

APPENDIX IV SUMMARY OF PRINCIPAL LAWS AND REGULATIONS

PRC LAWS AND REGULATIONS

This Appendix sets out summaries of certain aspects of PRC laws and regulations relevant to the Company’s operations and business. Laws and regulations relating to taxation and foreign exchange in the PRC are discussed separately in “Appendix III — Taxation and Foreign Exchange” to this [REDACTED]. The principal objective of this summary is to provide potential investors with an overview of the principal PRC legal and regulatory provisions applicable to the Company. This summary is not intended to include all the information which may be important to potential investors. For discussion of laws and regulations that are specifically govern our business, see “Regulatory Overview” in this [REDACTED].

The PRC Legal System

The PRC legal system is based on the Constitution of the PRC (《中華人民共和國憲法》) (the “**PRC Constitution**”), which was promulgated on September 20, 1954 and most recently amended and became effective on March 11, 2018. The PRC legal system 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 a signatory, and other regulatory documents. Court judgments do not constitute legally binding precedents, although they may be used for the purposes of judicial reference and guidance.

Pursuant to the PRC Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》) (the “**PRC Legislation Law**”), which was adopted on March 15, 2000, amended on March 13, 2023 and became effective on March 15, 2023, the National People’s Congress and its Standing Committee are empowered to exercise the legislative power of the State. The National People’s Congress has the power to formulate and amend basic laws governing State organs, civil, criminal and other matters. The Standing Committee of the National People’s Congress is empowered to formulate and amend laws other than those required to be enacted by the National People’s Congress and to supplement and amend parts of the laws enacted by the National People’s Congress during the adjournment of the National People’s Congress, 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 the PRC administration and has the power to formulate administrative regulations based on the PRC Constitution and laws.

The people’s congresses of the provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such regulations do not contravene any provision of the PRC Constitution, laws or administrative regulations. The people’s congresses of cities with districts and their respective standing committees may formulate local regulations with respect to urban and rural construction and administration, environmental protection, historical and cultural protection and other aspects according to the specific circumstances and actual needs of such cities, which will become enforceable after being reported to and approved by the standing committees of the people’s congresses of the relevant provinces or autonomous regions, provided that such local regulations do not contravene any provision of the PRC Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions.

The ministries and commissions of the State Council, People’s Bank of China, the National Audit Office of the PRC and the subordinate institutions with administrative functions directly under the State Council may formulate rules and regulations within the authorization of their respective departments in accordance with the laws and administrative regulations, and the decisions and orders of the State Council. The people’s governments of the provinces, autonomous

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regions, municipalities directly under the central government and cities with districts may formulate rules and regulations in accordance with the laws, administrative regulations and local regulations of such provinces, autonomous regions and municipalities directly under the central government.

The PRC Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the PRC Constitution. The PRC laws rank higher than administrative regulations, local regulations and rules. The administrative regulations rank higher than local regulations and rules. The rules enacted by the people’s governments of the provinces or autonomous regions rank higher than the rules enacted by the people’s governments of the cities with districts and autonomous prefectures within the administrative areas of such provinces and the autonomous regions.

The National People’s Congress has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and to annul any autonomous regulations or separate regulations which have been approved by its Standing Committee but contravene the PRC Constitution or the PRC Legislation Law. The Standing Committee of the National People’s Congress has the power to annul any administrative regulations that contravene the PRC Constitution and laws, to annul any local regulations that contravene the PRC Constitution, laws or administrative regulations, and to annul any autonomous regulations or local regulations which have been approved by the standing committees of the people’s congresses of the relevant provinces, autonomous regions or municipalities, but which contravene the PRC Constitution and the PRC Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people’s congresses of provinces, autonomous regions or municipalities have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The standing committees of local people’s congresses have the power to annul inappropriate rules enacted by the people’s governments at the corresponding level. The people’s governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people’s governments at a lower level.

Pursuant to the PRC Constitution, the power to interpret laws is vested in the Standing Committee of the National People’s Congress. 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 June 10, 1981, issues related to the further clarification or supplement of laws or decrees should be interpreted or provided by the Standing Committee of the National People’s Congress or provided by with decrees, issues related to the specific application of laws and decrees in a court trial should be interpreted by the Supreme People’s Court, issues related to the specific application of laws and decrees in a prosecution process should be interpreted by the Supreme People’s Procuratorate, and the specific application of other laws and decrees in matters other than those involved in trial or prosecution process should be interpreted by the State Council and the competent authorities. If there are differences in principle in the interpretation of the Supreme People’s court and the Supreme People’s Procuratorate, they shall be submitted to the Standing Committee of National People’s Congress for interpretation or decision. The State Council and its ministries and commissions are also vested with the power to give interpretations of the administrative regulations and departmental rules which they have promulgated. At the regional level, the power to interpret regional laws is vested in the regional legislative and administrative authorities which promulgate such laws.

