REGULATIONS RELATING TO MEDICAL SERVICES

Regulations stipulated below are in relation to the Group's provision of medical services, including aesthetic medical services (including a limited amount of low-risk surgical aesthetic medical services) and subhealth assessment and intervention services. For further details of the Company's compliance status of the relevant rules and regulations, please refer to the section headed "Business — Compliance, Licenses and Permits" in this document.

Regulations on the Reform of Medical and Healthcare System

Opinions on Deepening the Reform of the Medical and Healthcare System

The Opinions of the Central Committee of the Communist Party of China and the State Council on Deepening the Reform of the Medical and Healthcare System (中共中央、國務院關於深化醫藥衛生體制改革的意見) promulgated and took effect on 17 March 2009 encourage social capital to invest in the medical institutions (including investments by the foreign investors), and promote the development of private medical institutions and the reform of public medical institutions (including those established by state-owned enterprises) through social capital investment.

Notice on Further Encouraging and Guiding the Establishment of Medical Institutions by Social Capital

The Notice of the General Office of the State Council on Forwarding the Opinions of the National Development and Reform Commission, the Ministry of Health and Other Ministries on Further Encouraging and Guiding the Establishment of Medical Institutions by Social Capital (國務院辦公廳轉發發展改革委衛生部等部門關於進一步鼓勵和引導社會資本舉辦醫療機構意見的通知), which was promulgated by the General Office of the State Council and took effect on 26 November 2010, stipulates that the PRC government encourages and supports investments by private investors in medical institutions of various types. Private investors are permitted to apply to establish for-profit or not-for-profit medical institutions. Private medical institutions are encouraged to engage or authorise domestic or overseas medical institutions with professional experience to participate in the management of hospitals to improve their efficiencies.

Several Opinions on Promoting the Development of Healthcare Service Industry

The Several Opinions on Promoting the Development of Healthcare Service Industry (國務院關於促進健康服務業發展的若干意見), which was promulgated by the State Council and took effect on 28 September 2013, encourage the private sector to invest in the healthcare service industry by various means including new establishment and participation in restructuring and propose the idea of the relaxation of the requirements for Sino-foreign equity joint or cooperative joint medical institutions and gradually expand eligibility in the pilot program for wholly foreign-invested medical institutions.

Several Opinions on Accelerating the Development of Medical Institutions with Social Capital

The Several Opinions on Accelerating the Development of Medical Institutions with Social Capital (關於加快發展社會辦醫的若干意見), which was promulgated on 30 December 2013 by the National Health and Family Planning Commission (the "**NHFPC**") and the State Administration of Traditional Chinese Medicine (the "**SATCM**") and came into effect on the same date, stipulate the policies that support the development of private-invested medical institutions, including but not limited to the (i) gradual relaxation of investment in medical institutions by foreign capital; (ii) relaxation of requirements for service sectors, allowing social capital's investment in the areas which are not explicitly prohibited; and (iii) acceleration of the approval procedures regarding the establishment and operation of private hospitals.

Notice on Printing and Distributing the Outline of the National Medical and Healthcare Service System Plan (2015-2020)

The Notice on Printing and Distributing the Outline of the National Medical and Healthcare Service System Plan (2015-2020) (關於印發全國醫療衛生服務體系規劃綱要(2015-2020年)的通知), which was promulgated by the General Office of the State Council and took effect on 6 March 2015, stipulates that private medical institutions are significant and integral parts of the medical and healthcare service system as well as an effective approach to fulfilling people's multi-level and diversified medical and healthcare service needs. Private medical institutions may provide high-end services to fulfil extra needs which are beyond basic needs. The pilot scheme of establishment of medical institutions solely invested by qualified overseas capitals shall be expanded step by step. The restrictions on service scope shall also be reduced and the social capitals shall be allowed to invest in areas not explicitly prohibited by the laws and regulations.

