REGULATION RELATING TO FOREIGN INVESTMENT

Foreign Invested Entities

The establishment, operation, and management of companies in the PRC is governed by the PRC Company Law (《中華人民共和國公司法》), which was promulgated by the Standing Committee of the National People's Congress, or the SCNPC, on December 29, 1993, effective from July 1, 1994 and most recently amended on October 26, 2018. The PRC Company Law shall apply to foreign-invested companies unless laws on foreign investment have other stipulations.

On March 15, 2019, the National People's Congress, or the NPC, promulgated the PRC Foreign Investment Law (《中華人民共和國外商投資法》), which came into effect on January 1, 2020 and replaced the previous laws regulating foreign investment in the PRC, namely, the Sino-foreign Equity Joint Venture Enterprise Law of PRC (《中華人民共和國中外合資經營企業法》), the Sino-foreign Cooperative Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合作經營企業法》) and the Wholly Foreign-invested Enterprise Law of the PRC (《中華人民共和國外資企業法》), together with their implementation rules and the ancillary regulations.

Foreign Investment

According to the PRC Foreign Investment Law, foreign investment shall enjoy pre-entry national treatment, except for those fall within the "restricted" or "prohibited" categories, which are principally stipulated in the Special Administrative Measures (Negative List) for Access of Foreign Investment (2021 Edition) (《外商投資准入特別管理措施(負面清單) (2021年版)》) which came into effect on January 1, 2022, or the Negative List. Other laws and regulations may also set restrictions on foreign investment in the PRC.

Pursuant to the Negative List and the Administrative Regulations on Foreign-Invested Telecommunications Enterprises (《外商投資電信企業管理規定》), the ultimate capital contribution percentage by foreign investor(s) in a foreign-invested value-added telecommunications enterprise (except for ecommerce, domestic multi-party communications, storage-forwarding and call centers) shall not be more than 50% and the primary foreign investor should be equipped with a good track record and operational experience in the industry. On March 29, 2022, the State Council promulgated the Decision of the State Council on Amending or Abolishing Certain Administrative Regulations, or the Decision, which came into effect on May 1, 2022. According to the Decision, the requirement of good track record and operational experience of the primary foreign investor in a foreign-invested value-added telecommunications enterprise, as stipulated in the Administrative Regulations on Foreign-Invested Telecommunications Enterprises, was canceled. Also, according to the Negative List and the Provisional Measures for the Administration of Medical Institutions in the Form of Sino-foreign Equity or Contractual Joint Venture (《中外合資、合作醫療機構管理暫行辦法》) issued by the Ministry of Health and Ministry of Foreign Trade and Economic Cooperation in May 2000, the ratio of equity or interests of foreign capital in a Sino-foreign medical institution shall not exceed 70%. Furthermore, although there is no explicit restriction on insurance broker industry in the Negative List, the Service Guide on the Approval of the Establishment of Insurance Brokerage Institutions (《保險經紀機構設立審批事項服務指南》) issued on August 31, 2019 by the China Banking and Insurance Regulatory Commission stipulates, among others, that the foreign investor shall be a foreign commercial insurance broker established in a WTO member with more than 30 years' experience and whose total asset shall be more than USD$200 million at the end of the year before such application.

REGULATION RELATING TO VALUE-ADDED TELECOMMUNICATIONS SERVICES

Telecommunications Regulations

The Telecommunication Regulation of the PRC (《中華人民共和國電信條例》), or the Telecom Regulation, promulgated in September 2000 and amended in July 2014 and February 2016 respectively, sets out the general framework for the provision of telecommunication services by PRC companies. The Telecom Regulation requires that telecommunications service providers shall obtain operating licenses prior to commencing their operations. The Telecom Regulation draws a distinction between basic telecommunications services and value-added telecommunications services, latter of which refers to making use of public network infrastructure to provide telecommunications and information services. Part of our business falls within value-added telecommunications services stipulated in the Classification Catalogue of Telecommunications Services (2015 Edition) (《電信業務分類目錄(2015年版)》), which was issued by the Ministry of Industry and Information Technology, or the MIIT, in December 28, 2015 and latest amended on June 6, 2019.

In July 2017, the MIIT issued the Measures on the Administration of Telecommunications Business Operating Permits (《電信業務經營許可管理辦法》), or the Telecom License Measures, which became effective in September 2017, to supplement the Telecom Regulation. The Telecom License Measures require that an operator of value-added telecommunications services shall obtain a value-added telecommunications business operating license from the MIIT or its provincial level counterparts. The term of a license for value-added telecommunication business is five years and subject to annual inspection.

Internet Information Services

Pursuant to the Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》) issued by the State Council on January 8, 2011, internet information services refer to providing information through the internet to online users, which are divided into commercial internet information services and non-commercial internet information services. A commercial internet information services operator must obtain a value-added telecommunications services license from the relevant government authorities before engaging in any commercial internet information services operations in the PRC. Meanwhile, a filing procedure is required if the operator only provides internet information on a non-commercial basis. Internet information service providers are required to monitor their websites.

Mobile Internet Applications Information Services

In addition to the regulations above, mobile internet applications, or APPs, are especially regulated by the Administrative Provisions on Mobile Internet Applications Information Services (《移動互聯網應用程序信息服務管理規定》), or the APP Provisions, which was promulgated by National Internet Information Office on June 28, 2016 and became effective on August 1, 2016. The APP information service providers shall acquire relevant qualifications required by laws and regulations and implement information security management responsibilities strictly and fulfill relevant obligations provided by the APP Provisions.

REGULATIONS RELATING TO THE ONLINE MEDICAL SERVICES

Medical Institution

The Administrative Regulations on Medical Institutions (《醫療機構管理條例》) was promulgated by the State Council in February 1994 and amended in February 2016 to regulate all medical institutions, such as hospitals, health centers, sanatoriums, out-patient departments, clinics and health posts (rooms) as well as first-aid stations. The establishment of medical institutions shall be subject to examination and approval of the health administrative authorities at the county level or above. A medical institution shall carry out diagnosis and treatment activities within the approved and registered medical subjects. The National Health and Family Planning Commission, or the NHFPC, also promulgated the Implementation Measures of the Administrative Regulations on Medical Institutions (《醫療機構管理條例實施細則》) to provide detailed administration rules on medical institutions, which was most recently amended in February 21, 2017 and became effective on April 1, 2017.

Internet Medical Services

According to the Guiding Opinions on Vigorously Advancing the "Internet Plus" Action (《國務院關於積極推進「互聯網+」行動的指導意見》) issued by the State Council on July 1, 2015, internet enterprises are encouraged to cooperate with medical institutions in establishing online medical information platforms, strengthen the integration of regional healthcare service resources, and make full use of the internet, big data and other means to improve the capability to prevent and control major diseases and unexpected public health incidents.

According to the 13th Five-year Plan for Health and Wellness (《「十三五」衛生與健康規劃》) or the Plan, issued by the State Council on December 27, 2016, it is proposed to strengthen the informatization of the population health and fully implement "Internet Plus" medical and healthcare people-benefiting service. The Plan also encourages the establishment of regional telemedicine platform and enhances the flow of high-quality healthcare resources to the Midwest and the primary level.

In April 2018, the General Office of State Council promulgated the Opinions on Promoting the Development of "Internet plus Healthcare" (《國務院辦公廳關於促進「互聯網+醫療健康」發展的意見》), or the Internet Plus Healthcare Opinions, which specifies that internet hospitals should be supported by offline medical institutions. A medical institution may use "internet hospital" as a second name, adopt internet technologies to provide safe and appropriate medical services, and provide online services for subsequent visits for certain common diseases and chronic diseases. After reviewing a patient's medical records and profile, a doctor is allowed to issue prescriptions online for certain common diseases and chronic diseases.