The PRC Judicial System

Pursuant to the PRC Constitution, the Law of Organization of the People’s Courts of the PRC (《中華人民共和國人民法院組織法》) and the Law of Organization of the People’s Procuratorate of the PRC (《中華人民共和國人民檢察院組織法》), both most recently amended on October 26, 2018 and came into effect on January 1, 2019, the people’s courts of the PRC are classified into the Supreme People’s Court, the local people’s courts at various local levels, and other special people’s courts. The local people’s courts at various local levels are divided into three levels, namely, the

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

Under the Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》) (the “**PRC Civil Procedure Law**”), which is adopted on April 9, 1991, most recently amended on September 1, 2023 and became effective on January 1, 2024, the people’s courts employ a two-tier appellate system. The judgments or rulings of the second instance at a people’s court 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 court at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people’s procuratorate within the stipulated period, the judgments or rulings of the people’s court 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 are final. Judgments or rulings of the first instance of the Supreme People’s Court are also final. However, if the Supreme People’s Court or a people’s court at the next higher level discovers an error in a final and binding judgment or ruling which has taken effect in any people’s court at a lower level, or the presiding judge of a people’s court finds an error in a final and binding judgment or ruling which has taken effect in the court over which he presides, a retrial of the case may be initiated according to the judicial supervision procedures.

The PRC Civil Procedure Law prescribes the conditions for instituting a civil action, the jurisdiction of the people’s courts, the procedures to be followed for conducting a civil action, and the procedures for enforcement of a civil judgment or ruling. All parties to a civil action conducted within the PRC must abide by the PRC Civil Procedure Law. A civil case is generally heard by the court located in the defendant’s place of domicile. The court of jurisdiction in respect of a civil action may also be chosen by explicit agreement among the parties to a contract, provided that the people’s court having jurisdiction should be located at places directly connected with the disputes, such as the plaintiff’s or the defendant’s place of domicile, the place where the contract is executed or signed or the place where the object of the action is located. However, such choice shall not in any circumstances contravene the provisions on grade jurisdiction and exclusive jurisdiction.

Foreign individuals, stateless persons, foreign enterprises or foreign organizations shall enjoy the same litigation rights and obligations as Chinese citizens, legal persons or other organizations when filing or responding to lawsuits in Chinese courts. Should a foreign court limit the litigation rights of PRC citizens and enterprises, the PRC court shall apply the same limitations to the citizens and enterprises of such foreign country. A foreign individual, a person without nationality, a foreign enterprise or a foreign organization must engage a PRC lawyer in case he/she or it needs to engage a lawyer for the purpose of initiating actions or defending against litigations at a PRC court. In accordance with the international treaties to which the PRC is a signatory or a participant or according to the principle of reciprocity, a people’s court and a foreign court may request each other

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to serve documents, conduct investigation, collect evidence and conduct other actions on its behalf. A PRC court shall not accommodate any request made by a foreign court which will result in the violation of sovereignty, security or public interests of the PRC.

All parties to a civil action shall perform legally effective judgments and rulings. If any party to a civil action refuses 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. If a party fails to satisfy within the stipulated period a judgment which the court has granted an enforcement approval, the court may, upon the application of the other party, mandatorily enforce the judgment.

A party seeking to enforce a legally effective judgment or ruling of a people’s court against another party who is not or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of such judgment or ruling. Alternatively, the people’s court may, pursuant to an international treaty concluded or acceded to by the PRC or in accordance with the principle of reciprocity, request the foreign court to recognize and enforce the judgment or ruling. Likewise, if the PRC has entered into either a treaty relating to judicial enforcement with the relevant foreign country or according to the principle of reciprocity, a foreign judgment or ruling may also be recognized and enforced in accordance with the PRC enforcement procedures by a PRC court unless the people’s court considers that the recognition or enforcement of such judgment or ruling would violate the basic legal principles of the PRC, its sovereignty or national security, or would not be in the public interest.