Several Policies and Measures Regarding the Promotion of Accelerating the Development of the Medical Institutions Invested by Social Capital

Several Policies and Measures Regarding the Promotion of Accelerating the Development of the Medical Institutions Invested by Social Capital (關於促進社會辦醫加快發展若干政策措施的通知), which was promulgated by the General Office of the State Council on 11 June 2015 and came into effect on the same day, stipulate (i) the elimination and cancellation of unreasonable preceding items for examination and approval and the reduction in the time required for making such examination and approval; (ii) the reasonable control of the number and scale of the public medical institutions and the exploration of the space for development of the medical institutions invested by social capital; and (iii) the support for the listing and financing of such eligible and qualified for-profit medical institutions invested by social capital.

Notice on Printing Guiding Principles for the Allocation Planning of Medical Institutions (2016-2020)

The Notice on Printing Guiding Principles for the Allocation Planning of Medical Institutions (2016-2020) (國家衛生計生委關於印發醫療機構設置規劃指導原則(2016-2020年)的通知), which was promulgated by the NHFPC and took effect on 21 July 2016, encourages the establishment of medical institutions by social capital and stipulates (i) the acceleration of the scale and high-level development of medical institutions with social capital, and the involvement of medical institutions with social capital in relevant planning to reserve space for the allocation of resources such as beds and large medical equipment according to a certain proportion, and (ii) the cancellation of limitations on the amount and location of medical institutions with social capital in accordance with total amount and structure of planning.

Regulations on the Administration and Classification of Medical Institutions

Administrative Measures on Medical Institutions and its Implementation Measures

The Administrative Measures on Medical Institutions (醫療機構管理條例), which was promulgated on 26 February 1994 by the State Council and came into effect on 1 September 1994 and last amended and took effect on 6 February 2016, and the Implementation Measures of the Administrative Measures on Medical Institutions (醫療機構管理條例實施細則), promulgated by the Ministry of Health of the PRC (the "**MOH**") on 29 August 1994 and came into effect on 1 September 1994 and last amended on 21 February 2017 by NHFPC and came into effect on 1 April 2017, stipulate that any entity or individual that intends to establish a medical institution to provide medical services must comply with the relevant application and approval procedures and register with the relevant healthcare administrative authorities to obtain a Medical Institution Practicing License (醫療機構執業許可證). On April 7, 2022, the State Council promulgated the Decision of The State Council on Amending or Abolishing Certain Administrative Regulations, which came into effect on May 1, 2022, and according to which, medical institutions must obtain a Medical Institution Practicing License before practicing, whilst a clinic may practice after filing with competent healthcare administrative authorities.

Administrative Measures for the Examination of Medical Institutions (for Trial Implementation)

The Administrative Measures for the Examination of Medical Institutions (For Trial Implementation) (醫療機構校驗管理辦法(試行)) (the "**Administrative Measures for Examination**"), which was promulgated by the MOH and came into effect on 15 June 2009, stipulate that a medical institution's Medical Institution Practicing License (醫療機構執業許可證) is subject to periodic examinations and verifications by the registration authorities, and will be cancelled if such medical institution fails to pass the examination.

Opinions on Implementing Classification Administration of Urban Medical Institutions

The Opinions on Implementing Classification Administration of Urban Medical Institutions (關於城鎮醫療機構分類管理的實施意見), jointly promulgated by the MOH, SATCM, Ministry of Finance (the "**MOF**") and National Development and Reform Commission (the "**NDRC**") on 18 July 2000 and came into effect on 1 September 2000, provide that not-for-profit and for-profit medical institutions shall be classified based on their business objectives, service purposes and implementation of divergent financial, taxation, pricing and accounting policies. The Group's Medical Institutions are for-profit medical institutions under such Opinions.

Not-for-profit medical institutions are established and operated to serve the public interests mainly, and government-run not-for-profit medical institutions in particular shall provide basic medical services and completing other tasks assigned by the government. Government-run not-for-profit medical institutions are also entitled to enjoy specific financial subsidies and preferential tax policies for not-for-profit medical institutions, whilst for-profit medical institutions are not entitled to enjoy aforementioned specific financial subsidies and preferential tax policies and shall pay taxes in accordance with the applicable laws and regulations. In addition, not-for-profit medical institutions are required to implement government guideline pricing for their medical services, and the financial system and accounting policies shall abide relevant applicable laws and regulations, whilst for-profit medical institutions can operate independently and their pricing is not subject to aforementioned government guidelines, and their financial and accounting policies are regulated in line with other regular enterprises.