In order to implement the relevant requirements of the Internet Plus Healthcare Opinions and further regulate Internet diagnosis and treatment, the National Health Commission and National Administration of Traditional Chinese Medicine issued the Administrative Measures for Internet Diagnosis and Treatment (Trial) (《互聯網診療管理辦法(試行)》), Administrative Measures for Internet Hospitals (Trial) (《互聯網醫院管理辦法(試行)》) and Good Practices for the Administration of Telemedicine Services (Trial) (《遠程醫療服務管理規範(試行)》) and Basic Standards for Internet Hospitals (for Trial Implementation) (互聯網醫院基本標準(試行)), according to which internet hospitals include those whose names are taken as the second name of physical medical institutions and those that have been set up as an independent entity supported by physical medical institutions, which can be either an offline medical institution that is under

common control with that internet hospital, or a third-party offline medical institution through entering into cooperation agreements. The coverage of diagnosis and treatment services of an internet hospital may not exceed the coverage of these of the offline medical institution supporting it, and the clinical departments of an internet hospital may not exceed those of the offline medical institution supporting it. Internet hospital can use physicians registered in its own institution and other medical institutions to carry out internet diagnosis and treatment activities. Internet diagnosis and treatment activities for first-diagnosed patients are not allowed. Internet hospitals may provide patients with services for follow-up visits of some common diseases, chronic diseases and family physician contracted services, provided that physicians have obtained the patient's medical records and relevant common diseases or chronic diseases have been diagnosed at the physical medical institution. On October 26, 2021, the Bureau of Medical Administration of National Health Commission published the Rules on the Regulation of Online Medical Consultation (Draft for Comments) (《互聯網診療監管細則(徵求意見稿)》), which provide, among other things, that medical institutions must authenticate the identities of physicians engaged in providing online medical treatment to ensure the legitimacy of their qualifications before practicing on an online platform, and that other personnel or AI software may not impersonate or replace those authenticated physicians. Patients are obliged to provide authentic proofs of identity and basic information and are prohibited from using other individuals' identities to receive medical treatment. In addition, patients must provide medical records with clear diagnostic information and physicians must determine whether a patient meets the conditions for re-examination and collect documentation or electronic evidence proving that the patient has been previously diagnosed.

Medical Practitioners

In June 1998, the SCNPC promulgated the PRC Licensed Medical Practitioners Law (《中華人民共和國執業醫師法》), which became effective in May 1999 and was amended in August 2009. According to the PRC Licensed Medical Practitioners Law, a system of registration for licensed doctors is applied in the PRC. Doctors, upon registration, may work for medical treatment, disease-prevention or healthcare institutions at the places, for the types of job and within the scopes of business as registered. No one may work as a doctor without a doctor's license obtained through registration. In February 2017, the NHFPC promulgated the Administrative Measures for the Registration of Medical Practitioners (《醫師執業註冊管理辦法》), or the Medical Practitioners Registration Measures, which stipulates further details for doctors to obtain the practice licenses.

In November 2014, the NHFPC, together with four other departments, jointly promulgated Several Opinions on Promoting and Standardizing Multi-site Practice of Medical Practitioners (關於印發《推進和規範醫師多點執業的若干意見》的通知), according to which clinical, dental and traditional Chinese medicine practitioners are allowed to practice in multiple places. Medical practitioners who meet certain requirements and conditions shall register with competent health administrative authorities and obtain the consent from the medical institution where he or she first practices before practicing in other places. Moreover, under the Medical Practitioners Registration Measures, a medical practitioner practicing in multiple institutions at the same place shall designate one institution as his or her primary practicing institution and apply for registration to the competent health and family planning administrative authorities of such institution, and for other institutions where a medical practitioner intends to practice, he or she should file at the relevant health and family planning administrative authorities of such institutions and indicate the name of such institutions. In addition, a medical practitioner intends to add the practicing institution beyond the place of practice, he or she should apply for registering such institution to the relevant health and family planning administrative authorities that approve the practice of such institutions.

Online Medical Service Price and Medical Insurance

On August 17, 2019, the National Health Security Administration issued the Guidance on Improving "Internet plus" Medical Service Price and Medical Insurance Payment Policies (《關於完善「互聯網+」醫療服務價格和醫保支付政策的指導意見》), under which the prices of "Internet Plus" medical services shall be included in the existing policy system for the prices of medical services with unified management. For-profit medical institutions that provide "Internet Plus" medical services in accordance with laws and regulations may set their own pricing items for medical services. Pricings for "Internet Plus" medical services shall meet all of the following basic conditions: (1) the services shall be provided in an Internet Plus manner, approved by the competent department of health, with clear clinical paths and clear technical specifications; (2) the services shall be directly provided to patients; (3) the service process shall be based on the Internet and other media; (4) the services should be able to achieve the same effect as its offline counterpart can; and (5) the services should have substantive effect on the diagnosis and treatment of disease.

Prices of "Internet Plus" medical services provided by non-public medical institutions shall be subject to the market. Where the "Internet Plus" medical services provided by designated medical institutions are the same as the offline medical services within the payment scope of medical insurance, and the corresponding charging prices of public medical institutions are applied, such services shall be included in the payment scope of medical insurance and payment shall be made in accordance with the relevant provisions upon the corresponding record-filing procedures.

REGULATIONS RELATING TO DRUGS AND MEDICAL DEVICES

Pharmaceutical Operation

In September 1984, the SCNPC promulgated the PRC Drug Administration Law (《中華人民共和國藥品管理法》), or the Drug Administration Law, which was latest amended in December 2019 to regulate the research, manufacture, operation, use, supervision and management of drugs within the PRC. According to the Drug Administration Law, no drug business, including drug wholesale and drug retail business, is permitted without obtaining a Pharmaceutical Operation License. The Implementation Rules for the PRC Drug Administration Law (《中華人民共和國藥品管理法實施條例》) was issued by the State Council in August 2002 and latest amended in March 2019, to provide the detailed implementation rules for drugs administration.

The China Food and Drug Administration, or the CFDA, promulgated the Measures for the Administration of Pharmaceutical Operation License (《藥品經營許可證管理辦法》) in February 2004 and amended in November 2017, which stipulates the requirements, qualifications and procedures for drug wholesalers or drug retailers with respect to the obtaining and maintenance of the Pharmaceutical Operation License. The valid term of the Pharmaceutical Operation License is five years and shall be renewed six months prior to its expiration date.

Pursuant to the Administrative Measures for the Supervision of Circulation of Pharmaceuticals (《藥品流通監督管理辦法》) effective on May 1, 2007, pharmaceutical operating enterprises shall be responsible for the quality of pharmaceuticals they operate. A pharmaceutical operating enterprise shall be responsible for its purchase or sale of pharmaceuticals, including activities carried out by its staff on its behalf, and it shall not store or sell pharmaceuticals at a place other than the address ratified by the pharmaceutical regulatory authority.

Furthermore, the Good Supply Practice for Pharmaceutical Products (《藥品經營質量管理規範》), promulgated in April 2000 and latest amended in July 2016, provides that the pharmaceutical operation enterprise shall take effective quality control measures over the process of procurement, storage, transportation and sale of drugs in order to ensure their quality and shall develop a drug traceability system according to relevant requirements of the PRC to realize the traceability of drugs. The business premises of pharmaceutical operation enterprises shall be in line with their drug business operation scope and scale, and be separated from drug storage, office, auxiliary living area and other areas, and have corresponding facilities or take other effective measures to protect the drugs from impacts of outdoor environment, and shall be spacious, bright, clean and sanitary. Drugs shall not be returned or replaced once sold for any reasons except for the reason of drug quality. As for serious quality problems on the drugs sold, the pharmaceutical operation enterprise shall timely take measures to recall the drugs and make records properly, and report to the food and drug administration at the same time.

On December 26, 2016, the Medical Reform Office of the State Council, the NHFPC, the China Food and Drug Administration, and five other government authorities promulgated the Notice on Issuing the Implementing Opinions on Promoting the "Two-invoice System" for the Drug Procurement by Public Medical Institutions (Trial) (《印發關於在公立醫療機構藥品採購中推行「兩票制」的實施意見(試行)》), which became effective on the same date. On January 24, 2017, the General Office of the State Council further promulgated the Several Opinions on Further Reform and Improvement in Policies of Drug Production, Circulation and Use (《關於進一步改革完善藥品生產流通使用政策的若干意見》). According to these rules, a two-invoice system is encouraged to be gradually and fully adopted for drug procurement by 2018. The two-invoice system generally requires a drug manufacturer to issue only one invoice to its distributor, followed by the distributor issuing a second invoice directly to the end customer hospital. Only one distributor is permitted to distribute drug products between the manufacturer and the hospital. The system also encourages manufacturers to sell drug products directly to hospitals. Pharmaceutical manufacturers and distributors who fail to implement the two-invoice system may be disqualified from attending future bidding events or providing distribution for hospitals and blacklisted for drug procurement practices. Furthermore, On March 5, 2018, the NHFPC and five other government organizations promulgated the Notice on Consolidating the Achievements of Cancelling Drug Markups and Deepening Comprehensive Reforms in Public Hospitals (《關於鞏固破除以藥補醫成果持續深化公立醫院綜合改革的通知》), which became effective on the same date. On July 19, 2019, the General Office of the State Council further promulgated the Reform Plan for the Control of High-value Medical Consumables (《治理高值醫用耗材改革方案》). According to these rules, the two-invoice system is encouraged to be gradually adopted for high-value medical consumables to promote openness and transparency of purchases and sales.

