or more consecutive days may convene and preside over the meeting by themselves.

If the shareholders who separately or aggregately hold 10% or more of the shares of the company request to convene an extraordinary general meeting, the board of directors and the board of supervisors shall, within 10 days after the receipt of such request, decide whether to hold an extraordinary general meeting and reply to the shareholders in writing.

The time and place of the meeting and the matters to be deliberated shall be notified to each shareholder 20 days before a shareholders' general meeting is held. For an extraordinary general meeting, a notice shall be served 15 days in advance.

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

Under the Company Law, a shareholder may entrust a proxy to attend a shareholders' general meeting, and it should clarify the matters, authority and duration of the proxy. The proxy shall present a written power of attorney issued by the shareholder to the company and shall exercise his/her voting rights within the scope of authorization.

Under the Company Law, shareholder who attends the shareholders' general meeting has one vote for each share held by him/her/it, except the shareholders of classified shares. The company may not have a voting right for the shares it holds.

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

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The shareholders' general meeting may, in electing the directors or supervisors, adopt a cumulative voting system according to the articles of association or the resolutions of the shareholders' general meeting. Accumulative voting system means a system whereby each share, in an election of directors or supervisors at the shareholders' general meeting, carries the number of voting rights equivalent to the number of the directors or supervisors to be elected, and a shareholder may concentrate his/her voting rights.

The Board of Directors

Under the Company Law, a joint stock limited company shall have a board of directors, which consists of more than three members. The term of office of directors shall be prescribed in the articles of association, but each term shall not exceed three years. After the term of office of a director expires, he/she may be reelected to serve another term.

The board of directors shall have one chairperson and may have deputy chairperson(s). The chairperson and deputy chairperson(s) shall be elected by more than half of all the directors. The chairperson shall convene and preside over the meetings of the board of directors and check the implementation of the resolutions of the board of directors. The deputy chairperson(s) shall assist the chairperson in the performance of his/her duties. If the chairperson is unable or fails to perform his/her duties, the deputy chairperson(s) shall perform such duties. If the deputy chairperson(s) is/are unable or fail(s) to perform his/her/their duties, a director jointly elected by more than half of the directors shall perform such duties.

Under any of the following circumstances, anyone may not act as a director of a company:

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

The board of directors shall convene at least two meetings every year. Each meeting shall be notified to all directors and supervisors 10 days before it is held. The board of directors shall exercise the following functions and powers:

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- (i) convening the shareholders' general meeting and reporting its work to the shareholders' general meeting;
- (ii) executing the resolutions of the shareholders' general meeting;
- (iii) deciding the business plans and investment scheme of the company;
- (iv) formulating the plans for profit distribution and making up for loss of the company;
- (v) formulating the plan for increasing or decreasing the registered capital, as well as the plan for issuance of corporate bonds;
- (vi) formulating the plan for merger, division, dissolution, or change of corporate form of the company;
- (vii) deciding the establishment of the internal management body of the company;
- (viii) deciding the appointment or dismissal of the manager of the company and the remuneration thereof, and, according to the nomination of the manager, deciding on hiring or dismissing deputy managers and financial director of the company as well as their remuneration;
- (ix) formulating the basic management rules of the company; and
- (x) other functions and powers specified in the articles of association or granted by the shareholders' general meeting.

No meeting of the board of directors may be held unless more than half of the directors are present. A resolution made by the board of directors shall be adopted by more than half of all the directors. For voting on a resolution of the board of directors, each director shall have one vote. The board of directors shall prepare minutes regarding the decisions on the matters discussed at the meetings, which shall be signed by the directors present.

The directors shall attend the meeting of the board of directors in person. Where any director is unable to attend the meeting for any reason, he/she may, by issuing a written power of attorney, entrust another director to attend the meeting on his/her behalf. The power of attorney shall indicate the scope of authorization. The directors shall be responsible for the resolutions made by the board of directors. Where a resolution of the board of directors is in violation of any law, administrative regulation, articles of association or resolution of the shareholders' general meeting and causes any serious loss to the company, the directors who participate in adopting such resolution shall be liable for compensation to the company. If a director is proved to have expressed his/her objection to the voting on such resolution and such objection has been recorded in the minutes, he/she may be exempted from liability.

The Board of Supervisors

Under the Company Law, a joint stock limited company shall have a board of supervisors composed of not less than three members. Members of 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. Directors and senior management members shall not act concurrently as supervisors.