Law on the Promotion of Basic Medical Care, Hygiene and Health

Pursuant to the Law on the Promotion of Basic Medical Care, Hygiene and Health (基本醫療衛生與健康促進法), which was released by the Standing Committee of National People's Congress (the "**SCNPC**") on 28 December 2019 and came into effect on 1 June 2020, lawful registration and classified management for not-for-profit and for-profit medical institutions shall be implemented. Government-run medical institution shall not set up non-independent legal person medical institution with other organizations, nor cooperate with social capital to establish for-profit medical institutions. It also provides that the government will take measures to encourage and guide social resources to set up medical institution, and such institution will enjoy similar benefits as government-run institution, in certain areas including basic medical insurance coverage, research and teaching, access to specific medical technologies, and title assessment of medical staff, etc.

Administrative Measures for the Clinical Application of Medical Technologies

According to the Administrative Measures for the Clinical Application of Medical Technologies (醫療技術臨床應用管理辦法), which was promulgated by the National Health Commission (the "**NHC**") on 13 August 2018 and took effect on 1 November 2018, a negative management system is established for the clinical application of medical technologies. More specifically, those listed on the negative list to be promulgated are deemed to be prohibited medical technologies and the clinical application of which is prohibited; certain medical technologies that are beyond the negative list but possess

certain prescribed characteristics are subject to strict record-filing management by the relevant health administrative department which require self-assessment of the medical technologies in question and submission of certain prescribed materials; and those medical technologies that are not categorized as prohibited or restricted medical technologies may be subject to clinical application by medical institutions according to their own functions, objectives, technical capabilities and so on and shall be strictly managed by the medical institutions themselves.

Regulations on the Aesthetic Medical Services

Administrative Measures for Aesthetic Medical Services

The Administrative Measures for Aesthetic Medical Services (醫療美容服務管理辦法), which was promulgated by the MOH on 22 January 2002, came into effect on 1 May 2002 and amended on 13 February 2009 and last amended by NHFPC and took effect on 19 January 2016, stipulates that aesthetic medical item shall be classified as first-level subject, aesthetic surgery, aesthetic dentistry, aesthetic dermatology and aesthetic Chinese medicine shall be classified as secondary subject. Medical practitioners of aesthetic medical services shall obtain the qualification license of aesthetic medical attending in-charge physician or provide aesthetic medical clinical services under supervision of licensed attending in-charge physician. Aesthetic medical attending in-charge physicians and personnel providing aesthetic medical nursing services shall meet relevant requirements. Provincial level health authorities may make additional requirements upon qualification review of aesthetic medical attending in-charge physician.

Classification Catalog of Aesthetic Medical Item

The Classification Catalog of Aesthetic Medical Item (醫療美容項目分級管理目錄), or the Classification Catalog, which was promulgated by the MOH on 11 December 2009 and came into effect on the same date, classifies aesthetic medical services into four categories: (i) aesthetic surgery items; (ii) aesthetic dentistry items; (iii) aesthetic dermatological items and (iv) aesthetic Chinese medicine items. Provincial-level counterparts of the MOH may adjust the catalog based on local circumstances. As for aesthetic surgery items, the aesthetic surgery items are divided into four grades in accordance with the difficulty and complexity of the surgery, the possibility of medical malpractice and the level of surgery risk. Surgeries which involve uncomplicated operation process, less technical difficulty and risk shall be classified as grade 1. Surgeries which involve general complexity of operation process, certain technical difficulty and risk, as well as requiring the use of epidural space block anesthesia and intravenous anesthesia, shall be classified as grade 2. Surgeries involving relatively high complexity of operation process, relatively huge technical difficulties and risk, as well as requiring the preoperative blood preparation and tracheal intubation for general anesthesia, shall be classified as grade 3. If highly complicated operation process needed and huge technical difficulty and high risk involved, the surgeries shall be classified as grade 4. The Group currently provides periocular beauty procedures, double eyelid construction, lipofilling services and liposuction surgeries, which are classified as grade 1 surgeries accordingly. In addition, the Classification Catalog also provides that different grades of surgeries shall be performed by different level of medical institutions, medical institutions allowed to

conduct grade 1 surgeries are out-patient departments equipped with medical cosmetology or plastic surgery departments or clinics equipped with medical cosmetology departments. The Group provides such grade 1 surgeries through relevant medical institutions accordingly.