Prescription and Non-Prescription Drugs

The Measures on Prescription Drugs and Non-Prescription Drugs Classification Management (Trial) (《處方藥與非處方藥分類管理辦法(試行)》) was released by the National Medical Products Administration, or the NMPA, in June 1999, and became effective in January 2000, which provides that drugs are categorized into prescription drugs and non-prescription drugs, and the prescription, purchase and use of prescription drugs should base on the prescription issued by a certified medical practitioner or certified medical assistant practitioner. On December 28, 1999, the NMPA released the Interim Provisions on the Circulation of Prescription and Non-Prescription Drugs (《處方藥與非處方藥流通管理暫行規定》), which came into effect on January 1, 2000 and provides that drug wholesale enterprises shall not recommend or sale prescription drugs to patients directly or indirectly in any manner, and prescription drugs shall only be sold, purchased and used with a prescription issued by certified medical practitioner or certified medical assistant practitioner.

For the purpose of regulating the administration of prescriptions, the Measures for the Administration of Prescriptions (《處方管理辦法》) was released by the Ministry of Health in February 2007. Under the Measures for the Administration of Prescriptions, a registered medical practitioner shall obtain the corresponding prescription right at the registered practice place and the certified medical practitioner shall issue prescriptions according to the requirements of medical treatment, disease prevention, healthcare, and subject to the treatment standards and drug instructions. A prescription issued by a registered medical practitioner assistant in a medical institution shall be valid only after being signed or sealed by the medical practitioner at the place of practice.

National Medical Insurance

The national medical insurance program was adopted pursuant to the Decision of the State Council on the Establishment of the Urban Employee Basic Medical Insurance Program (《國務院關於建立城鎮職工基本醫療保險制度的決定》) issued by the State Council on December 14, 1998, under which all employers in urban cities are required to enroll their employees in the Urban Employee Basic Medical Insurance Program and the insurance premium is jointly contributed by the employers and employees.

The Tentative Measures for the Administration of the Scope of Medical Insurance Coverage for Pharmaceutical Products for Urban Employee (《城鎮職工基本醫療保險用藥範圍管理暫行辦法》) issued on May 12, 1999 provides that a pharmaceutical product listed in the National Reimbursement Drug List must be clinically needed, safe, effective, reasonably priced, easy to use, available in sufficient quantity, and must meet the following requirements: (1) it is set forth in the Pharmacopeia (the prevailing version) of the PRC; (2) it meets the standards promulgated by the national drug administration department; and (3) if imported, it is approved by the national drug administration department for import.

According to the Notice on Strengthening the Administration of Medical Insurance Agreements and Ensuring the Safety of Insurance Funds (《關於當前加強醫保協議管理確保基金安全有關工作的通知》) issued by the General Office of the National Health Security Administration on November 28, 2018, the agreement with designated medical institutions might be terminated if such institutions breach the agreement under certain circumstance. Furthermore, in January 15, 2021, the State Council issued the Regulations on Supervision and Administration of the Use of Healthcare Security Fund (《醫療保障基金使用監督管理條例》), effective on May 1, 2021, which provides that if a designated medical institution defrauds the expenditures of the healthcare security fund in stipulated ways, it might be ordered to return the expenditures, pay fines and suspend the medical services. The practicing qualification of such institution might be revoked.

Medical Device Business

Pursuant to the Regulation on the Supervision and Administration of Medical Devices (《醫療器械監督管理條例》), which was most recently revised on February 9, 2021, and became into effective on June 1, 2021, and the Measures for the Supervision and Administration of Medical Devices Business (《醫療器械經營監督管理辦法》) promulgated by the CFDA on July 30, 2014 and amended on November 17, 2017, licensing or recordation is not required for business activities involving Class I medical devices. An enterprise engaged in the operation of Class II medical devices shall file with the municipal level food and drug supervision and administration department and provide proofing materials for satisfying the relevant conditions of engaging in the operation of medical devices, while an enterprise engaged in the operation of Class III medical

devices shall apply for an operation permit to the municipal level food and drug supervision and administration department and provide proofing materials for satisfying the relevant conditions of engaging in the operation of such medical devices. An operation permit is valid for five years and may be renewed pursuant to the relevant regulations.

Medical device business in the PRC is also subject to the Good Supply Practice for Medical Devices (《醫療器械經營質量管理規範》) issued by the CFDA on December 12, 2014 and became effective on the same day, according to which enterprises engaging in medical device business shall carry out risk management based on the risk categories of medical devices operated by it, take corresponding quality management measures and keep relevant records or archives. The medical device business enterprises, unless otherwise provided therein, shall also have business premises and warehouses that match its business scope and scale, and the area of business premises and warehouses shall meet the business requirements. The storage operation area and auxiliary operation area of medical equipment shall be separated from office area and living area, or quarantine measures shall be taken for the storage operation area and auxiliary operation area. Also, medical device business enterprises shall strengthen the management of return of goods to ensure the quality and safety of medical devices at the stage of return and prevent the mixing in of counterfeit and inferior medical devices.

Online Drug Information Service

The Administrative Measures on Internet Drug Information Service (《互聯網藥品信息服務管理辦法》), or the Internet Drug Information Measures, promulgated by the CFDA in July 2004 and amended in November 2017, stipulates that internet drug information services as providing drug (including medical device for purpose of the Internet Drug Information Measures) information services (including commercially and non-commercially) to online users. The Internet drug information services are classified into two categories, namely, profit-making services and non-profitmaking services. Profit-making services refers to that of providing Internet users with drug information in return for service fees whilst non-profit-making services refers to that of providing Internet users with drug information which is shared and accessible by the public through the Internet free of charge. A website operator that provides drugs information services must obtain an Internet Drug Information Service Qualification Certificate from the competent provincial counterpart of the CFDA. The valid term for an Internet Drug Information Service Qualification Certificate is five years and may be renewed at least six months prior to its expiration date upon a re-examination by the relevant governmental authorities. Furthermore, as requested by Internet Drug Information Measures, the information relating to drugs shall be accurate and scientific in nature, and its provision shall comply with the relevant laws and regulations. No product information of narcotic drugs, psychotropic drugs, medical toxic drugs, radiopharmaceuticals, addiction medications and preparations made by medical institutions shall be distributed on the website.

Online Transaction of Drugs and Medical Devices

On January 1, 2019, the PRC E-commerce Law (《中華人民共和國電子商務法》) came into effect and provided basic rules on business activities of sale of goods or provision of services through Internet and other information network. In March 2021, the State Administration for Market Regulation, or the SAMR, promulgated the Administrative Measures for Online Trading Supervision (《網絡交易監督管理辦法》), or Online Trading Measures, which became effective on May 1, 2021, to regulate the business of products sale and services provision through the internet, which provides general obligations and responsibilities of online trading operators and online trading platform providers.

The Interim Provisions on the Examination and Approval of Internet Drug Transaction Services (《互聯網藥品交易服務審批暫行規定》) promulgated by the CFDA in September 2005 and became effective in December 2005 provided that enterprises engaging in providing drug transaction services over the internet must obtain an Internet Drug Transaction Qualification Certificate. However, according to the Decision on the Cancellation of the Third Batch of Items Subject to Administrative Permission by Local Governments Designated by the Central Government (《國務院關於第三批取消中央指定地方實施行政許可事項的決定》), promulgated by the State Council in January 2017, except for the third-party platforms, all the approvals for internet drug transaction service are cancelled. Furthermore, according to the Decision on the Cancellation of Various Items Subject to Administrative Permission (《國務院關於取消一批行政許可事項的決定》) promulgated by the State Council in September 2017, enterprises engaging in internet drug transaction service as a third-party platform shall no longer be subject to the examination and approval of the CFDA before carrying out such business.

In November 2020, the NMPA published the Draft Measures for the Supervision and Administration of Online Pharmaceuticals Sales (Draft for Comments) (《藥品網絡銷售監督管理辦法（徵求意見稿）》), or the Draft Measures, which aims to enhance the supervision of online pharmaceutical sales and related platform services. The Draft Measures provides that online prescription drug sellers shall, among others, (i) ensure the accuracy and reliability of the source of e-prescription, (ii) keep records of any e-prescription for at least five years and no fewer than one year after the expiration date of the prescription drugs, and (iii) disclose safety warnings including "prescription drugs should only be purchased and used with prescriptions and guidance of licensed pharmacists" when displaying information of prescription drugs. The Draft Measures also imposes certain obligations on platform service providers for online pharmaceutical sales, including, among others, that platform service providers shall (i) enhance the scrutiny on the required licenses and permits of online pharmaceutical merchants for online pharmaceuticals sales, (ii) establish an examination and inspection system for drug information published on the platforms and report to competent governmental authorities when discovering any significant issue in connection with drug quality and safety, and (iii) promptly cease any illegal behavior upon discovery and report it to the relevant local governmental authorities.