The PRC Company Law, Overseas Listing Trial Measures and Guidance for Articles of Association

A joint stock limited company incorporated in the PRC and seeking a [REDACTED] on the Hong Kong Stock Exchange is mainly subject to the following laws and regulations in the PRC:

- The PRC Company Law (《中華人民共和國公司法》) (the “**PRC Company Law**”) which was promulgated by the Standing Committee of National People’s Congress on December 29, 1993, and was most recently amended and came into effect on July 1, 2024.
- The Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Overseas Listing Trial Measures**”) and five relevant guidelines which were issued by the China Securities Regulatory Commission (the “**CSRC**”) on February 17, 2023 and came into effect on March 31, 2023 pursuant to the Securities Law of the PRC (《中華人民共和國證券法》) (the “**PRC Securities Law**”) which were promulgated by the Standing Committee of the National People’s Congress on December 29, 1998, most recently amended on December 28, 2019 and came into effect on March 1, 2020, which are applicable to the direct and indirect overseas securities offering or listing of domestic companies; and
- The Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) (the “**Guidance for Articles of Association**”) which was most recently amended by the CSRC and came into effect on March 28, 2025. The Articles of Association is formulated based on the Guidance for Articles of Association and other relevant provisions of the CSRC on corporate governance to regulate corporate governance on a reference basis, the summary of which is set out in “Appendix V — Summary of the Articles of Association” to this [REDACTED].

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

General

A joint stock limited company (hereinafter referred to as the “**company**”) refers to a corporate legal person established in China under the PRC Company Law, all of whose shares are either par shares or no-par shares in accordance with the provisions of its articles of association; in the case of par shares, the amount of each share is equal. The liability of the company for its own debts is limited to the total amount of all assets it owns and the liability of its shareholders is limited to the extent of the shares they subscribe for.

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

Incorporation

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

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.

Where companies are incorporated by floatation, not less than 35% of their total number of shares must be subscribed for by the promoters, unless otherwise provided for by laws or administrative regulations. Where the shares to be issued have not been fully subscribed for at the time of the establishment of a company, or the promoters fail to hold an establishment meeting within thirty days after the full payment has been made for the shares to be issued, subscribers may claim against the promoters for refund of the payment for shares plus the interest on the bank deposits for the same term. The promoters and subscribers may not withdraw their share capital after they have made payment for the shares or delivered non-monetary property as capital contributions, except that the shares have not been fully subscribed for within the time limit, the promoters fail to hold the establishment meeting on schedule, or the establishment meeting decides not to establish the company.

Share Capital

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

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There is no limit under the PRC Company Law to the percentage of shares held by an individual shareholder in a company. A company may issue registered shares.

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

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

Under the PRC Company Law, a company shall maintain a register of shareholders which sets forth the following matters:

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

Increase in Share Capital

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

Pursuant to the PRC Company Law, where a company is issuing new shares, resolutions shall be passed at general meeting in accordance with the articles of association in respect of the class and amount of the new shares, the issue price of the new shares, the commencement and end dates for the issue of the new shares and when the new shares are proposed to be issued to existing shareholders, the class and amount of such new shares and if any no par value stock is issued, the proceeds from the issuance of the new stocks shall be included into the registered capital.

To offer overseas, the domestic company shall report the application documents for offering and listing to the CSRC for record-filing within three business days after submission of the application documents for offering and listing overseas.

Reduction of Share Capital

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

- (i) the company shall prepare a balance sheet and a list of properties;
- (ii) the reduction of registered capital must be approved by shareholders at the general meeting;

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- (iii) the company shall notify its creditors of the reduction in registered capital within ten days and publish an announcement of the reduction in newspapers within thirty days or the National Enterprise Credit Information Publicity System after the resolution approving the reduction has been passed;
- (iv) the creditors may within thirty days after receiving the notice, or within forty-five days of the public announcement if no notice has been received, require the company to pay its debts or provide guarantees covering the debts; and
- (v) 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.

Repurchase of Shares

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

- (i) reducing its registered capital;
- (ii) merging with another company which holds its shares;
- (iii) utilizing the shares for employee stock ownership plan or stock ownership incentive scheme;
- (iv) acquiring its own shares at the request of its shareholders who vote in a shareholders' general meeting against a resolution regarding a merger or separation;
- (v) utilizing the shares for conversion of corporate bonds which are convertible into shares issued by a company; and
- (vi) where it is necessary for a listed company to maintain its corporate value and protect its stockholders' equity.

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

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

A company shall not accept its own shares as the subject matter of a mortgage.