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

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 in their performance of their duties and to propose the removal of directors and senior management who have violated laws, administrative regulations, the articles of association or resolutions of the shareholders’ general meetings;
- (iii) when the acts of a director or a senior management are detrimental to the company’s interests, to require the director and senior management to correct these acts;
- (iv) to propose the convening of extraordinary general meetings and to convene and preside over shareholders’ general meetings when the board of directors fails to perform the duty of convening and presiding over shareholders’ general meetings under the Company Law;
- (v) to submit proposals to the shareholders’ general meetings;
- (vi) to bring actions against directors and senior management pursuant to Article 189 of the Company Law; and
- (vii) to exercise any other authority stipulated in the articles of association.

A joint stock limited company may, instead of setting up a board of supervisors, in accordance with the provisions of its articles of association, set up an audit committee consisting of directors in its board of directors to exercise the powers and functions of the board of supervisors.

On December 27, 2024, the CSRC promulgated the Transitional Arrangements for the Implementation of the Supporting Institutional Rules for the New Company Law (《關於新〈公司法〉配套制度規則實施相關過渡期安排》), whereby listed companies shall, before January 1, 2026, in accordance with the provisions of the Company Law, the Provisions of the State Council on Implementing the Registration Management System for Registered Capital under the Company Law of the People’s Republic of China (《國務院關於實施〈中華人民共和國公司法〉註冊資本登記管理制度的規定》) and the supporting institutional rules of the CSRC, provide in the articles of association for the establishment of an audit committee in the board of directors to exercise the powers and functions of a board of supervisors as stipulated in the Company Law without establishing a board of supervisors or appointing supervisors. Before a listed company adjusts the establishment of the company’s internal supervisory body, its board of supervisors or supervisors shall continue to comply with the provisions of the original institutional rules of the CSRC.

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Duties of Directors, Supervisors and Senior Management

Directors, supervisors and senior management of the company are required under the Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company.

Directors, supervisors and senior management shall assume the obligation of loyalty to the company and take measures to avoid the conflict between their own interests and those of the company and may not seek any improper interests by taking advantage of their powers. Directors, supervisors and senior management shall assume the duty of diligence to the company. When performing their duties, they shall, for the best interests of the company, exercise the reasonable care that shall be generally possessed by a manager.

Directors, supervisors and senior management are prohibited from:

- (i) embezzling the property or misappropriating the funds of the company;
- (ii) depositing the funds of the company into an account opened in his/her own name or in the name of any other individual;
- (iii) giving bribes or accepting any other illegal proceeds by taking advantage of his/her power;
- (iv) accepting for their own benefit commissions from others for transactions conducted with the company;
- (v) unlawfully disclosing the confidential information of the company; or
- (vi) other acts in violation of the obligation of loyalty to the company.

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

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

No director, supervisor or senior management may take advantage of his/her position to seek any business opportunity that belongs to the company for himself/herself or any other person except under any of the following circumstances:

- (i) where he/she has reported to the board of directors or the shareholders' general meeting and has been approved by a resolution of the board of directors or the shareholders' general meeting according to the articles of association; or
- (ii) where the company cannot make use of the business opportunity as stipulated by laws, administrative regulations or the articles of association.

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

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

Finance and Accounting

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

The financial accounting report of a joint stock limited company shall be made available for inspection by the shareholders at the company not later than twenty days before the annual meeting of shareholders; a joint stock limited company that has publicly issued shares shall announce its financial accounting report.

The premiums received by a company from the issuance of shares at an issue price in excess of the par value of the shares, the amount of share proceeds from the issuance of no-par shares that have not been credited to the registered capital, and other items required by the financial department of the State Council to be included in the capital reserve shall be classified as the capital reserve of the company.

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

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

Appointment and Dismissal of Accounting Firms

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

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

Profit Distribution

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

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

If the shareholders' general meeting resolves to distribute profits, the board of directors shall do so within six months after the resolution of the shareholders' general meeting is made.

Dissolution and Liquidation

According to the Company Law, a company shall be dissolved for the following reasons:

- (i) the expiration of the business period stipulated in the company's articles of association or the occurrence of other causes of dissolution stipulated in the company's articles of association;
- (ii) dissolution by a resolution of the shareholders' general meeting;
- (iii) dissolution due to merger or split-up of the company;
- (iv) suspension of the business license, being ordered to close down or being revoked in accordance with laws; or
- (v) being dissolved by a people's court in accordance with the provisions of Article 231 of the Company Law.

