

APPENDIX IV

SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

This Appendix sets out a summary of the principal PRC laws, regulations and policies which are relevant to the Company’s ongoing day-to-day business operations in the PRC. Laws and regulations relating to taxation in the PRC are discussed separately in “Appendix III — Taxation and Foreign Exchange”. The principal objective of this summary is to provide potential [REDACTED] with an overview of the principal laws and regulatory provisions applicable to the Company. This summary is not intended to include all the data which are important to the potential [REDACTED]. For a discussion of laws and regulations which are relevant to the Company’s business, see section headed “Regulatory Overview” in this document.

PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the People’s Republic of China (the “Constitution”) which was amended and came into effect on 11 March 2018 and is made up of written laws, administrative regulations, local regulations, autonomous regulations, separate regulations, rules and regulations of State Council departments, rules and regulations of local governments, laws of special administrative regions and international treaties of which the PRC government is the signatory and other regulatory documents. Court judgments do not constitute legally binding precedents, although they are used for the purposes of judicial reference and guidance.

According to the Constitution and the Legislation Law of the People’s Republic of China which was last amended on 13 March 2023 and came into effect on 15 March 2023 (the “Legislation Law”), the NPC and NPC Standing Committee 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 NPC Standing Committee formulates and amends the laws other than those required to be enacted by the NPC and to supplement and amend parts of the laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the Constitution and laws. The people’s congresses of the provinces, autonomous regions and municipalities directly under the central government and their standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people’s congresses of cities divided into districts and their respective standing committees may formulate local regulations on aspects such as urban and rural construction and management, ecological civilization development, 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. If the law provides otherwise on the formulation of local regulations by cities divided into districts, those provisions shall prevail. Such local regulations will become enforceable after being reported to and approved by the standing committees of the people’s congresses of the relevant provinces or autonomous regions.

The standing committees of the people’s congresses of the provinces or autonomous regions shall examine the legality of local regulations submitted for approval, and such approval shall be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of the relevant provinces or autonomous

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regions. People’s congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the ethnic groups in the areas concerned.

The ministries and commissions of the State Council, PBOC, 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 the permissions of their respective departments based on the 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 NPC Standing Committee, and to repeal any autonomous regulations or separate regulations approved by the NPC Standing Committee that are in conflict with the Constitution or the Legislation Law. The NPC Standing Committee has the power to repeal any administrative regulations that are in conflict with the Constitution and the laws, and to repeal any local regulations that are in conflict with the Constitution, the laws, and the 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 are in conflict with the Constitution and 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 laws or regulations promulgated or approved by their respective standing committees. The standing committees of local people’s congresses have the right to repeal any inappropriate rules established 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 developed by the people’s governments at lower levels.

Pursuant to the Resolution of the Standing Committee of the National People’s Congress Providing an Improved Interpretation of the Law (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on 10 June 1981, in cases where the scope of provisions of laws or decrees needs to be further defined or additional stipulations need to be made, the NPC Standing Committee shall provide interpretations or make stipulations by means of decrees. Issues related to the application of laws in a court trial should be interpreted by the Supreme People’s Court, issues related to the application of laws in a prosecution process of the procuratorate should be interpreted by the Supreme People’s Procuratorate, and issues related to the application of laws other than in a court trial or in a prosecution process of the procuratorate should be interpreted by the State Council and the competent authorities. At the regional level, the power to interpret regional regulations is vested in the regional legislative and administrative authorities which promulgate such regulations.

PRC JUDICIAL SYSTEM

According to the Constitution and the Organic Law of the People’s Courts of the People’s Republic of China amended by the NPC Standing Committee on 26 October 2018 and becoming effective on 1 January 2019, the people’s courts of the PRC are divided into the Supreme People’s Court, the local people’s courts at all levels and special people’s courts. The local people’s courts at all levels are divided into three levels, namely, the basic people’s courts, the intermediate people’s courts and the higher people’s courts. The basic people’s courts may set up special civil courts based on the status of the region, population and cases. The Supreme People’s Court shall be the highest judicial organ of the State. The Supreme

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People’s Court shall supervise the administration of justice by the local people’s courts at all levels and by the special people’s courts. The people’s courts at a higher level shall supervise the judicial work of the people’s courts at lower levels.