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Transfer of Shares

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

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

Shareholders

Under the PRC Company Law and the Guidance for Articles of Association, the rights of shareholders include the rights:

- (i) to receive a return on assets, participate in significant decision-making and select management personnel;
- (ii) to petition the people’s court to revoke any resolution passed on a shareholders’ general meeting or a meeting of the board of directors that has not been convened in compliance with the laws, regulations or the articles of association or whose voting has been conducted in an invalid manner, or any resolution the contents of which is in violation of the articles of association, provided that such petition shall be submitted within sixty days of the passing of such resolution;
- (iii) to transfer the shares according to the applicable laws and regulations and the articles of association;
- (iv) to attend or appoint a proxy to attend shareholders’ general meetings and exercise the voting rights;
- (v) to inspect the articles of association, share register, counterfoil of company debentures, minutes of shareholders’ general meetings, board resolutions, resolutions of the supervisory committee and financial and accounting reports, and to make suggestions or inquiries in respect of the company’s operations;
- (vi) to receive dividends in respect of the number of shares held;
- (vii) to participate in distribution of residual properties of the company in proportion to their shareholdings upon the liquidation of the company; and

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

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

Pursuant to the Overseas Listing Trial Measures, a domestic company offering and listing overseas shall file with the CSRC as per requirement of such Measures, submit relevant materials that contain a filing report and legal opinions, and provide truthful, accurate and complete information on the shareholders, etc.

Shareholders’ General Meetings

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

- (i) to elect and remove the directors and supervisors (not being representative(s) of employees) and to decide on the matters relating to the remuneration of directors and supervisors;
- (ii) to review and approve the reports of the board of directors;
- (iii) to review and approve the reports of the supervisory committee or supervisors;
- (iv) to review and approve the company’s profit distribution proposals and loss recovery proposals;
- (v) to decide on any increase or reduction of the company’s registered capital;
- (vi) to decide on the issue of corporate bonds;
- (vii) to decide on merger, division, dissolution and liquidation of the company or change of its corporate form;
- (viii) to amend the company’s articles of association; and
- (ix) to exercise any other authority stipulated in the articles of association.

Pursuant to the PRC Company Law and the Guidance for Articles of Association, a shareholders’ general meeting is required to be held once every year within six months after the end of the previous accounting year. An extraordinary general meeting is required to be held within two months of the occurrence of any of the following circumstances:

- (i) the number of directors is less than the number stipulated by the law or less than two thirds of the number specified in the articles of association;
- (ii) the outstanding losses of the company amounted to one-third of the company’s total paid in share capital;
- (iii) shareholders individually or in aggregate holding 10% or more of the company’s shares request that an extraordinary general meeting is convened;

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- (iv) the board of directors deems necessary;
- (v) the supervisory committee so proposes; or
- (vi) any other circumstances as provided for in the articles of association.

A shareholders' general meeting shall be convened by the board of directors and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or is not performing his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or is not performing his duties, a director nominated by more than half of the directors shall preside over the meeting. Where the board of directors is incapable of performing or is not performing its duties to convene the general meeting, the supervisory committee shall convene and preside over such meeting in a timely manner. If the supervisory committee fails to convene and preside over such meeting, shareholders individually or in aggregate holding 10% or more of the company's shares for ninety days or more consecutively may unilaterally convene and preside over such meeting.

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

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

Pursuant to the PRC Company Law, shareholders present at a shareholders' general meeting have one vote for each share they hold, except the shareholders of classified shares. The company may not have a voting right for the shares it holds.

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

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

A shareholder may entrust a proxy to attend the general meeting on his/her behalf. The proxy shall present the shareholders' power of attorney to the company specifying the agent's powers, the agenda items covered, and the duration of the authorization, and exercise voting rights within the scope of authorization.

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

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Board of Directors

Pursuant to the Company Law, a company shall have a board of directors composed of not less than three members. Members of the board of directors may include staff representatives, who shall be democratically elected by the company’s staff at a staff representative assembly, general staff meeting or otherwise. The term of a director shall be stipulated in the articles of association, provided that no term of office shall last for more than three years. A director may serve consecutive terms if re-elected. A director shall continue to perform his/her duties as a director in accordance with the laws, administrative regulations and the articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of directors results in the number of directors being less than the quorum.

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

- (i) to convene shareholders’ general meetings and report on its work to the shareholders’ general meetings;
- (ii) to implement the resolutions passed by the shareholders at the shareholders’ general meetings;
- (iii) to decide on the company’s operational plans and investment proposals;
- (iv) to formulate the company’s profit distribution proposals and loss recovery proposals;
- (v) to formulate proposals for the increase or reduction of the company’s registered capital and the issue of corporate bonds;
- (vi) to formulate proposals for the merger, division or dissolution of the company or change of corporate form;
- (vii) to decide on the setup of the company’s internal management organs;
- (viii) to appoint or dismiss the company’s manager and decide on his/her remuneration and, based on the manager’s recommendation, to appoint or dismiss any deputy manager and financial officer of the company and to decide on their remunerations;
- (ix) to formulate the company’s basic management system; and
- (x) to exercise any other authority stipulated in the articles of association.