In November 2017, the General Office of the CFDA promulgated the Notice on Strengthening the Administration and Supervision of Internet Drug and Medical Device Transaction (《關於加強互聯網藥品醫療器械交易監管工作的通知》), which specifies that enterprises carrying out internet drug (including medical device) transaction services shall establish a comprehensive supervision system in general and requests local counterparts of CFDA to implement routine supervision and examination with respect to qualification access examination, products inspection, storage of transaction data and legal liabilities, etc.

In December 2017, the CFDA promulgated the Administration and Supervision Measures of Online Sales of Medical Devices (《醫療器械網絡銷售監督管理辦法》), or the Online Medical Devices Sales Measures, which became effective in March 2018. According to the Online Medical Devices Sales Measures, enterprises engaging in online sales of medical devices must be medical device manufacturing and trading enterprises with medical devices production licenses, or trading licenses or filings, unless such licenses or record-filing are not required by laws and regulations. In addition, a third-party platform providing online medical devices transaction services shall obtain an Internet Drug Information Service Qualification Certificate and shall file record with the local provincial food and drug administrative authority. The records of sale information of medical devices shall be kept for two years after the valid period of the medical devices, no less than five years in case of no valid period, or permanently in case of implanted medical devices.

Regulations Relating to Advertising

The PRC Advertising Law (《中華人民共和國廣告法》), or the Advertisement Law, as recently amended and effective in April 2021, outlines the regulatory framework for the advertising industry. Advertisers are responsible for the veracity of contents of the advertisements. Narcotic drugs, psychotropic substances, toxic drugs for medical use, radioactive pharmaceuticals and other special drugs, drug precursor chemicals, as well as pharmaceuticals, medical device and treatment method for drug abuse rehabilitation, shall not be advertised. Prescription drugs other than the above may only be advertised on medical, pharmaceutical professional journals jointly designated by the health department and the drug regulatory department of the State Council.

According to the Advertisement Law, medical, pharmaceutical and medical device advertisements shall not contain the following contents: (1) assertion or guarantee about efficacy, safety; (2) statement on cure rate or efficiency; (3) comparison of efficacy and safety of other drugs, medical device or other medical institutions; (4) recommendation or endorsement of an advertising endorser; and (5) any other contents prohibited by laws and administrative regulations.

Moreover, the Measures for the Administration of Medical Advertisement (《醫療廣告管理辦法》) revised by the State Administration for Industry and Commerce, or the SAIC, and the Ministry of Health in November 2006 stipulated that if a medical institution intends to publish a medical advertisement, it shall apply for medical advertisement examination and obtain the Medical Advertisement Examination Certificate before publishing the advertisement. The contents of a medical advertisement shall be limited to the original name of the medical institution, the address of the medical institution, the form of ownership, the type of the medical institution, the diagnosis and treatment services, the number of beds, the service hours, and the contact telephone number.

For drug and medical device advertisements, the SAMR also promulgated the Interim Administrative Measures for the Review of Advertisements for Drugs, Medical Devices, Health Food and Formula Food for Special Medical Purposes (《藥品、醫療器械、保健食品、特殊醫學用途配方食品廣告審查管理暫行辦法》) in December 2019, in which advertisements for drugs, medical devices, health food and formula food for special medical purposes shall not contain any false or misleading contents. Advertisers shall be responsible for the veracity and legitimacy of the contents of advertisements for drugs, medical devices, health food and formula food for special medical purposes.

The SAIC also issued Interim Measures for Administration of Internet Advertising (《互聯網廣告管理暫行辦法》) in July 2016, which then became effective on September 1, 2016, to further regulate the internet advertising activities. For example, internet advertising publishers and advertising agencies are required to establish and improve the management systems regarding acceptance, registration, review and filing of the internet advertising businesses, to examine, verify and register the identity information of advertisers such as their names, addresses and valid contact details, and to set up registration files and check and update them on a regular basis. Internet advertising publishers and advertising agencies shall examine relevant certificates of the advertiser, verify the contents of advertisements, and shall refuse to design, produce, act as agent or publish advertisements for an advertiser if the verification fails or if the certificates are incomplete. Internet advertising publishers and advertising agencies should also have advertisement inspectors who are familiar with advertisement laws.

Regulations Relating to Food Business

The PRC Food Safety Law (《中華人民共和國食品安全法》), which became effective in June 2009 and most recently amended by the SCNPC in April 2021, has adopted a licensing system for food sales or catering services. According to the Administrative Measures for Food Operation Licensing (《食品經營許可管理辦法》), promulgated by the CFDA on August 31, 2015 and amended on November 17, 2017, food operation operators shall obtain the food operation license for each business venue where they engage in food operation activities. The food operation license is valid for five years. Furthermore, the PRC implements strict supervision and administration for special categories of foods such as healthcare food, special formula foods for medical purposes and infant formula.

Regulations Relating to Product Quality and Consumers Protection

According to the PRC Product Quality Law (《中華人民共和國產品質量法》), which became effective in September 1993 and most recently amended in December 2018, products for sale must satisfy relevant safety standards and sellers shall adopt measures to maintain the quality of products for sale. Sellers shall not mix impurities or imitations into products, substitute fake products for genuine ones, substitute defective products for good ones or substitute substandard products for standard ones. Any violation of state or industrial standards for health and safety or other requirements may result in civil liabilities and administrative penalties for sellers, such as compensation for damages, fines, confiscation of products illegally sold and the proceeds from such sales and even revoking business license; in addition, severe violations may subject the responsible individual or enterprise to criminal liabilities.

According to the PRC Consumers Rights and Interests Protection Law (《中華人民共和國消費者權益保護法》), which became effective in January 1994 and was amended by the SCNPC in October 2013, business operators shall guarantee that the products and services they provide satisfy the requirements for personal or property safety and provide consumers with authentic information about the quality, function, usage and term of validity of the products or services. Where the operators of online trading platforms are unable to provide the real names, addresses and valid contact details of the sellers or service providers, the consumers may also claim damages to the providers of the online trading platforms. Operators of online trading platforms that clearly knew or should have known that sellers or service providers use their platforms to infringe upon the legitimate rights and interests of consumers but fail to take necessary measures must bear joint and several liabilities with the sellers or service providers. Moreover, if business operators deceive consumers or knowingly sell substandard or defective products, they should not only compensate consumers for their losses, but also pay additional damages equal to three times the price of the goods or services.

In January 2017, the SAIC issued the Interim Measures for No Reason Return of Online Purchased Products within Seven Days (《網絡購買商品七日無理由退貨暫行辦法》) which became effective in March 2017 and was amended by the SAMR in October 2020, further clarifying the scope of consumers' rights to make returns, return procedures and online trading platform operators' responsibility to formulate seven-day no-reason return rules and related consumer protection systems, and supervise the sellers and provide technical support for compliance with these rules.

REGULATIONS RELATING TO INTERNET INFORMATION SECURITY AND PERSONAL INFORMATIONAL PROTECTION

Internet Information Security

In December 1997, the Ministry of Public Security issued the Administration Measures on the Security Protection of Computer Information Network with International Connections (《計算機信息網絡國際聯網安全保護管理辦法》), which was further revised on January 8, 2011 and prohibits using the internet in ways which, among others, result in a leakage of state secrets or a spread of socially destabilizing content. The Administrative Measures for the Hierarchical Protection of Information Security (《信息安全等級保護管理辦法》) effective from June 22, 2007 stipulates that the security protection of an information system may be graded into five levels and entities that operate the information systems at Grade II or above shall, within 30 days since the date when its security protection grade is determined, handle the record-filing procedures at the local public security authority.

Under the Several Provisions on Regulating the Market Order of Internet Information Services (《關於規範互聯網信息服務市場秩序的若干規定》) issued by the MIIT in December 2011, an internet information service provider may not collect any personal information of a user or provide any such information to third parties without the user's consent. It must expressly inform the user of the method, content and purpose of the collection and processing of such user's personal information and may only collect information to the extent necessary to provide its services. An internet information service provider is also required to properly maintain users' personal information, and in case of any leak or likely leak of such information, it must take immediate remedial measures and, in the event of a serious outcome, report to the telecommunication regulatory authority immediately.

The PRC Cyber Security Law (《中華人民共和國網絡安全法》), which was promulgated by the SCNPC in November 2016 and took effect on June 1, 2017, reaffirmed certain basic principles and requirements on internet information security previously specified in the existing laws and regulations. For example, the operator of a critical information infrastructure shall store within the territory of the PRC personal information and important data collected and generated during its operation within the territory of the PRC. Where such information and data need to be provided abroad for business purpose, security assessment shall be conducted pursuant to the measures developed by the national cyberspace administration together with competent departments of the State Council, unless otherwise provided for in laws and administrative regulations.