The people’s courts employ a two-tier trial system, i.e., judgments or rulings of the second instance at the people’s courts are final. A party may appeal against the judgment or ruling of the first instance of a local people’s court. The people’s procuratorate may present a protest to the people’s courts at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people’s procuratorate within the stipulated period, the judgments or rulings of the people’s courts are final. Judgments or rulings of the second instance of the intermediate people’s courts, the higher people’s courts and the Supreme People’s Court and those of the first instance of the Supreme People’s Court are final. However, if the Supreme People’s Court finds any definite errors in a legally effective final judgment or ruling of a people’s court at any lower level, the people’s courts at the next higher level finds any definite errors in a legally effective final judgment or ruling of the people’s court at a lower level, or the chief judge of a people’s court at any level finds any definite errors in a legally effective final judgment or ruling of such court, the case can be retried according to judicial supervision procedures.

The Civil Procedure Law of the People’s Republic of China (the “Civil Procedure Law”), last amended on 1 September 2023 and effective from 1 January 2024, prescribes the conditions for instituting a civil action, the jurisdiction of the people’s court, the procedures for conducting a civil action, and the procedures for enforcement of a civil judgment or ruling. All parties to a civil action conducted within the PRC must abide by the Civil Procedure Law of the People’s Republic of China. 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 people’s court at the location of the defendant’s domicile, place of performance of contract, place of execution of contract, location of the plaintiff’s domicile, location of the subject matter, etc. or a venue which has actual connection with the dispute to be the people’s court which has jurisdiction, but shall not violate the provisions of the Civil Procedure Law on grade jurisdiction and exclusive jurisdiction.

A foreign individual, a person without nationality, a foreign enterprise or a foreign organization is given the same litigation rights and obligations as a citizen, a legal person or other organizations of the PRC when initiating actions or defending against litigations at a people’s court. Should a foreign court limit the litigation rights of PRC citizens or enterprises, the people’s court of the PRC may apply the same limitations to the citizens or enterprises of such foreign country. A foreign individual, a person without nationality, a foreign enterprise or a foreign organization must engage a PRC lawyer in case he or it needs to engage a lawyer for the purpose of initiating actions or defending against litigations at a people’s court of the PRC. In accordance with the international treaties concluded or acceded to by China, or with the principle of reciprocity, a people’s court and a foreign court may request each other to serve documents, conduct investigation and collect evidence and conduct other actions on its behalf. A people’s court shall not entertain any request for indicial assistance from foreign courts that may violate China’s sovereignty, security or public interests.

All parties to a civil action shall be bound by legally effective judgments and rulings. If any party to a civil action refuse to abide by a judgment or ruling made by a people’s court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people’s court for the enforcement of the same within two years, subject to application for postponed enforcement or revocation. The laws governing the suspension or interruption of the statute of

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limitations shall apply to the suspension or interruption of the statute of limitations for the application for enforcement. If a party fails to satisfy a judgment within the period specified by the enforcement approval granted by the court, the court may, upon the application of the other party, mandatorily enforce the judgment against such party.

Where a party applies for enforcement of a legally effective judgment or ruling made by a people’s court, and the opposite party or his property is not within the territory of the PRC, may directly apply for recognition and enforcement of the judgment or ruling to the foreign court which has jurisdiction over the case. The people’s court may also, in accordance with the provisions of the international treaties concluded or acceded to by China, or with the principle of reciprocity, request recognition and enforcement of the judgment or ruling by the foreign court. Similarly, if a legally effective judgment or ruling made by a foreign court requires recognition and enforcement by a people’s court of the PRC, the party concerned may directly apply for recognition and enforcement to the intermediate people’s court of the PRC which has jurisdiction. The foreign court may also, in accordance with the provisions of the international treaties concluded or acceded to by that foreign country and the PRC or with the principle of reciprocity, request recognition and enforcement by a people’s court. However, such judgment or ruling that would violate the basic legal principles of the PRC, or compromise its sovereignty, security or societal public interest shall not be recognized and enforced.