Meetings of the board of directors shall be convened at least twice each year. Notices of meeting shall be given to all directors and supervisors ten days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of the voting rights, more than one-third of the directors or the supervisory committee. The chairman shall convene the meeting within ten days of receiving such proposal and preside over the meeting. The board of directors may otherwise determine the means and the period of notice for convening an interim board meeting. Meetings of the board of directors shall be held only if more than half of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors. Each director shall have one vote for a resolution to be approved by the board of directors. Directors shall attend the meetings of the board of directors in person. If a director is unable to attend for any reason, he/she may appoint another director to attend the meeting on his/her behalf by a written power of attorney specifying the scope of authorization. The board of directors shall make minutes of the meeting’s decisions on the matters discussed at the meeting, and the directors attending the meeting shall sign the minutes.

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

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

- (i) a person without capacity or restricted capacity to undertake any civil liabilities;
- (ii) a person who has been convicted of an offense of corruption, bribery, embezzlement, misappropriation of property or destruction of the socialist economic order, or who has been deprived of his political rights due to his crimes, in each case where no more than five years have elapsed since the date of completion of the sentence, or in the case of a suspended sentence, two years have not elapsed since the probation period was completed;
- (iii) a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where no more than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;
- (iv) a person who has been a legal representative of a company or an enterprise that has had its business license revoked due to violations of the law or has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of such revocation of business license or shutdown order; or
- (v) a person identified as a subject of enforcement for breach of trust by the people's court for failure to repay a significant amount of overdue debts.

Where a company elects or appoints a director to which any of the above circumstances applies, such election or appointment shall be null and void. A director to which any of the above circumstances applies during his/her term of office shall be released from his/her duties by the company.

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

Supervisory Committee or Audit Committee

Pursuant to the PRC Company Law, a company shall have a supervisory committee composed of not less than three members. The supervisory committee 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 supervisory committee shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. The supervisory committee

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shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman of the supervisory committee shall be elected by more than half of the supervisors. Directors and senior management shall not act concurrently as supervisors.

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

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

The supervisory committee may exercise its powers:

- (i) to examine the company’s financial operations;
- (ii) to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, regulations, the articles of association or shareholders’ resolutions;
- (iii) when the acts of directors or 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 shareholders’ general meetings and to convene and preside over shareholders’ general meetings when the board fails to perform the duty of convening and presiding over shareholders’ general meetings under the PRC Company Law;
- (v) to submit proposals to the shareholders’ general meetings;
- (vi) to bring actions against directors and senior management pursuant to the relevant provisions of the PRC Company Law; and
- (vii) to exercise any other authority stipulated in the articles of association.

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

A company may, in accordance with its articles of association, set up an audit committee consisting of directors on its board to exercise the powers and functions of the supervisory committee under the provisions of the PRC Company Law and may not have a supervisory committee or supervisors.

Pursuant to the PRC Company Law, an audit committee shall have three or more members, more than half of whom shall not hold any position within the company other than that of director and shall not have any relationship with the company that may affect their independent and objective judgment. Employee representatives serving as members of the company’s board of directors may serve as members of the audit committee. Resolutions of the audit committee shall

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be adopted by more than half of its members. Each member of the audit committee shall have one vote in the voting on resolutions. The procedures for deliberation and voting of the audit committee, unless otherwise stipulated by the PRC Company Law, shall be specified in the company’s articles of association.

Where a listed company establishes an audit committee within its board of directors, the board of directors shall obtain the approval of more than half of all members of the audit committee before adopting resolutions on the following matters:

- (i) engaging or dismissing an accounting firm undertaking the company’s audit business;
- (ii) appointing or dismissing the financial officer;
- (iii) disclosure of financial and accounting reports; and
- (iv) other matters stipulated by the CSRC.

Pursuant to the Guidance for Articles of Association, a listed company should set up audit committee to exercise the powers and functions of the supervisory committee provided in the PRC Company Law.

Manager and Senior Management

Pursuant to the PRC Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. The manager shall report to the board of directors and exercise functions and powers as specified in the articles of association or as authorized by the board of directors.

The manager shall attend meetings of the board of directors as a non-voting attendee.

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

Duties of Directors, Supervisors, Managers and Other Senior Management

Directors, supervisors and senior management are required under the PRC Company Law to comply with the relevant laws, regulations and the articles of association, and shall be obliged to be faithful and diligent towards the Company.