On January 4, 2022, the Cyber Administration of China, together with 12 other departments, promulgated the Cybersecurity Review Measures (《網絡安全審查辦法》), or the New CAC Measures, which came into effect on February 15, 2022 and would repeal the previous version promulgated on April 13, 2020. According to the New CAC Measures, critical information infrastructure operators purchasing network products and services and online platform operators carrying out data processing activities that affect or may affect national security shall conduct a cybersecurity review. Network platform operators holding personal information of more than 1 million users seeking to be **[REDACTED]** abroad must apply for a cybersecurity review as well. See "Risk Factors — Our business generates, processes and has access to a large amount of data, and the improper use or disclosure of such data could harm our reputation as well as have a material adverse effect on our business and prospects." The State Council promulgated the Regulations on Protection on the Safety of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》) on July 30, 2021 effective from September 1, 2021, which provided that critical information infrastructure include important network facilities and information systems in public

communication and information services, energy, transportation, water conservancy, finance, public services, e-government, national defense science and technology industry and other important industries and fields of which any damage, loss of function or data leakage may seriously endanger national security, national economy or people's livelihood and public interest. The critical information infrastructure operators must, in accordance with relevant laws, administrative regulations and mandatory national standards and based on the graded system for cybersecurity protection, adopt technical protection measures and other necessary measures to respond to network security incidents and prevent network attacks and crimes to ensure the safe and stable critical information infrastructure operation and maintain data integrity, confidentiality and availability.

As of the date of this document, we have not been involved in any investigations on cybersecurity review made by the Cyberspace Administration of China, and we have not received any inquiry, notice or warning, or been subject to any penalties or sanctions in such respect. Based on the foregoing, we and our PRC Legal Advisor do not expect that, as of the date of this document, the current applicable PRC laws on cybersecurity and the CAC Measures, which came into effect on February 15, 2022, would have a material adverse impact on our business.

The SCNPC also promulgated the PRC Data Security Law (《中華人民共和國數據安全法》), or the Data Security Law, on June 10, 2021, which came into effect on September 1, 2021. The Data Security Law applies to data processing activities, including the collection, storage, use, processing, transmission, availability and disclosure of data, and security supervision of such activities within the territory of the PRC. Where data processing activities outside the territory of the PRC damage national security, public interests or the legitimate rights and interests of PRC citizens and organizations, such activities shall be subject to legal liabilities. The PRC would also establish a data security review system, under which data processing activities that affect or may affect national security shall be reviewed. According to the Data Security Law, whoever carries out data processing activities shall establish a sound data security management system throughout the whole process, organize data security education and training, and take corresponding technical measures and other necessary measures to ensure data security. Important data shall also be categorized and protected more strictly.

On November 14, 2021, the CAC has publicly solicited opinions on the Regulations on Network Data Security Management (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》), or the Draft Regulations on Network Data Security Management. The Draft Regulations on Network Data Security Management is to implement general requirements on data security management from the CSL, DSL, and PIPL, and supplement these with implementing details. More specifically, it addresses requirements including protection of personal information, security of important data, security management of cross-border data transfer, obligations of internet platform operators, and supervision and management. Under the Draft Regulations on Network Data Security Management, data is divided into three categories — common, important, and core — depending on its importance to national security, the public interest and, individual privacy. The scope of "important data" is similar to that in other rules and guidelines. Data processors should comply with the requirements of cybersecurity multi-level protection, strengthen the data processing system, data transmission network, data storage environment and other security protection. Data processors should establish a data security emergency response mechanism, and promptly start the emergency response mechanism in the event of a data security incident. The Draft Regulations on Network Data Security Management also set out detailed rules for data processors to apply when providing personal information to third parties, or sharing, trading or entrusting important data to third parties. In addition, under the Draft Regulations on Network Data Security Management, data processors carrying out data processing activities that have or

could have an impact on national security shall apply for cybersecurity review, including data processors seeking a **[REDACTED]** in Hong Kong that affect or may affect national security. Data processors dealing with important data or listing offshore should carry out an annual data security assessment. Data exporters shall prepare reports on transfers of personal information and important data on an annual basis, for submission to the municipal branch of the CAC. The enforcement includes fines up to RMB10 million depending on the severity of the effects of violation and potential business suspension and/or revocation of business license. As of the Latest Practicable Date, the Draft Regulations on Cyber Data Security Management had not come into effect and the public comment period of the Draft Regulations on Cyber Data Security Management ended on December 13, 2021.

Personal Information Protection

Pursuant to the Decision on Strengthening the Protection of Online Information (《關於加強網絡信息保護的決定》) issued by the SCNPC in 2012 and the Provisions on Protection of Personal Information of Telecommunication and Internet Users (《電信和互聯網用戶個人信息保護規定》) issued by the MIIT in 2013, any collection and use of a user's personal information must be subject to the consent of the user, be legal, rational and necessary and be limited to specified purposes, methods and scopes. An internet information service provider must also keep such information strictly confidential, and is further prohibited from divulging, tampering with or destroying any such information, or selling or providing such information to other parties. An internet information service provider is required to take measures to prevent the collected personal information from any disclosure, damage, tampering or loss.

According to the Regulations for Medical Institutions on Medical Records Management (《醫療機構病歷管理規定》) released on November 20, 2013, and effective from January 1, 2014, the medical institutions and medical practitioners shall strictly protect the privacy information of patients. Any leakage of patients' medical records for non-medical, non-teaching or non-research purposes is prohibited. The NHFPC released the Measures for Administration of Population Health Information (Trial) (《人口健康信息管理辦法》) on May 5, 2014, referring the medical health service information as the population healthcare information, which is not allowed to be stored in a server located outside the territory of China. Pursuant to the Management Measures of Standards, Safety and Service of National Health and Medical Big Data (Trial) (《國家健康醫療大數據標準、安全和服務管理辦法(試行)》), promulgated by the National Health Commission on July 12, 2018, the medical institutions should establish relevant safety management systems, operation instructions and technical specifications to safeguard the safety of healthcare big data generated in the process of health management service or prevention and cure service of diseases. It also stipulates that such healthcare big data should be stored in onshore servers and shall not be provided overseas without safety assessment.

Pursuant to the Ninth Amendment to the PRC Criminal Law (《中華人民共和國刑法修正案(九)》) issued by the SCNPC in August 2015 and became effective in November 2015, under certain series situations, an internet service provider that fails to fulfill the obligations related to the internet information security administration as required by the applicable laws and refuses to rectify upon orders, shall be subject to criminal penalty. On May 8, 2017, the Supreme People's Court and the Supreme People's Procuratorate issued the Interpretation of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues Concerning the Application of Law in the Handling of Criminal Cases Involving Infringement of Citizens' Personal Information (《最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋》), which clarifies several concepts regarding the crime of infringement of citizens' personal information under the PRC Criminal Law. Moreover, on October 21, 2019, the Supreme People's Court and the

Supreme People's Procuratorate of the PRC jointly issued the Interpretations on Certain Issues Regarding the Application of Law in the Handling of Criminal Case Involving Illegal Use of Information Networks and Assisting Committing Internet Crimes (《最高人民法院、最高人民檢察院關於辦理非法利用信息網絡、幫助信息網絡犯罪活動等刑事案件適用法律若干問題的解釋》), which came into effect on November 1, 2019, and further clarifies the meaning of Internet service operators and the severe situations of the relevant crimes.

The Method for Identifying the Illegal Collection and Use of Personal Information by Apps (《App違法違規收集使用個人信息行為認定方法》), promulgated jointly by the MIIT and three other departments in November 2019, specifies the practices of illegal collection and use of personal information, providing reference for regulatory authorities and offering guidance for App operators' self-examination and self-correction under the current regulatory environment. On May 28, 2020, the PRC Civil Code (《中華人民共和國民法典》) was issued by the NPC. The PRC Civil Code provides that natural persons' personal information shall be protected by law, and the processing of personal information shall be subject to the principle of legitimacy, rightfulness and necessity, with no excessive processing.

The Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》), or the Personal Information Protection Law, issued on August 20, 2021 by the SCNPC, provided a comprehensive personal information protection system, under which in case of any personal information processing, individual prior consent must be obtained except in other circumstances stipulated therein to the contrary. Further, any data processing activities in relation to sensitive personal information including biometrics, religious beliefs, specific identities, medical health, financial accounts, whereabouts, personal information of teenagers under fourteen years old and other personal information once leaked or illegally used might easily lead to the infringement of personal dignity or harm of personal and property safety, are only allowed provided such activities are purpose-specified, highly necessary and strictly protected. Personal information processors who use personal information on automated decision-making must ensure the transparency of decision-making and the fairness and impartiality of the results and may not impose unreasonable differential treatment in terms of transaction prices and other transaction conditions. In addition, cross-border personal information transmission is restricted unless certain requirements in the Personal Information Protection Law have been satisfied, including security review organized by the national cyberspace department and other conditions specified by the laws, regulations and the national cyberspace department.

REGULATIONS RELATING TO INSURANCE BROKERAGE INDUSTRY

Insurance Brokerages

According to the PRC Insurance Law (《中華人民共和國保險法》), most recently amended and effective on April 24, 2015, an insurance brokerage is an organization that provides intermediary services for conclusion of an insurance contract between a policyholder and an insurer for the benefit of the policyholder, and collects commissions pursuant to the law. Insurance brokerages shall satisfy the criteria stipulated by the insurance regulatory department of the State Council and obtain an insurance brokerage business permit issued by the insurance regulatory authorities.

Except for the PRC Insurance Law, the principal regulation governing insurance brokerages is the Regulatory Provisions on Insurance Brokerages (《保險經紀人監管規定》), or the Insurance Brokerages Regulation, promulgated by the China Insurance Regulatory Commission, or the CIRC on February 1, 2018, and effective on May 1, 2018. According to the Insurance Brokerages

Regulation, the establishment of an insurance broker is subject to the approval of the CIRC and its branches. Insurance brokerages refers to organizations which provide intermediary services for execution of insurance contracts between policyholders and insurance companies based on interests of policyholders and collect commissions pursuant to the agreement, including insurance brokerage companies and their branches. The name of an insurance brokerage firm must contain the words "insurance brokerage". The minimum registered capital of an insurance brokerage company operating beyond the province, autonomous region, municipality directly under the central government or the municipality with unilateral planning at the place of its industry and commerce registration shall be RMB50 million. The minimum registered capital of an insurance brokerage company operating within the province, autonomous region, municipality directly under the central government or the municipality with unilateral planning at the place of its industry and commerce registration shall be RMB10 million.

An insurance brokerage firm may conduct the following insurance brokering businesses:

- making insurance proposals, selecting insurance companies and handling the insurance application procedures for the insurance applicants;
- assisting the insured or the beneficiary to claim compensation;
- reinsurance brokering business;
- providing consulting services to clients with respect to disaster and damage prevention, risk assessment and risk management; and
- other business activities approved by the CIRC.

An insurance brokerage shall open an independent designated account for client funds. The insurance premiums paid by policyholders to an insurance company and surrender value and pay-outs collected on behalf of policyholders, insured parties and beneficiaries shall only be deposited in the designated account for client funds. An insurance brokerage shall open an independent account for commissions collected. Insurance brokerages opening and using other bank accounts shall comply with the provisions of the CIRC.

Individual Insurance Brokers

The principal regulation governing individual insurance brokers is also the Insurance Brokerages Regulation, in which the term "insurance broker" refers to practitioners of insurance brokerages or personnel of insurance brokerages who draft insurance plans, process insurance application formalities and assist in claims for insurance applicants or insured parties, or who provide disaster prevention or loss prevention, risk evaluation and risk management advisory services to entrusting parties, or who engage in reinsurance brokerage businesses, etc. Insurance brokerages shall carry out practice registration for their practitioners. A practitioner of insurance brokerage shall only complete practice registration through one insurance brokerage.

Internet Insurance

The main regulation governing the operation of internet insurance business is the Measures for the Supervision of the Internet Insurance Business (《互聯網保險業務監管辦法》), or the Internet Insurance Measure, promulgated by the CIRC on December 7, 2020 and effective on February 1, 2021. Under the Internet Insurance Measure, "internet insurance business" refers to

insurance business activities in which insurance institutions conclude insurance contracts and provide insurance services by relying on the Internet. Insurance institutions include insurance companies and professional insurance intermediary companies (e.g. insurance brokerages) that are established and registered in accordance with applicable laws and regulations and with the approval of the CIRC. The Internet Insurance Measure applies to the circumstance that insurance institutions sell insurance products or provide insurance brokerage services via the internet and self-service terminal equipment, so that consumers can independently learn about the product information and complete insurance purchase on their own through the sales webpages of the self-run network platform of the insurance institutions. Some further conditions have been set out in the Internet Insurance Measures for insurance brokerages to participate in online insurance service, including but not limited to taking more measure to protect consumers' right to know and choose products independently. Where online and offline integration is involved in insurance sales or insurance brokerage business, online and offline regulatory rules shall apply to their online and offline business activities respectively; if it is impossible to separately apply regulatory rules, online and offline regulatory rules shall apply at the same time; in case of any inconsistency between the rules, the principle of compliant operation and benefiting consumers shall be adhered to.

REGULATIONS RELATING TO EMPLOYMENT AND SOCIAL SECURITY

Employment

The major PRC laws and regulations that govern employment relationship are the PRC Labor Law (《中華人民共和國勞動法》), or the Labor Law, which was issued by the SCNPC on July 5, 1994 and revised on August 27, 2009 and December 29, 2018, the PRC Labor Contract Law (《中華人民共和國勞動合同法》), or the Labor Contract Law, promulgated by the SCNPC on June 29, 2007, and amended on December 28, 2012, and the Implementation Rules of the PRC Labor Contract Law (《中華人民共和國勞動合同法實施條例》) issued by the State Council on September 18, 2008 and effective on the same day. According to the aforementioned laws and regulations, labor relationships between employers and employees shall be executed in written form. The laws and regulations above impose stringent requirements on the employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees. As prescribed under the laws and regulations, employers shall ensure its employees have the right to rest and the right to receive wages no less than the local minimum wages. Employers must establish a system for labor safety and sanitation that strictly abides by state standards and provide relevant education to its employees. Violations of the Labor Contract Law and the Labor Law may result in the imposition of fines and other administrative liabilities and/or incur criminal liabilities in the case of serious violations.

Social Securities

According to the PRC Social Insurance Law (《中華人民共和國社會保險法》), which was issued by the SCNPC on October 28, 2010 and newly revised on December 29, 2018, enterprises and institutions in the PRC shall provide their employees with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, occupational injury insurance, medical insurance and other welfare plans. The employer shall apply to the local social insurance agency for social insurance registration within 30 days from the date of its establishment and shall, within 30 days from the date of employment, apply to the social insurance agency for social insurance registration for the employee. Any employer who violates the requirements above shall be ordered to make correction within a prescribed time limit; if the employer fails to rectify within the time limit, the employer and/or its directly liable person might be fined. The Interim Regulation on the

Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), issued by the State Council on January 22, 1999 and recently revised on March 24, 2019, prescribes more details concerning the social securities.

Apart from the general provisions about social insurance, specific provisions on various types of insurance are set out in the Regulation on Work-Related Injury Insurance (《工傷保險條例》), issued by the State Council on April 27, 2003 and revised on December 20, 2010, the Regulations on Unemployment Insurance (《失業保險條例》), issued by the State Council on January 22, 1999 and came into effect on the same day, and the Trial Measures on Employee Maternity Insurance of Enterprises (《企業職工生育保險試行辦法》), issued by the Ministry of Labor on December 14, 1994 and came into effect on January 1, 1995. Enterprises subject to these regulations shall provide their employees with the corresponding insurance.

Housing Provident Fund

According to the Regulation Concerning the Administration of Housing Provident Fund (《住房公積金管理條例》), implemented since April 3, 1999 and amended on March 24, 2002 and March 24, 2019, any newly established entity shall make deposit registration at the housing provident fund management center within 30 days of its establishment. The entity shall make deposit registration at the housing provident fund management center for new employees within 30 days from the date of employment.

Any entity that fails to make deposit registration of the housing provident fund or fails to open a housing provident fund account for its employees will be ordered to complete the relevant procedures within a prescribed time limit. Any entity failing to complete the relevant procedure within the time limit might be fined and/or ordered to make up the shortfall within the prescribed time limit; otherwise, the housing provident management center is entitled to apply for compulsory enforcement with the People's Court.

During the Track Record Period, some of our PRC subsidiaries engaged a third-party human resources agency in paying social insurance and housing provident funds for certain of our employees. We believe that paying social insurance and housing provident funds through the third-party human resources agency will not have a material adverse effect on our business or results of operations, considering that: (i) as of the Latest Practicable Date, we had not received any administrative penalty or labor arbitration application from employees for our agency arrangement with third-party human resources agencies, (ii) our PRC Legal Adviser was of the view that the likelihood that we would be subject to administrative penalties due to paying social insurance fund through third-party human resources agencies is low if we timely rectify such non-compliance within the period stipulated by relevant authorities.