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

A joint stock limited by shares established in the PRC seeking a listing on the Hong Kong Stock Exchange is mainly subject to the following laws and regulations of the PRC.

The Company Law of the People’s Republic of China (the “Company Law”) was adopted by the Standing Committee of the Eighth National People’s Congress at its fifth session on 29 December 1993 and came into effect on 1 July 1994. It was successively amended on 25 December 1999, 28 August 2004, 27 October 2005, 28 December 2013, 26 October 2018 and 29 December 2023. The latest revision of the Company Law took effect on 1 July 2024.

The Interim Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises (the “Trial Measures”), promulgated by the CSRC on 17 February 2023 and effective from 31 March 2023, are applicable to both direct and indirect overseas securities offering and listing activities of domestic enterprises. The Trial Measures also establish the filing procedures, administration methods and regulatory requirements for such overseas securities transactions.

On 28 March 2025, the CSRC promulgated the newly amended Guidelines for Articles of Association of Listed Companies (the “Guidelines for Articles of Association”), With immediate effect. Pursuant to the Trial Measures and its supporting 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 enterprises that pursuing direct overseas offering and listing shall formulate the articles of association and standardize corporate governance with reference to the Guidelines for Articles of Association 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 Guidelines for Articles of Association which are applicable to the Company.

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General Provisions

“A joint stock limited by shares” refers to an enterprise legal person established under the Company Law of China, whose registered capital is divided into shares of equal value. Shareholders bear liability to the company solely within the limit of the shares they have subscribed for, and the company shall be liable for its debts with all its assets.

A company must conduct its business in accordance with laws and regulations as well as social morality and business ethics. A company may invest in other limited liability companies. The liabilities of the company to such invested companies are limited to the amount invested. Unless otherwise specified by laws, a company cannot be the capital contributor bearing the several and joint liabilities associated with the debts of the invested enterprises.

Incorporation

A company limited by shares may be incorporated by way of establishment by sponsorship or by way of establishment by share offer, with the incorporation requiring not fewer than one but not more than two hundred sponsors, of whom more than half must have their domiciles within the territory of the People’s Republic of China.

For a company limited by shares incorporated by way of establishment by sponsorship, the sponsors shall subscribe for the entire shares to be issued upon the company’s formation as prescribed in its articles of association; for a company incorporated by way of establishment by share offer, the sponsors shall subscribe for no less than thirty-five percent (35%) of the total shares required for the company’s establishment under its articles of association, provided that where laws or administrative regulations stipulate otherwise, such provisions shall prevail.

Promoters of a company limited by share established by sponsorship or by way of establishment by share offer, 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 shall not be held unless the subscribers who hold more than half of the voting rights attend the meeting. Where a limited company by share is established by way of establishment by share offer, 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

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- (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.

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

Within 30 days after the conclusion of the establishment meeting, the Board of Directors shall apply to the registration authority for registration of the incorporation of the company limited by shares. The 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 capital contributions in currency, or in kind, intellectual property, land use right, stock rights, creditor's rights or other non-monetary property that may be assessed in currency and transferred according to law, except the property that may not be used as capital contributions according to any law or administrative regulation.