Basic Standard for Aesthetic Medical Institution and Aesthetic Medical Department (For Trial Implementation)

The Basic Standard for Aesthetic Medical Institution and Aesthetic Medical Department (For Trial Implementation) (美容醫療機構、醫療美容科(室)基本標準(試行)), which was promulgated by the MOH on 16 April 2002 and came into effect on the same date, specifies basic standards that aesthetic medical hospitals, aesthetic medical out-patient departments, aesthetic medical clinics and aesthetic medical departments should meet, such as the number of beds, clinical departments and medical personnel. For each aesthetic medical clinic, it shall have at least two beds, and for each department in the clinic, it shall have at least one attending physician and at least one nurse.

Circular on Further Strengthening Comprehensive Regulatory Enforcement in the Aesthetic Medical Industry

On 3 April 2020, the SAMR, the NHC, National Medical Products Administration of the PRC (the "**NMPA**"), Office of the Central Cyberspace Affairs Commission (the "**CCAC**"), among others, jointly promulgated the Circular on Further Strengthening Comprehensive Regulatory Enforcement in the Aesthetic Medical Industry (關於進一步加強醫療美容綜合監管執法工作的通知) effective as of the same date, which stipulate that medical beauty services shall be implemented by the attending physician (主診醫師) or the practicing physician under the guidance of the attending physician in accordance with the registered medical beauty service items in the medical institutions that set up medical beauty related subjects. No organization or individual shall carry out medical beauty services without meeting the legal conditions. Medical beauty institutions shall purchase drugs and medical devices in enterprises with production and operation qualifications. Medical beauty advertisements belong to medical advertisements, and non-medical institutions shall not publish medical advertisements.

Special Rectification Work Plan for Cracking Down on Illegal Aesthetic Medical Services

On 28 May 2021, the SAMR, SATCM, NHC, NMPA, CCAC, among others, jointly promulgated the Notice of Special Rectification Work Plan for Cracking Down on Illegal Aesthetic Medical Services (關於印發打擊非法醫療美容服務專項整治工作方案的通知) effective as of the same date, which stipulate that in order to further safeguard the legitimate rights and interests of consumers and protect people's health and life safety, the SAMR, SATCM, NHC, NMPA, CCAC, among others, are scheduled to carry out special rectification work against illegal aesthetic medical services nationwide from June to December 2021. The work tasks mainly include: (i) severely crack down on illegal activities related to aesthetic medical service, (ii) strictly standardize the behavior of aesthetic medical service, (iii) severely crack down on the illegal manufacture, sale of drugs and medical devices, and (iv) seriously investigate and prosecute illegal advertising and internet information.

In June and August 2021, Shinan Aimei Medical Cosmetology Clinic of Qingdao Aimei Medical Cosmetology Co., Ltd and Shanghai Xiuke'er Outpatient Department Co., Ltd was each fined RMB1,000 by Qingdao Health Commission and Shanghai Huangpu District Health Commission, respectively. The fines were imposed as we engaged medical technician (i.e. a registered nurse) to implement treatment activity beyond their specialty, which included the provision of mesotherapy and laser treatments without the presence of a registered physician in the two instances. The acts were carried out by the registered nurses who considered them as qualified to implement relevant treatment activities due to the incorrect understanding of local policies and norms. We have promptly paid the fines imposed under the administrative penalties and has implemented internal policies (including compliance support systems, quality assurance systems, taking steps to review and confirm the qualifications of medical professionals upon them joining the Group and clearly documented duties and obligations for employees working in aesthetic medical service stores as well as subhealth assessment and intervention service stores) in place to minimize the risk of re-occurrence. The Company's PRC Legal Advisors are of the view that the two administrative penalties do not have a material adverse impact on the Company.