REGULATIONS RELATING TO INTELLECTUAL PROPERTIES

Patents

Pursuant to the PRC Patent Law (《中華人民共和國專利法》), or the Patent Law, which was issued by the SCNPC on March 12, 1984, and most recently revised on October 17, 2020, inventions include creation, utility model or design. Following the grant of patent rights, unless otherwise stipulated in the Patent Law, no organization or individual shall implement a patent without licensing from the patentee. According to the Patent Law, the duration of patent rights for creations, utility models and design shall be 20 years, 10 years and 15 years, respectively, commencing from the filing date.

Trademarks

Pursuant to the PRC Trademark Law (《中華人民共和國商標法》), which was promulgated on August 23, 1982 and last amended on April 23, 2019, a "first-to-file" principle with respect to trademark registration has been adopted, and registered trademarks would be valid for 10 years and might be renewed for additional ten-year period upon request from the trademark owner.

Copyrights

Pursuant to the PRC Copyright Law (《中華人民共和國著作權法》) promulgated by the SCNPC on September 7, 1990 and most recently amended on November 11, 2020, Chinese citizens, legal persons or other entities shall, whether published or not, enjoy copyright in their works, which include, among others, works of literature, art, natural science, social science, engineering technologies and computer software created in writing or oral or other forms.

Pursuant to the Regulation on Computers Software Protection (《計算機軟件保護條例》) promulgated on June 4, 1991 by the State Council and amended on December 20, 2001, January 8, 2011, and January 30, 2013 and the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated in 1992 and amended on February 20, 2002, the China Copyright Protection Center is responsible for software registration and shall grant certificates of registration to computer software copyright applicants.

Domain Names

In accordance with the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》) which was issued by the Ministry of Information Industry on August 24, 2017 and came into effect on November 1, 2017, domain name registration services shall, in principle, be subject to the principle of "first apply, first register". A domain name registrar shall, in the process of providing domain name registration services, ask the applicant for which the registration is made to provide authentic, accurate and complete identity information on the holder of the domain name and other domain name registration related information.

The MIIT released the Circular on Regulating the Use of Domain Names in Internet Information Services (《關於規範互聯網信息服務使用域名的通知》) on November 27, 2017, effective from January 1, 2018, which provides that the domain names used by the internet information service provider shall be registered and owned by such internet information service provider, and if the internet information service provider is a legal entity, the domain name registrant shall be the legal entity (or any of its shareholders), or its principal or senior manager.

Regulations Relating to Foreign Exchange

On January 29, 1996, the State Council promulgated the PRC Administrative Regulations on Foreign Exchange (《中華人民共和國外匯管理條例》) which became effective on April 1, 1996 and was amended on January 14, 1997 and August 5, 2008, in accordance with which, RMB is generally freely convertible for payments of current account items, such as trade and service-related foreign exchange transactions and dividend payments, but not freely convertible for capital account items, such as direct investment, loan or investment in securities outside the PRC, unless the prior approval is obtained from the State Administration of Foreign Exchange, or the SAFE, or its local counterparts.

On November 19, 2012, the SAFE issued the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》), or the SAFE Circular 59, which came into effect on December 17, 2012 and was most recently revised on December 30, 2019. The SAFE Circular 59 aims to simplify the foreign exchange procedure and promote the facilitation of investment and trade. According to the SAFE Circular 59, the opening of various special purpose foreign exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts and guarantee accounts, the reinvestment of RMB proceeds derived by foreign investors in the PRC, and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders no longer require the approval or verification of SAFE. The SAFE promulgated the Circular on Further Simplifying and Improving Foreign Exchange Administration Policies in Respect of Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) in February 2015, which was partially abolished in December 2019 and prescribed that the bank instead of SAFE can directly handle the foreign exchange registration and approval under foreign direct investment while SAFE and its branches indirectly supervise the foreign exchange registration and approval under foreign direct investment through the bank.

According to the Notice of the State Administration of Foreign Exchange on Reforming the Management Mode of Foreign Exchange Capital Settlement of Foreign Investment Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》), or the SAFE Circular 19, promulgated on March 30, 2015, effective on June 1, 2015 and partially abolished on December 30, 2019, foreign-invested enterprises could settle their foreign exchange capital on a discretionary basis according to the actual needs of their business operations. Whilst, foreign-invested enterprises are prohibited to use the foreign exchange capital settled in RMB (a) for any expenditures beyond the business scope of the foreign-invested enterprises or forbidden by laws and regulations; (b) for direct or indirect securities investment, unless otherwise provided by laws and regulations; (c) to provide entrusted loans (unless permitted in the business scope), repay loans between enterprises (including advances by third parties) or repay RMB bank loans that have been lent to a third party; and (d) to purchase real-estates not for self-use purposes (save for real estate enterprises).

On June 9, 2016, SAFE issued the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》), or the SAFE Circular 16, which came into effect on the same day. The SAFE Circular 16 provides that enterprises registered in the PRC may also covert their foreign debt from foreign currency into RMB on a self-discretionary basis. Domestic institutions may, at their discretion, settle up to 100% of their foreign exchange receipts under the capital account. The SAFE may adjust the aforesaid proportion in due time based on the balance of payment.

The Circular of the State Administration of Foreign Exchange on Issues concerning Foreign Exchange Administration over the Overseas Investment and Financing and Round-trip Investment by Domestic Residents via Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》), which was issued and became effective on July 4, 2014, provides that domestic residents shall register with the SAFE and its local branches in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with assets or equity interests of onshore companies or offshore assets or interests held by the domestic residents, before contributing the onshore or offshore legal assets or interests to the offshore entity. Following the initial registration, any change of basic information of the special purpose vehicle such as

individual shareholder, name and term of operation or upon capital increase or deduction, share transfer or swap, merger or division and other significant change, shall be reported to the SAFE for foreign exchange alteration of the registration formality for offshore investment in time.

The Notice on Further Simplifying and Improving Foreign Exchange Administration Policies in Respect of Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》), which was issued on February 13, 2015, effected on June 1, 2015 and partially abolished in December 30, 2019, provides that PRC residents may register with qualified banks instead of SAFE in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. The SAFE and its branches shall implement indirect supervision over foreign exchange registration of direct investment via the banks.

The SAFE released the Notice of the SAFE on the Relevant Issues Concerning the Administration of Foreign Exchange for Domestic Individuals' Participation in Equity Incentive Programs of Overseas Listed Companies (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) in February, 2012, pursuant to which all individuals who participate in the same equity incentive program of an overseas listed company shall, through their domestic company, collectively entrust one domestic agency to handle the relevant matters for them including registration of foreign exchange, opening of the account and transfer and settlement of funds, and one overseas agency to handle matters including individuals' exercise of options, the purchase and sale of relevant stocks or equities and transfer of relevant funds.

REGULATIONS RELATING TO TAXATION

Enterprise Income Tax

The PRC Enterprise Income Tax Law (《中華人民共和國企業所得税法》), or the EIT Law, promulgated by the NPC on March 16, 2007 and amended on February 24, 2017 and December 29, 2018, as well as the Implementation Rules of the EIT Law (《中華人民共和國企業所得税法實施條例》), or the Implementation Rules, promulgated by the State Council on December 6, 2007 and revised on April 23, 2019, are the principal law and regulation governing enterprise income tax in the PRC. According to the EIT Law and its Implementation Rules, enterprises are classified into resident enterprises and non-resident enterprises. Resident enterprises refer to enterprises that are legally established in the PRC, or are established under foreign laws but whose actual management bodies are located in the PRC. Non-resident enterprises refer to enterprises that are legally established under foreign laws and have set up institutions or sites in the PRC but with no actual management body in the PRC, or enterprises that have not set up institutions or sites in the PRC but have derived incomes from the PRC. A uniform income tax rate of 25%, if no preferential tax rate is applicable, applies to all resident enterprises and non-resident enterprises that have set up institutions or sites in the PRC to the extent that such incomes are derived from their set-up institutions or sites in the PRC, or such income are obtained outside the PRC but have an actual connection with the set-up institutions or sites. Pursuant to the EIT Law and its Implementing Rules, if a non-resident enterprise has not set up an organization or establishment in the PRC or has set up an organization or establishment but the income derived has no actual connection with such organization or establishment, it will be subject to income tax on its income from the PRC at a rate of 10%.