The capital of a company limited by shares 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 company limited by shares 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 company limited by shares shall be issued under the principle of fairness and impartiality. The shares of the same class shall have the same rights. Shares of the same class in the same issue shall be issued at the same price and on the same conditions. The same price shall be paid for each share subscribed for by a subscriber. The issue price of par value shares 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 company that offers and lists securities on overseas markets 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 enterprise is allowed to issue securities to specific domestic targets when

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it directly issues and lists overseas. This authorization operates without prejudice to additional compliance obligations for variable interest entity (VIE) structured enterprises, which must demonstrate eligibility within permitted industry sectors as jointly cataloged by relevant regulatory authorities.

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 paragraph refers to shares offered by a domestic company but not listed or 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 of overseas listed shares are subject to applicable rules in overseas markets.

Domestic enterprises issued and listed overseas shall file with the CSRC in accordance with Trial Measures, submit filing reports, legal opinions and other relevant materials, and truthfully, accurately and completely explain shareholder information and other information. Where a domestic enterprise directly issues and is listed overseas, the issuer shall file with the CSRC. If a domestic enterprise indirectly issues and is listed 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 company limited by shares intends to issue new shares, its shareholders’ meeting shall make a resolution about the following matters:

- (i) the class and amount of the new shares;
- (ii) the issuing price of the new shares;
- (iii) the beginning and ending dates for the issuance of the new shares;
- (iv) the class and amount of the new shares 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 shares 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 security’s 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;

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- (ii) the reduction of registered capital must be approved by shareholders at the shareholders’ meeting;
- (iii) the company shall notify its creditors within ten days from the date of the resolution of the shareholders’ meeting to reduce the registered capital and make an announcement in the newspaper or the National Enterprise Credit Information Publicity System within 30 days;
- (iv) the creditors have the right to demand the company to settle the debts or provide corresponding guarantees within 30 days from the date of receipt of the notice, or within 45 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.

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 company limited by shares.

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’ meeting on the merger or split-up of the company, requests the company to purchase its shares;
- (v) where its shares are used for converting the corporate bonds into convertible stocks issued by the company; or
- (vi) it is necessary for a listed company to maintain its company value and its shareholders’ equity.

Where a company purchases its own shares under any of the circumstances as mentioned in items (i) or (ii) of the preceding paragraph, a resolution of the shareholders’ meeting shall be adopted. Where a company purchases its own shares under any of the circumstances as mentioned in items (iii), (v) or (vi) of the preceding paragraph, a resolution shall be adopted at the meeting of the board of directors with the attendance of not less than two thirds of the directors, according to the articles of association or the shareholders’ meeting of the company.

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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 after 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 items (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 items (iii), (v) or (vi).

Transfer of Shares

Shares held by a shareholder may be transferred according to the law. 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 transferred in the register of shareholders. The register of shareholders shall not be modified within 20 days before any shareholders' meeting is held, or within five 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 security's regulatory authority of the State Council for the modification of the register of shareholders of a listed company, such provisions shall prevail.

Under the Company Law, the shares issued before a company makes a public offering of shares shall not be transferred within one year after the date when the shares 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 security's 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 management members 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 of the company held by them. The shares of the company held by them shall not be transferred within one year after the date when the shares 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 company's shares held by directors, supervisors or senior management members 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 Guidelines for Articles of Association, the rights of a shareholder include:

- (i) to receive dividends and other forms of distributions in proportion to their shareholdings;

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- (ii) to legally request to hold, convene, preside over, attend or appoint a proxy to attend shareholders' meetings and to exercise voting rights;
- (iii) to supervise a company's business operations, and to present proposals or to raise inquiries;
- (iv) to transfer, present or pledge shares held in accordance with laws, administrative regulations and the provisions of the Articles of Association;
- (v) to inspect or copy the articles of association, share register, minutes of shareholders' meetings, resolutions of meetings of the board of directors, and financial and accounting reports, and to review the company's accounting books and accounting vouchers if the shareholders meet the requirements;
- (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) to request the company to purchase their shares if the shareholders object to the resolutions on the company's merger or division made by the shareholders' meeting.
- (viii) other rights conferred by laws, administrative regulations, departmental rules and the Articles of Association.