Guidelines on the Treatment of False Publicity and Illegal Pricing in the Aesthetic Medical Services Industry

On October 13, 2022, the Bureau of Price Supervision and Inspection and Anti-Unfair Competition of the State Administration for Market Regulation issued the Guidelines on the Treatment of False Publicity and Price Offences in the Aesthetic Medical Services Industry (醫療美容行業虛假宣傳和價格違法行為治理工作指引) (the "**Guidelines**"), to facilitate market supervision department to regulate the false publicity and illegal pricing behaviors of the aesthetic medical services industry in accordance with the Anti-Unfair Competition Law of the PRC (中華人民共和國反不正當競爭法) (the "**Anti-Unfair Competition Law**"), the Pricing Law of the PRC (中華人民共和國價格法) (the "**Pricing Law**") and other relevant provisions.

According to the Guidelines, the business operators in the aesthetic medical services industry shall strictly abide by the Anti-Unfair Competition Law and shall not, in business marketing, make false or misleading representations to cheat or mislead consumers, damage the rights and interests of consumers or other business operators, jeopardize the order of fair competition, including: (i) shall not conduct false commercial publicity of the qualifications and honors of aesthetic medical services industry institutions, the qualifications of physicians and the efficacy of aesthetic medical products in the form of displaying, demonstration, explanation or promotion (the "**False Recommendation Commercial Publicity**") by using conferences, lectures, telephone calls, health consultation, door-to-door sales or other channels; (ii) shall not conduct False Recommendation Commercial Publicity in the business premises or on the occasions of information conferences, promotion meetings, trade fairs, exhibitions or other occasions; (iii) shall not conduct False Recommendation Commercial Publicity by using websites, self-media or other internet methods; (iv) shall not conduct false commercial publicity through false trading, organizing false trading, forging business data and information, false reservation, false panic buying and other marketing methods; (v) shall not conduct false commercial publicity through fabricating user evaluations, enticing users for

favorable comments, using fictitious traffic data such as fictitious numbers of "collections", "followers" and "likes" or other methods; (vi) shall not conduct false commercial publicity and fake marketing interactions through forging public praise by platform recommendations, online copywriting and other ways, or using live streaming in selling goods, fabricating topics, creating false public opinions and other ways; (vii) shall not conduct false commercial publicity through providing information other than the information that must be specified in the packaging, label or manual of aesthetic medical products in accordance with the relevant laws and regulations; (viii) shall not assist others to carrying out the false commercial publicity aforementioned.

Furthermore, it is stipulated in the Guidelines that the aesthetic medical services institutions should comply with the following pricing code of conduct in the provision of aesthetic medical services: (i) shall mark the main service items, service content and price or valuation method in a prominent position in the business premises, and shall mark the price explicitly by using electronic inquiry system; (ii) shall mark the price explicitly which is consistent with the pricing announcement in the business premises on web pages in words, images, etc., in the event of providing aesthetic medical services through WeChat public accounts, websites, etc., (iii) shall not increase the price beyond the listed price and shall not charge any fees not indicated; (iv) shall comply with the standard of clearly marked price if the online trading platform provides a price template for aesthetic medical services; (v) shall not commit price fraud by fictitious original price, false discount and other ways; (vi) shall not use low-price consumables as high-price consumables, shall not raise the fees through dispersing the charge items, repeating the charge, expanding the scope of charges and applying low-price medical items as high-price medical items etc.

Measures for the Supervision and Administration of Pharmaceuticals in Medical Institutions (for Trial Implementation)

The Measures for the Supervision and Administration of Pharmaceuticals in Medical Institutions (for Trial Implementation) (醫療機構藥品監督管理辦法(試行)), promulgated by China Food and Drug Administration (the "**CFDA**") and came into effect on 11 October 2011, stipulate that medical institutions must purchase pharmaceuticals from enterprises qualified for the production or distribution of pharmaceuticals and comply with certain standards in respect of the storage, dispensation and use of such pharmaceuticals. Pharmaceutical preparation dispensed by a medical institution must only be used by and for that medical institution. Medical institutions are prohibited from selling prescription pharmaceuticals to the public by such means as post, online transaction and open-shelf selection.