If any of the causes for dissolution as mentioned in the preceding paragraph occurs, a company shall publicize the cause(s) for dissolution through the National Enterprise Credit Information Publicity System within ten days.

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Where the company is dissolved under the circumstances set forth in paragraph (i) or (ii) above and in case that no assets have been distributed to shareholders, it may carry on its existence by amending its articles of association or upon a resolution of the shareholders’ general meeting, which must be approved by more than two-thirds of the voting rights held by the shareholders present at the shareholders’ general meeting. Where the company is dissolved pursuant to paragraphs (i), (ii), (iv) or (v) above, it shall be liquidated. The directors, who are the liquidation obligors of the company, shall form a liquidation group to carry out liquidation within 15 days from the date of occurrence of the cause of dissolution. The liquidation group shall be composed of the directors, unless it is otherwise provided for in the company’s articles of association or it is otherwise elected by the shareholders’ general meeting. The liquidation obligors shall be liable for compensation if they fail to fulfill their obligations of liquidation in a timely manner, and thus any loss is caused to the company or the creditors.

The liquidation group fails to be formed within the time limit or fails to carry out the liquidation after its formation, any interested party may request the people’s court to designate relevant persons to form a liquidation group to carry out liquidation. The people’s court shall accept such requests and organize a liquidation group to carry out the liquidation in a timely manner.

The liquidation group may exercise the following functions during the period of liquidation:

- (i) taking inventory of the property of the company and preparing a balance sheet and an inventory of property, respectively;
- (ii) notifying the company’s creditors by mail or public announcement;
- (iii) handling outstanding company business related to liquidation;
- (iv) paying off the taxes overdue by the company and the taxes incurred in the process of liquidation;
- (v) settling creditor’s rights and debts;
- (vi) distributing the remaining property after all the debts of the company are paid off; and
- (vii) representing the company in civil litigation activities.

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

The liquidation group shall, after taking inventory of the property of the company and preparing a balance sheet and an inventory of property, make a plan of liquidation and report the same to the shareholders’ general meeting or the people’s court for confirmation.

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The remaining property of the company after payment of liquidation expenses, wages of employees, social insurance premiums and statutory compensations, payment of outstanding taxes and settlement of the debts of the company shall, in the case of a limited liability company, be distributed in proportion to capital contributions of the shareholders, and in the case of a joint stock limited company, distributed in proportion to the shares held by the shareholders.

During the period of liquidation, the company survives, but shall not carry out any business operation unrelated to the liquidation. The property of the company shall not be distributed to the shareholders until it has been liquidated in accordance with the preceding paragraph.

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

The members of the liquidation group performing their duties of liquidation are obliged to loyalty and diligence. Any member of the liquidation group who neglects to fulfill his/her liquidation duties, thus causing any loss to the company shall be liable for compensation, and any member of the liquidation group who cause any loss to any creditor due to his/her intentional or gross negligence shall be liable for compensation.

Upon completion of the liquidation of the company, the liquidation group shall produce a liquidation report, report the same to the shareholders’ general meeting or the people’s court for confirmation, and submit the same to the company registration authority to apply for deregistration of the company.

Where, after three years since the business license of a company is revoked, or the company is ordered to close down or is revoked, the company fails to apply for its deregistration with the company registration authority, the said authority may announce the company’s deregistration through the National Enterprise Credit Information Publicity System for a period of no less than 60 days. If there is no objection after the announcement period expires, the company registration authority may deregister the company.

Overseas Listing

According to the Trial Measures, any initial public offering or listing overseas of an issuer shall be filed with the CSRC within 3 working days after the relevant application documents for offering and listing is submitted overseas. Subsequent securities offerings of an issuer in the same overseas market where it has previously offered and listed securities shall be filed with the CSRC within 3 working days after the offering is completed. Subsequent securities offerings and listings of an issuer in other overseas markets than where it has offered and listed shall be filed pursuant to the provision in the first paragraph of this Articles.