The obligations of a shareholder include:

- (i) to comply with laws, administrative regulations and the Articles of Association;
- (ii) to pay subscription money according to the number of shares subscribed and the method of subscription;
- (iii) not to withdraw their share capital, except as otherwise provided by laws and regulations;
- (iv) not to abuse their shareholders' rights to damage the interests of a company or other shareholders; not to abuse the independent legal person status of a company and the limited liability of shareholders to damage the interests of the creditors of a company;
- (v) other obligations conferred by laws, administrative regulations and the Articles of Association.

Shareholders' Meetings

Under the Company Law, the shareholders' meeting of a company limited by shares is made up of all shareholders. The shareholders' 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;

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- (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' meeting shall be held every year. If any of the following circumstances occurs, an interim shareholders' meeting shall be held within two months:

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

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

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

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

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

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

Under the Company Law, a shareholder may entrust a proxy to attend a shareholders' meeting, and it should clarify the matters, power and time limit of the proxy. The proxy shall present a written power of attorney issued by the shareholder to a company and shall exercise his voting rights within the scope of authorization. There is no specific provision in the Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting.

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

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

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

The Board of Directors

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

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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 the people's court due to his/her failure to pay off a relatively large number 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:

- (i) convening the shareholders' meeting and reporting its work to the shareholders' meeting;
- (ii) executing the resolutions of the shareholders' meeting;
- (iii) deciding on 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 on the establishment of the internal management body of the company;
- (viii) deciding on 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

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- (x) other functions and powers specified in the articles of association or granted by the shareholders' 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, the articles of association or resolution of the shareholders' meeting and causes any serious loss to the company, the directors who participate in adopting such resolution shall be liable for compensation to the company. If a director is proved to have expressed his/her objection to the voting on such resolution and such objection has been recorded in the minutes, he/she may be exempted from liability.

The Board of Supervisors

Under the Company Law, a company limited by shares may have a board of supervisors which shall no fewer than 3 members. The members of the board of supervisors shall include shareholders' representatives and an appropriate proportion of employees' representatives of the company, among which the proportion of the employees' representatives shall not be lower than one third, and the concrete proportion shall be specified in the articles of association. The employees' representatives who serve as members of the board of supervisors shall be democratically elected by employees through democratic procedures as prescribed by law. No director or senior management member may concurrently hold the post of supervisor. A company limited by shares with a small scale or small number of shareholders may, as an exception, dispense with the board of supervisors, but may have one supervisor, who shall exercise the functions and powers of the board of supervisors as prescribed by the Company Law.

The board of supervisors shall have one chairman and may have one or two deputy chairmen. The chairman and deputy chairmen shall be elected by a simple majority of all supervisors. The chairman shall convene and preside over the meetings of the board of supervisors. In the event that the chairman is unable or to perform the duties, a deputy chairman shall convene and preside over the meeting. Where neither the chairman nor any deputy chairman is able to act, a supervisor designated by a simple majority of all supervisors shall assume such responsibilities. The election and removal of the chairman and deputy chairmen shall be reported to the relevant government authority for recorded.

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

- (i) examining the financial affairs of the company;
- (ii) supervising the acts of the directors and senior management members in the performance of their duties, and proposing the removal of the directors and senior management members who have violated laws, administrative regulations, the articles of association or the resolutions of the shareholders' meeting;

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- (iii) requiring the directors and senior management members to correct their acts if such acts damage the interests of the company;
- (iv) proposing to convene interim shareholders’ meetings, and convening and presiding over the shareholders’ meeting when the board of directors fails to implement the duties to convene and preside over the shareholders’ meeting as prescribed in the Company Law;
- (v) presenting proposals to the shareholders’ meetings;
- (vi) initiating lawsuits against the directors and senior management members according to Article 189 of the Company Law; and
- (vii) other functions and powers provided for in the articles of association.