Laws and Regulations on Medical Personnel of Medical Institutions

Law on Medical Practitioners of the PRC

The Physicians Law of the PRC (中華人民共和國醫師法), promulgated by the Standing Committee of the National People's Congress on 20 August 2021 and came into effect on 1 March 2022, which replaced the Law on Medical Practitioners of the PRC (中華人民共和國執業醫師法), promulgated by the SCNPC on 26 June 1998 and came into effect

on 1 May 1999 and last amended and took effect on 27 August 2009, and both regulations provide that physicians in the PRC must obtain qualification licenses for their medical profession. Qualified physicians and qualified assistant physicians must register with the relevant health administrative authorities at or above the county level. After registration, physicians may practice in their registered institution within the registered practicing categories and practicing scope. On 28 February 2017, the NHFPC promulgated the Administrative Measures for the Registration of Medical Practitioners (醫師執業註冊管理辦法) (the "**Medical Practitioners Registration Measures**"), which became effective on 1 April 2017, further stipulates that medical practitioners shall obtain the Practicing Certificate to practice upon registration, and provide in detail the requirements and procedures for the registration as well as the modifications to be made to such registration upon occurrence of certain prescribed circumstances.

Several Opinions on Accelerating the Development of Medical Institutions with Social Capital and Several Opinions on Promoting and Standardising Multi-Institution Practice of Medical Practitioners

Several Opinions on Accelerating the Development of Medical Institutions with Social Capital (關於加快發展社會辦醫的若干意見), jointly promulgated by the NHFPC and the SATCM and took effect on 30 December 2013, specifically stipulates that multi-institution practices of medical practitioners shall be permitted and relevant authorities should permit the orderly movements of the medical personnel among medical institutions of various sponsorships. The Notice on Printing and Distributing Several Opinions on Promoting and Standardising Multi-Institution 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), jointly issued by the NHFPC, the NDRC, the Ministry of Human Resources and Social Security, the SATCM and the China Insurance Regulatory Commission on 5 November 2014, stipulates that the clinical, dental and traditional Chinese medicine practitioners are allowed to practise in multiple places. According to the Medical Practitioners Registration Measures, for any other institution in which the medical practitioner intends to practise, such medical practitioner shall apply to the health administrative authority for up the practice of such institution for separate recordation in which the name of such institution shall be indicated.

Regulations on Nurses

The Regulations on Nurses (護士條例), promulgated by the State Council on 31 January 2008 and came into effect on 12 May 2008 and last amended and took took effect on 27 March 2020, provide that a nurse must obtain a Nurse's Practicing Certificate (護士執業證書) which is valid for five years in order to practise. The number of practicing nurses on duty at a medical institution shall not be less than the standard number as prescribed by the public health administrative authority of the State Council.

Administrative Measures for the Registration of Practising Nurses

Pursuant to the Administrative Measures for the Registration of Practising Nurses (護士執業註冊管理辦法) promulgated by the MOH on 6 May 2008 and became effective on 12 May 2008 and last amended and took effect on 8 January 2021 by NHC, nurses must register and obtain the Nurse Practising Certificate (護士執業證書) before they practise nursing at the registered practising place. Those who are not registered or have not obtained the Nurse Practising Certificate are not allowed to engage in nursing activities regulated by medical treatment standards.

Laws and Regulations Regarding Anti-Corruption, Anti-Unfair Competition and Anti-Commercial Bribery

The governmental departments of the PRC have formulated the relevant laws and regulations for standardizing the anti-corruption and anti-commercial bribery in medical treatment and health industry. In accordance with the Code of Conduct for Practitioners in Medical Institutions (醫療機構從業人員行為規範), which was promulgated jointly by the MOH, the CFDA and the SATCM on 26 June 2012, the practitioners in medical institutions shall perform their duties honestly, be self-disciplined, and shall abide by medical ethics.

The Anti-Unfair Competition Law of the PRC (中華人民共和國反不正當競爭法) issued by the SCNPC on 2 September 1993 and took effect on 1 December 1993 and last amended and took effect on 23 April 2019, provides certain measures to prevent unfair competition and protect market order, which includes, among others, prohibiting improper prize sale, dumping to crowd out market competitors. Pursuant to the Anti-Unfair Competition Law of the PRC, the business operator shall not bribe any staff of the counterparty, any entity or personnel that entrusted by the counterparty, or influence the entity or personnel of the counterparty using its power, for business opportunity or competitive edge. The regulatory authority may confiscate the income and impose a fine of more than RMB100,000 and less than RMB3 million depending on the seriousness, and revoke the business license in serious case. On 25 April 2021, nine national authorities, including the NHC, the SAMR, the MOFCOM, and the National Healthcare Security Administration, jointly issued the Key Points on Correcting the Malpractices in Purchase and Sale of Medicine and Medical Service in 2021 (2021年糾正醫藥購銷領域和醫療服務中不正之風工作要點) which took effect on the same date, stipulates, among others, that the inspection of invoice issued by medical institution shall be strengthened and severely punish the illegal activities such as commercial bribery to protect the market order.