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Loss of Share Certificates

A shareholder may, in accordance with the public notice procedures set out in the Civil Procedure Law of the People’s Republic of China (《中華人民共和國民事訴訟法》), apply to a people’s court if his/her share certificate is either stolen, lost or destroyed, for a declaration that such certificate will no longer be valid. After the people’s court declared that such certificate will no longer be valid, the shareholder may apply to the company for the issue of a replacement certificate.

Suspension and Termination of Listing

The Company Law has deleted provisions regarding suspension and termination of listing. The Securities Law of the People’s Republic of China (2019 revision) (《中華人民共和國證券法(2019年修訂)》) has also deleted provisions regarding suspension of listing. Where listed and traded securities fall under the delisting circumstances stipulated by a stock exchange, the stock exchange shall terminate its listing and trading in accordance with the its business rules.

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

Securities Laws and Regulations

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 authority of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by Chinese companies both at home and abroad, regulating the trading of securities, compiling securities-related statistics and undertaking research and analysis. On March 29, 1998, the State Council consolidated the above two departments and reformed the CSRC.

The Provisional Regulations on the Issue and Trading of Shares (《股票發行與交易管理暫行條例》), promulgated by the State Council and effective on April 22, 1993, regulates the application and approval procedures for the public issue of shares, the trading of shares, the acquisitions by listed companies, the deposit, settlement and transfer of listed shares, the disclosure of information by listed companies, the investigation and penalties, and the arbitration of disputes.

The Provisions of the State Council on Domestic Listing of Foreign Shares by Companies Limited by Shares (《國務院關於股份有限公司境內上市外資股的規定》), promulgated by the State Council and effective on December 25, 1995, mainly regulates the issue, subscription, trading and payment of dividends of domestic listing foreign shares and the disclosure of information of companies limited by shares with domestic listing foreign shares.

The Securities Law of the People’s Republic of China (《中華人民共和國證券法》) (the “**PRC Securities Law**”), latest amended by the SCNPC on December 28, 2019 and effective on March 1, 2020, provides a series of provisions regulating, among other things, the issue and trading of securities, the acquisitions by listed companies, disclosure of information, investor protection, securities exchanges, securities companies and the duties and responsibilities of the State Council’s securities regulatory authorities in the PRC, and comprehensively regulates activities in the PRC securities market. The PRC Securities Law provides that a domestic enterprise must comply with the relevant

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provisions of the State Council in issuing securities directly or indirectly outside the PRC or listing and trading its securities outside the PRC. Currently, the issue and trading of foreign issued shares are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

Arbitration and Enforcement of Arbitral Awards

In accordance with the Arbitration Law of the People’s Republic of China (《中華人民共和國仲裁法》) (the “**Arbitration Law**”), as last amended by the SCNPC on September 12, 2025 and implemented on March 1, 2026, when parties concerned have reached an agreement for arbitration but one party brings a suit in the people’s court, the people’s court shall not accept the case, except in the case that the agreement for arbitration is invalid as otherwise provided by law.

In accordance with the Arbitration Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people’s court for enforcement according to the Civil Procedure Law of the People’s Republic of China. A people’s court may refuse to enforce an arbitral award made by an arbitration commission if there is any procedural irregularity (including the composition of the arbitration tribunal or the arbitration procedure violating the legal procedures or the making of an award on matters beyond the scope of the arbitration agreement or the jurisdiction of the arbitration commission). Where a party applies for enforcement of an arbitral award made within the territory of the People’s Republic of China pursuant to laws which has come into legal effect, and the person subject to enforcement or its properties are not located within the territory of the People’s Republic of China, the party may directly apply to a foreign court with jurisdiction over the case for recognition and enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the people’s court in accordance with the principles of reciprocity or any international treaties to which the PRC is a signatory or party.

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

Judicial Judgment and its Enforcement

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

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relationship that has either arisen or might arise. Therefore, the party concerned may apply to the court in Chinese Mainland or the court of the Hong Kong Special Administrative Region to recognize and enforce the final judgment made in Chinese Mainland or Hong Kong that meet certain conditions of the aforementioned regulations.

On January 25, 2024, the Supreme People’s Court promulgated the Supreme People’s Court’s Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《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民商事案件判決的安排》) (the “**New Arrangement**”), which came into effect on January 29, 2024, aiming to establish a mechanism with further clarification on and certainty for recognition and enforcement of judgments in a wider range of civil and commercial matters between the Hong Kong Special Administrative Region and Chinese Mainland.