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

On 27 December 2024, the CSRC promulgated the Transitional Arrangements for the Implementation of Supporting Rules under 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), according to which, listed companies shall, before 1 January 2026, in accordance with the provisions of the Company Law, the Provisions of the State Council on the Implementation of the Registration Management System for Registered Capital under the Company Law of the PRC (《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》), provide in the articles of association for the establishment of an audit committee in the board of directors, exercising the powers and functions of the board of supervisors as stipulated in the Company Law, and the listed companies shall have no board of supervisors or supervisors. Before a listed company adjusts the establishment of its internal supervisory body, the board of supervisors or supervisors shall continue to comply with the provisions in the original rules of the CSRC.

Managers and Senior Management Members

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

According to the Company Law, senior management members refer to the general manager, deputy general manager, chief financial official, board of directors of a listed company, and any other persons as specified in the articles of association.

Duties of Directors, Supervisors and Senior Management Members

Directors, supervisors and senior management members of the company shall 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 members 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 never seek any improper interests by taking advantage of their powers.

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The directors, supervisors and senior management members 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 members 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) taking commissions from the transactions between the company and any other person into his/her own pocket;
- (v) unlawfully disclosing the confidential information of the company; or
- (vi) other acts in violation of the obligation of loyalty to the company.

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

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

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

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

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

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Where any director, supervisor or senior management member 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 the law. The financial accounting report shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial department of the State Council.

The financial accounting report of a company limited by shares shall be made available for inspection by the shareholders at the company not later than twenty days before the annual shareholders' meeting; a company limited by shares 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 value 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 subject to decision by the shareholders' meeting, the board of directors or the board of supervisors in accordance with the provisions of the company's articles of association. When a company's shareholders' meeting, board of directors or the board of supervisors votes on the dismissal of an accounting firm, the accounting firm shall be allowed to state its own opinions. A company shall provide true and complete accounting documents, accounting books, financial accounting reports and other accounting information to the accounting firm engaged by it, and shall not refuse, conceal or misrepresent them.

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

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Profit Distribution

When a company distributes its after-tax profit for the current year, 10% of the profit shall be accrued and included in the company's statutory reserve. Such accrual is no longer required when the accumulated amount of the company's statutory reserve is 50% or more of the company's registered capital. Where the accumulative amount of the company's statutory reserve is not enough to make up for the losses of the previous year, the current year's profits shall first be used to make up for the losses before the statutory reserve is accrued according to the provisions of the preceding provision. After having accrued statutory reserves from the after-tax profits, a company can also set aside discretionary reserve from the after-tax profits upon a resolution made by the shareholders' meeting. The residual after-tax profits after a company have made up its losses and accrued reserve shall be distributed by the company (in the case of a company limited by shares) 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 the 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 members shall be held liable for compensation if any loss is caused to the company.

If the shareholders' meeting resolves to distribute profits, the board of directors shall do so within six months after the resolution 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' meeting;
- (iii) dissolution due to merger or demerger of the company;
- (iv) suspension of the business license, being ordered to close down or being revoked in accordance with the law; or
- (v) being dissolved by the People's Court in accordance with the provisions of Article 231 of the Company Law.

If any of the situations for dissolution as mentioned in the preceding paragraph arises, a company shall publicize the situations through the National Enterprise Credit Information Publicity System within ten days.

Where the company is dissolved in accordance with sub-paragraph (i) above, it may carry on its existence by amending its articles of association or upon a resolution of the shareholders' meeting, which must be approved by more than two-thirds of the voting rights held by the shareholders present at the shareholders' meeting. Where the company is dissolved pursuant to sub-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

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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 other persons are otherwise elected by a resolution of the shareholders’ meeting. The liquidation obligors shall be liable for compensation if they fail to fulfill their obligations of liquidation in a timely manner, and thus any loss is caused to the company or the creditors.