Directors and senior management are prohibited from:

- (i) embezzling company property, misappropriation of the company’s capital;
- (ii) depositing company funds into accounts under their own names or the names of other individuals;
- (iii) giving bribes or accepting any other illegal proceeds by taking advantage of their own power;
- (iv) accepting commissions paid by a third party for transactions conducted with the company for their own benefit;
- (v) unauthorized divulgence of confidential information of the company; and
- (vi) other acts in violation of their duty of loyalty to the company.

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Income generated by directors or senior management in violation of aforementioned shall be returned to the company.

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

The Guidance for Articles of Association provides that a company’s directors and senior management shall have duties of diligence towards the company, for example, the directors shall be prudent, serious and diligent in exercising the authority conferred by the company to ensure that the business activities of the company comply with state’s laws, administrative regulations and various economic policy requirements and that the business activities do not go beyond the scope of business activities specified in the company’s business license; the directors shall treat all shareholders equally; the shareholders shall keep abreast of the company’s business management status; both the directors and the senior management shall sign written statements confirming periodic reports of the company and ensure that the information disclosed by the company is true, accurate and complete; both the directors and the senior management shall provide accurate information and materials to the supervisory committee and shall not interfere with the performance of duties by the supervisory committee or individual supervisors; both the directors and the senior management shall have other diligence duties prescribed by laws, administrative regulations, departmental rules and the company’s articles of association.

The Overseas Listing Trial Measures stipulate that the filing materials for overseas listing of domestic companies shall be true, accurate and complete, and shall not contain false records, misleading statements or material omissions. Domestic companies and their controlling shareholders, de facto controllers, directors, supervisors and senior management shall fulfill their obligations of information disclosure in accordance with the law, be honest, trustworthy, diligent and responsible and ensure that the filling materials are true, accurate and complete.

Finance and Accounting

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

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

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

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Profits distributed to shareholders by a resolution of a shareholders’ general meeting or the board of directors before losses have been made good and allocations have been made to the statutory common reserve fund in violation of the requirements described above must be returned to the company. The company shall not be entitled to any distribution of profits in respect of shares held by it.

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. Upon the transfer of the statutory common reserve fund into capital, the balance of the statutory common fund shall not be less than 25% of the registered capital of the company before such transfer.

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

Appointment and Dismissal of Accounting Firm

The Guidance for Articles of Association provides that a company shall engage an accounting firm which is qualified with the PRC Securities Law to provide services including the audit of financial statements, the verification of net assets and other relevant consultancy services. The engagement term is one year and may be extended.

Pursuant to the PRC Company Law, the appointment or dismissal of an accounting firm responsible for the company’s auditing shall be determined by shareholders at a shareholders’ general meeting or the board of directors in accordance with the articles of association. The accounting firm should be allowed to make representations when the general meeting or the board of directors conduct a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal, withholding or falsification of information. Furthermore, the Guidance for Articles of Association provides that the audit fee for the accounting firm shall also be determined by shareholders at a general meeting.

Profit Distribution

Pursuant to the PRC Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve fund is drawn. At the same time, the Overseas Listing Trial Measures stipulate that domestic enterprises may raise funds and pay dividends in foreign currencies or RMB for overseas listings.

Amendments to the Articles of Association

Pursuant to the PRC Company Law, the resolution of a shareholders’ general meeting regarding any amendment to a company’s articles of association requires affirmative votes by more than two-thirds of the votes held by shareholders attending the meeting.

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

- (i) where, after any amendment to the PRC Company Law or any other applicable law or administrative regulation, the provisions of the articles of association conflict with the law and/or administrative regulations amended;
- (ii) where the company’s circumstances change to such an extent that they are inconsistent with what is recorded in the articles of association; and

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- (iii) where the shareholders’ general meeting decides to amend the articles of association.

The Guidance for Articles of Association further provides that where any amendment to the articles of association adopted by a shareholders’ general meeting is subject to approval by the competent authorities, such amendment shall be submitted for approval; where any amendment involves the company’s registration items, the company’s registration with the authority shall also be amended. In addition, an announcement shall be made in accordance with the applicable provisions provided that the amendment to the articles of association is required to be disclosed by any law or regulation.

Dissolution and Liquidation

Pursuant to the PRC Company Law, a company shall be dissolved for any of the following reasons:

- (i) the term of its operation set out in the articles of association has expired or other events of dissolution specified in the articles of association have occurred;
- (ii) the shareholders have resolved at a shareholders’ general meeting to dissolve the company;
- (iii) the company is dissolved by reason of its merger or division;
- (iv) the business license of the company is revoked or the company is ordered to close down or to be dissolved in accordance with the laws; or
- (v) the company is dissolved by a people’s court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all shareholders of the company, on the grounds that the operation and management of the company has suffered serious difficulties that cannot be resolved through other means, rendering ongoing existence of the company a cause for significant losses to the shareholders’ interests.