Value-Added Tax

According to the PRC Interim Regulations on Value-added Tax (《中華人民共和國增值税暫行條例》), issued on December 13, 1993 by the State Council and most recently revised on November 19, 2017, as well as the PRC Implementation Rules for the Interim Regulations on Value-Added Tax (《中華人民共和國增值税暫行條例實施細則》) issued on December 25, 1993 by the Ministry of Finance, or the MOF, and revised on December 15, 2008 and October 28, 2011, entities and individuals engaged in the sale of goods, supply of processing, repair and replacement services, and import of goods within the territory of the PRC are taxpayers of VAT and shall pay the VAT in accordance with the law and regulation. Different rates of VAT would be applied to different kind of goods and services. With the VAT reforms in the PRC, the rate of VAT has been changed several times. The MOF and the State Taxation Administration, or the SAT, issued the Notice of on Adjusting VAT Rates (《關於調整增值税税率的通知》) on April 4, 2018 to adjust the tax rates of 17% and 11% applicable to any taxpayer's VAT taxable sale or import of goods to 16% and 10%, respectively. Subsequently, the MOF, the SAT and the General Administration of Customs jointly issued the Announcement on Relevant Policies for Deepening the VAT Reform (《關於深化增值税改革有關政策的公告》) on March 20, 2019 to make further adjustments, under which the tax rate of 16% and 10% applicable to the VAT taxable sale or import of goods shall be adjusted to 13% and 9%.

Preferential Treatment under Tax Treaties

According to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》) effective from August 21, 2006 and most recently amended on December 6, 2019, dividends repatriated from a PRC entity to its Hong Kong shareholder owning more than 25% of the its capital would be entitled to a reduced withholding tax rate of 5% subject to certain conditions.

The SAT issued the Administrative Measures on Entitlement of Non-residents to Treatment under Treaties (《非居民納税人享受協定待遇管理辦法》) on October 14, 2019 and effective on January 1, 2020, which applies to non-resident taxpayers who have tax liability in China and need to claim treaty benefits. Non-resident taxpayers who make their own declaration shall make self-assessment regarding whether they are entitled to tax treaty benefits and submit the relevant reports, statements and materials as required. Also, tax authorities at any level shall, through strengthening follow-up administration for non-resident taxpayers' entitlement to tax treaty benefits, implement tax treaties accurately and prevent risks of indiscriminately application of tax treaties, tax evasion and tax avoidance.

Regulations Relating to Dividend Distributing

The principal laws, rules and regulations governing dividend distributions by foreign-invested enterprises in the PRC are the PRC Company Law (《中華人民共和國公司法》), promulgated in 1993 and latest amended in 2018 and the Foreign Investment Law (《中華人民共和國外商投資法》). Under these requirements, foreign-invested enterprises may pay dividends only out of their accumulated profit, if any, as determined in accordance with PRC accounting standards and regulations. A PRC company is required to allocate at least 10% of their respective accumulated after-tax profits each year, if any, to fund certain capital reserve funds until the aggregate amount of these reserve funds have reached 50% of the registered capital of the enterprises. A PRC

company is not permitted to distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

Regulations Relating to Merger and Acquisition

The Provisions on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》), or the M&A Rules, jointly promulgated by the Ministry of Commerce and other 5 departments on August 8, 2006 and subsequently amended on June 22, 2009, require that, among others (i) the purchase of an equity interest or subscription for the increase in the registered capital of non-foreign-invested enterprises, (ii) the establishment of foreign-invested enterprises to purchase and operate the assets of non-foreign-invested enterprises, or (iii) the purchase of the assets of non-foreign-invested enterprises and the use of such assets to establish foreign-invested enterprises to operate such assets, in each case, by foreign investors shall be subject to the M&A Rules. Particularly, where a domestic company, enterprise or natural person intends to acquire its or his/her related domestic company through an overseas company established or controlled by it or him/her, the acquisition shall be subject to the approval of the Ministry of Commerce.

Regulations Relating to Overseas Securities Offering and Listing by Domestic Companies

On December 24, 2021, the CSRC issued the Provisions of the State Council on the Administration of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments) (《國務院關於境內企業境外發行證券和上市的管理規定(草案徵求意見稿)》), or the Draft CSRC Administration Provisions, and the Administrative Measures for the Filing of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments) (《境內企業境外發行證券和上市備案管理辦法(徵求意見稿)》), or the Draft CSRC Filing Measures, to regulate overseas securities offering and listing activities by domestic companies either in direct or indirect form.

The Draft CSRC Administration Provisions applies to overseas offerings by domestic companies of equity shares, depository receipts, convertible corporate bonds, or other equity-like securities, and overseas listing of the securities for trading. Both direct and indirect overseas securities offering and listing by domestic companies would be regulated, of which the former refers to overseas securities offering and listing in an market made by a joint-stock company incorporated domestically, and the latter refers to securities offering and listing in an overseas market made in the name of an offshore entity, while based on the underlying equity, assets, earnings or other similar rights of a domestic company which operates its main business domestically. According to the Draft CSRC Filing Measures, if an issuer meets the following conditions, the offering and listing shall be determined as an indirect overseas offering and listing by a domestic company: (i) the total assets, net assets, revenues or profits of the domestic company/companies of the issuer in the most recent accounting year account for more than 50% of the corresponding figure in the issuer's audited consolidated financial statements for the same period; and (ii) most of the senior management in charge of business operation and management of the issuer are Chinese citizens or have domicile in the PRC, and its main places of business are located in the PRC or main business activities are conducted in the PRC.

Under the Draft CSRC Administration Provisions and the Draft CSRC Filing Measures, a filing-based regulatory system would be implemented covering both direct and indirect overseas offering and listing. For an initial public offering and listing in an overseas market, the issuer shall submit to the CSRC filing documents within 3 working days after such application is submitted.

The CSRC would, within 20 working days if filing documents are complete and in compliance with the stipulated requirements, issue a filing notice thereof and publish the filing results on the CSRC website.

Meanwhile, overseas offering and listing by domestic companies would be prohibited under certain circumstance, including but not limited to that (i) if the intended securities offering and listing falls under specific clauses in national laws and regulations and relevant provisions prohibiting such financing activities; (ii) the intended securities offering and listing by domestic companies constitute a threat to or endanger national security as reviewed and determined by competent authorities under the State Council in accordance with relevant laws and regulations; (iii) there are material ownership disputes over the equity, major assets, and core technology, etc.; (iv) the domestic company or its controlling shareholders and actual controllers have committed corruption, bribery, embezzlement, misappropriation of property, or other criminal offenses disruptive to the order of the socialist market economy in recent three years, or are currently under judicial investigations for suspicion of criminal offenses or under investigations for suspicion of major violations; (v) the directors, supervisors, or senior management have been subject to administrative punishments for severe violations in recent three years, or are currently under judicial investigations for suspicion of criminal offenses or under investigations for suspicion of major violations; and (vi) other circumstances as prescribed by the State Council. If a domestic company falls into the circumstances where its overseas offering and listing is prohibited prior to the offering and listing, the CSRC and the competent authorities under the State Council shall impose a postponement or termination of the intended overseas offering and listing. The CSRC may cancel the corresponding filing if the intended overseas offering and listing has been filed.

If domestic companies fail to fulfill the above-mentioned filing procedures or offer and list in an overseas market against the prohibited circumstances, they would be warned and fined up to RMB10 million and even ordered to suspend relevant business or halt operation for rectification, revoke relevant business permits or operational license in severe cases. The controlling shareholders, actual controllers, directors, supervisors, and senior management of such domestic companies would be warned and fined up to RMB5 million independently or concurrently. The securities companies and law firms failing to strictly exercise due diligence and supervise the domestic companies for compliance of relevant rules would be warned and fined up to RMB5 million. The liable personnel would be imposed warnings and fines up to RMB2 million. Also, if there is any material fact concealed or any major content falsified in the filing documents, a fine between RMB1 million and RMB10 million would be imposed on domestic companies if the securities have not already been offered, and a fine between ten percent and one hundred percent of the fund raised would be imposed if the securities have already been offered. The security companies or security service providers who fail to act with due diligence, make misrepresentation, misleading statement or material omission in the documents produced and issued domestically or overseas, which led to disruption of the domestic market order and infringement on the lawful rights and interests of domestic investors, would be, amongst others, fined up to 10 times of the service fees or RMB5 million if there are no service fees or the service fees are less than RMB0.5 million and even banned to provide service in the PRC to overseas offering and listing.

In addition, according to the Negative List which came into effect on January 1, 2022, if a domestic company engaging in business prohibited in the Negative List offers shares and lists in an overseas market, such offering and listing shall be approved by relevant competent PRC authorities. Non-PRC investors must not participate in the operation and management of the company, and their shareholding percentage shall be subject to relevant provisions on the administration of domestic securities investment by Non-PRC investors.