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

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

- (i) liquidating the property of the company, preparing a balance sheet and an inventory of property, respectively;
- (ii) notifying the company’s creditors by mail or public announcement;
- (iii) handling and liquidating the unfinished business of the company;
- (iv) paying off the taxes overdue by the company and the taxes incurred in the process of liquidation;
- (v) liquidation of claims 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 after its formation and shall make a public announcement in the newspaper or on the National Enterprise Credit Information Publicity System within 60 days. The creditors shall file their proofs of claim with the liquidation group within 30 days after the receipt of the notice or within 45 days after the issuance of the public announcement if they do not receive such notice. When filing a proof of claim, the creditors shall describe the relevant matters of claim and provide the relevant evidentiary materials. The liquidation group shall register the proof of claim. During the period for filing proofs of claims, the liquidation group shall not pay off for any of the creditors.

After paying off the liquidation expenses, wages of employees, social insurance premiums and statutory compensations, the outstanding taxes and the debts of the company with the property of the company, the remaining assets may, in the case of a limited liability company, be distributed in proportion to the capital contributions of the shareholders, and in the case of a company limited by shares, distributed in proportion to the shares held by the shareholders.

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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 liquidating the property of the company and preparing a balance sheet and an inventory of property, it shall file an application to a people’s court for bankruptcy liquidation. After the people’s court accepts the application for bankruptcy, the liquidation group shall hand over the liquidation matters to the bankruptcy administrator designated by the people’s court.

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 causes 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’ 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, initial public offerings or listings by an issuer in overseas markets shall be filed with the CSRC within three working days after the application document 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 three working days after the offering is completed. Subsequent securities offerings and listings of an issuer in other overseas markets than where it has previously offered and listed securities shall be filed pursuant to provisions in the first sentence of this paragraph.

Loss of Share Certificates

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

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Suspension and Termination of Listing

The Company Law has deleted provisions governing 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 securities fall under the delisting circumstances stipulated by the stock exchange, the stock exchange shall terminate its listing and trading in accordance with the business rules.

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

Securities Laws and Regulations

In October 1992, the State Council established the Securities Commission and the CSRC.

The Securities Commission was responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of the securities market, guiding, coordinating and supervising all securities-related institutions in China, and overseeing the CSRC. The CSRC, as the regulatory body of the Securities Commission, was tasked with drafting securities market supervision rules, regulating securities firms, overseeing public securities offerings by Chinese companies both domestically and internationally, standardizing securities trading, compiling securities-related statistical data, and conducting related research and analysis. On 29 March 1998, the State Council merged these two entities and restructured the CSRC.

The Interim Regulations on the Administration of Stock Issuance and Trading, promulgated by the State Council and effective as of 22 April 1993, set out the application and approval procedures for public stock offerings, stock trading, acquisitions of listed companies, custody, clearing, and transfer of listed shares, information disclosure by listed companies, investigations and penalties, and arbitration of disputes.

The Regulations of the State Council on Domestic-Listed Foreign-Invested Shares of Joint Stock Limited Companies promulgated by the State Council and effective as of 25 December 1995, mainly govern the issuance, subscription, trading, and dividend payment of domestic-listed foreign-invested shares, as well as the information disclosure of joint stock limited companies that have domestic-listed foreign-invested shares.

The Securities Law of the People’s Republic of China (“PRC Securities Law”), most recently amended by the Standing Committee of the National People’s Congress on 28 December 2019, and effective from 1 March 2020, establishes a comprehensive regulatory framework for the Chinese securities market by formulating a series of regulations on areas including securities issuance and trading in China, acquisitions of listed companies, stock exchanges, securities firms, and the duties and liabilities of the State Council’s securities regulatory authority. The PRC Securities Law stipulates those domestic enterprises issuing securities overseas or listing their securities on foreign exchanges — whether directly or indirectly — must comply with relevant regulations issued by the State Council. Currently, the issuance and trading of overseas-listed shares are primarily governed by rules and regulations promulgated by the State Council and the CSRC.