In the event of paragraph (i) or (ii) above, and it has not distributed the assets to its shareholders yet, the company may carry on its existence by amending its articles of association or upon a resolution of the shareholders’ meeting. The amendments to the articles of association in accordance with the provisions described above shall require the approval of more than two-thirds of voting rights of shareholders attending a shareholders’ general meeting.

Where the company is dissolved under the circumstances set forth in paragraph (i), (ii), (iv) or (v) above, it should establish a liquidation committee within fifteen days of the date on which the dissolution event occurs. The directors, who are the liquidation obligors of the company, shall form a liquidation group to carry out liquidation within fifteen days from the date of occurrence of the cause of dissolution. The liquidation committee may exercise following powers during the liquidation:

- (i) to dispose of the company’s assets and to prepare a balance sheet and an inventory of assets;
- (ii) to notify the company’s creditors or publish announcements;
- (iii) to deal with and settle any outstanding business related to the liquidation;
- (iv) to pay any overdue tax together with any tax arising during the liquidation process;
- (v) to settle the company’s claims and liabilities;

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- (vi) to distribute the company's remaining assets after its debts have been paid off; and
- (vii) to represent the company in any civil procedures.

The liquidation committee shall notify the company's creditors within ten days from its establishment and publish an announcement in newspapers within sixty days.

A creditor shall lodge his claim with the liquidation committee within thirty days of receipt of the notification or within forty-five days of the date of the announcement if he has not received any notification.

A creditor shall, in making his claim, state matters relevant to his creditor's rights and furnish relevant evidence. The liquidation committee shall register such creditor's rights. The liquidation committee shall not make any settlement to creditors during the period of the claim.

Upon disposal of the company's property and preparation of the required balance sheet and inventory of assets, the liquidation committee shall draw up a liquidation plan and submit this plan to a shareholders' general meeting or a people's court for endorsement. The remaining assets of the company, after payment of liquidation expenses, employee wages, social insurance expenses and statutory compensation, outstanding taxes and the company's debts, shall be distributed to shareholders in proportion to shares held by them. The company shall continue to exist during the liquidation period, although it cannot engage in operating activities that are not related to the liquidation. The company's property shall not be distributed to shareholders before repayments are made in accordance with the requirements described above.

Upon liquidation of the company's property and preparation of the required balance sheet and inventory of assets, if the liquidation committee becomes aware that the company does not have sufficient assets to repay its liabilities, it must apply to a people's court for a declaration of bankruptcy liquidation in accordance with the laws. After the people's court accepts the application for bankruptcy, the liquidation committee shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report and submit it to the shareholders' general meeting or a people's court for confirmation of its completion, and to the company registration authority to cancel the company's registration. 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.

Liquidation of a company declared bankrupt according to laws shall be processed in accordance with the laws on corporate bankruptcy.

Overseas Listing

Pursuant to the Overseas Listing Trial Measures, both initial public offerings or listings in overseas markets shall be filed with the CSRC within three business days after the relevant application is submitted overseas. Subsequent securities offerings of an issuer in the same overseas market where it has previously offered and listed securities shall be filed with the CSRC within three business days after the offering is completed. Moreover, where the filing documents are complete and in compliance with stipulated requirements, the CSRC will, within twenty business days after receiving the filing documents, conclude the filing procedure and publish the filing results on the CSRC website. Where the filing documents are incomplete or do not conform to stipulated requirements, the CSRC shall request supplementation and amendment thereto within five business days after receiving the filing documents. The issuer shall then complete supplementation and amendment within thirty business days.

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Loss of Share Certificates

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

Merger and Demerger

Pursuant to the PRC Company Law, merger of companies may be conducted by absorption or consolidation. If companies adopt the method of absorption, the absorbed company shall be dissolved. If companies are incorporated in the form of consolidation, the parties to the merger shall be dissolved.

The parties to the merger shall enter into a merger agreement and prepare a balance sheet and a list of properties. The companies involved shall notify their creditors within ten days from the date of the resolution on the merger and make an announcement within thirty days. Within ten days of the date on which the resolution on merger is made, the creditors shall be notified by the company and a public announcement in newspaper or on the National Enterprise Credit Information Publicity System shall be made in the press within thirty days. The creditors may require the company to repay its debts or provide guarantees for covering the debts within thirty days of receipt of the notification or within forty-five days of the date of the announcement if the creditor has not received any notification; and in case of a merger, the credits and debts of the merging parties shall be assumed by the surviving or the new company.