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Arbitration and Enforcement of Arbitral Awards

Under the Arbitration Law of the People’s Republic of China (the “Arbitration Law”), as amended by the Standing Committee of the National People’s Congress on 1 September 2017, and effective from 1 January 2018, the Arbitration Law shall apply to foreign-related economic disputes where the parties have entered into a written agreement to submit the matters to an arbitration commission established in accordance with the Arbitration Law for arbitration.

Prior to the formulation of arbitration rules by the China Arbitration Association, arbitration commissions may formulate provisional arbitration rules in accordance with the Arbitration Law and the relevant provisions of the Civil Procedure Law of the People’s Republic of China. If the parties have concluded an arbitration agreement and one-party initiates litigation before a people’s court, the court shall not accept the case, unless the arbitration agreement is invalid.

The Arbitration Law adopts a final and binding arbitration system, with arbitral awards being legally binding on all parties. If a party fails to comply with an arbitral award, the other party may apply to a people’s court for enforcement of the arbitral award in accordance with the Civil Procedure Law of the People’s Republic of China. However, if the arbitration procedure violates the law — including instances where the composition of the arbitration commission breaches statutory procedures, the matters decided fall outside the scope of the arbitration agreement, or the arbitration commission lacks jurisdiction — the people’s court may rule not to enforce the award made by the arbitration commission. For legally effective arbitral awards rendered within the People’s Republic of China, if a party requests enforcement and the person against whom enforcement is sought or their property is not within the territory of the People’s Republic of China, the party may directly apply to a foreign court with jurisdiction for recognition and enforcement of the award. Similarly, a people’s court may recognize and enforce arbitral awards issued by foreign arbitration institutions based on the principle of reciprocity or any relevant international treaties to which China is a party.

Pursuant to the Arrangement Concerning Mutual Enforcement of Arbitral Awards Between the Mainland and the Hong Kong Special Administrative Region, issued by the Supreme People’s Court on 24 January 2000, and effective from 1 February 2000, as well as the Supplementary Arrangement Concerning Mutual Enforcement of Arbitral Awards Between the Mainland and the Hong Kong Special Administrative Region, issued by the Supreme People’s Court on 26 November 2020, and effective from 27 November 2020, arbitral awards made by Mainland arbitration institutions are enforceable in Hong Kong, and vice versa.

Judicial Judgments and Their Enforcement

According to the Arrangement of the Supreme People’s Court on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases with Jurisdiction Agreed upon by the Parties between the Courts of the Mainland and of the Hong Kong Special Administrative Region (promulgated by the Supreme People’s Court on 3 July 2008, and effective as of 1 August 2008; repealed on 29 January 2024), for enforceable final judgments for payment of money made by the courts of the Chinese Mainland or the courts of Hong Kong in civil and commercial cases with a written jurisdiction agreement, the parties may, in accordance with this arrangement, apply to the courts of the Chinese Mainland or the courts of Hong Kong for recognition and enforcement of such judgments. A “written jurisdiction agreement” referred to an agreement in writing that expressly designated either Chinese Mainland courts or Hong Kong courts as having exclusive jurisdiction to resolve disputes arising from or related to specific legal relationships, whether such disputes had already

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occurred or might occur in the future. Therefore, final judgments from the Chinese mainland or Hong Kong that meet certain conditions stipulated in the aforementioned regulations can, upon application by the parties, be recognized and enforced by the courts of the Chinese mainland or the Hong Kong Special Administrative Region.

On 25 January 2024, the Supreme People’s Court issued the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Cases Between the Courts of the Mainland and of the Hong Kong Special Administrative Region (the “New Arrangement”), which came into effect on 29 January 2024. The New Arrangement establishes a clearer mechanism for the mutual recognition and enforcement of a broader range of civil and commercial judgments between the Hong Kong Special Administrative Region and Mainland China.