In case of a division, the company’s assets shall be divided and a balance sheet and an inventory of assets shall be prepared. Within ten days of the date on which the resolution on division is made, the creditors shall be notified by the company and a public announcement in the newspaper or the National Enterprise Credit Information Publicity System shall be made in the press within thirty days. The liabilities of the company which have accrued prior to the division shall be jointly borne by the separated companies, unless otherwise stipulated in the agreement in writing entered into by the company with creditors in respect of the settlement of debts prior to division.

The PRC Securities Law, Regulations and Regulatory Regimes

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

The PRC Securities Law is the first national securities law in China, and the regulatory matters include the issuance and trading of securities, the acquisition of listed companies, information disclosure, obligations and responsibilities of stock exchanges, securities companies and securities regulatory authorities, etc. The PRC Securities Law comprehensively regulates activities in the PRC securities market.

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Pursuant to the PRC Securities Law, domestic enterprises issuing securities overseas directly or indirectly or listing and trading their securities overseas shall comply with the relevant provisions of the State Council. At present, the issuance and trading of shares (including H Shares) issued overseas is mainly regulated by rules and regulations issued by the State Council and the CSRC.

Arbitration and Enforcement of Arbitral Awards

The Arbitration Law of the PRC (《中華人民共和國仲裁法》) (the “**PRC Arbitration Law**”) was enacted by the Standing Committee of the National People’s Congress on August 31, 1994, and was last amended on September 1, 2017 and came into effect on January 1, 2018. The PRC Arbitration Law provides that an arbitration committee may, before the promulgation of arbitration regulations by the PRC Arbitration Association, formulate interim arbitration rules in accordance with the PRC Arbitration Law and the PRC Civil Procedure Law. Where the parties have agreed to settle disputes by means of arbitration, a people’s court will refuse to handle a legal proceeding initiated by one of the parties at such people’s court, unless the arbitration agreement is invalid.

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

If the respondent puts forward evidence to prove that the arbitral award is under any of the following circumstances, the award shall not be enforced upon examination and verification by an arbitration tribunal of the people’s court:

- (i) the parties have no arbitration clause in their contract, nor have subsequently reached a written agreement on arbitration;
- (ii) the matter to be ruled does not fall within the scope of the arbitration agreement or the arbitration institution has no right to arbitrate;
- (iii) the composition of the arbitration tribunal or the arbitration procedure violates the legal procedure;
- (iv) the evidence on which the award is based is forged;
- (v) the other party conceals evidence sufficient to influence the impartial award from the arbitration institution;
- (vi) the arbitrators have committed acts of embezzlement, bribery, favoritism and malpractices, or perverting the law in arbitrating the case.

If the people’s court determines that the enforcement of the award violates the public interest, the award shall not be enforced.

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

The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (《承認及執行外國仲裁裁決公約》) (the “**New York Convention**”) adopted on June 10, 1958 pursuant to a resolution of the Standing Committee of the National People’s Congress passed on December 2, 1986. The New York Convention provides that all arbitral awards made in a state

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which is a party to the New York Convention shall be recognized and enforced by other parties thereto subject to their rights to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of that state. At the time of the PRC’s accession to the convention, the Standing Committee of the National People’s Congress declared that (i) the PRC will only apply the New York Convention to the recognition and enforcement of arbitral awards made in the territory of another contracting state based on the principle of reciprocity; and (ii) the New York Convention will only apply to disputes deemed under PRC law to be arising from contractual or non-contractual mercantile legal relations.

The Arrangements on the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的安排》) were passed at the Judicial Committee meetings of the Supreme People’s Court on June 18, 1999, which came into effect on February 1, 2000. The Supplementary Arrangements of Supreme People’s Court on Reciprocal Enforcement of Arbitration Awards between the Mainland and the Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的補充安排》) were promulgated by the Supreme People’s Court on December 26, 2020. Under these arrangements, if a party fails to perform the arbitral award rendered in the Mainland or the Hong Kong Special Administrative Region of the PRC (“**Hong Kong**”), the other party may apply for enforcement to the relevant court in the place where the respondent is domiciled or where the property is located.

Judicial Judgment and its Enforcement

Pursuant to the Arrangements for Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases between Courts of the Mainland and Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》), which was promulgated by the Supreme People’s Court on January 25, 2024 and implemented on January 29, 2024, except for judgments in civil and commercial cases that are not applicable under Article 3 of this Arrangements, judgments that can be recognized and enforced in both places are those made by Chinese mainland and Hong Kong Special Administrative Region courts on or after January 29, 2024. The mutually recognized and enforced judgments include monetary judgments and non-monetary judgments.