Laws and Regulations on Medical Malpractice

PRC Civil Code

Pursuant to the PRC Civil Code (中華人民共和國民法典) which was promulgated by the National People's Congress (the "**NPC**") on May 28, 2020 and became effective on January 1, 2021, if a patient suffers damage in the course of diagnosis and treatment and the medical institution or its medical personnel are at fault, the medical institution shall bear the liability for compensation.

Regulations on Handling Medical Malpractice

The Regulations on Handling Medical Malpractice (醫療事故處理條例), which was promulgated by the State Council on 4 April, 2002 and came into effect on 1 September, 2002, provides a legal framework and detailed provisions regarding the prevention, technical identification, disposition, supervision, compensation and penalties of medical malpractice. For the purpose of the regulation, medical malpractice refers to an accident involving personal injury to patients caused by medical institutions or medical personnel due to malpractice as a result of violation of the laws, administrative regulations or departmental rules on medical and health administration, or of standards or procedures of medical treatment.

Regulations on Medical Advertising in the PRC

Advertisement Law of the PRC

The Advertisement Law of the PRC (中華人民共和國廣告法) (the "**Advertisement Law**"), which was promulgated by the SCNPC on 27 October 1994 and became effective on 1 February 1995 and latest amended and took effect on 29 April 2021, provides that advertisements shall not contain false statements nor be deceitful or misleading to consumers. Advertisements legally required to receive censorship, including those that are relating to medical, pharmaceuticals and medical devices, shall be examined by relevant authorities in accordance with relevant rules before being published, and the advertisements shall not be distributed without going through examination. Medical advertisements shall not contain: (i) any assertion or guarantee for efficacy or safety, (ii) any statement on cure rate or effective rate, (iii) comparison with other medical institutions, (iv) use of advertisement endorsers to make endorsements or testimonials; or (v) other items as prohibited by laws and administrative regulations.

Interim Measures for the Administration of Internet Advertisement

The Interim Measures for the Administration of Internet Advertisement (互聯網廣告管理暫行辦法), which was promulgated by the State Administration of Industry and Commerce (the "**SAIC**") on 4 July 2016 and came into effect on 1 September 2016, provides that internet advertisements shall be identifiable and clearly identified as an "advertisement" so that consumers will identify it is as such. Paid search advertisements shall be clearly distinguished from natural search results. It is prohibited to publish advertisements for prescription drugs and tobaccos via the Internet. No advertisement of any medical treatment, medicines, foods for special medical purpose, medical apparatuses, pesticides, veterinary medicines, dietary supplement or other special commodities or services which are subject to review by advertisement examination authorities as stipulated by laws and regulations shall be released unless it has passed such examination.

Administrative Measures on Medical Advertisement

The Administrative Measures on Medical Advertisement (醫療廣告管理辦法), jointly promulgated by the SAIC and the MOH on 27 September 1993, took effect on 1 December 1993, amended on 10 November 2006 and came into effect on 1 January 2007, requires that medical advertisements shall be reviewed by relevant health authorities and obtain a Medical Advertisement Examination Certificate (醫療廣告審查證明) before they may be released by a medical institution. Medical Advertisement Examination Certificate has an effective term of one year and may be renewed upon application.

Regulations on Environmental Protection Related To Medical Institutions

Administrative Measures for Pollutant Discharge Licensing

Administrative Measures for Pollutant Discharge Licensing (排污許可管理辦法), which was promulgated by the State Council on 24 January 2021 and amended took effect on 1 March 2021 stipulate that the enterprises, public institutions and other production operators (the "**pollutant discharge entities**") included in the catalog of classified management of pollutant discharge licenses for stationary pollution sources shall apply for and obtain a pollutant discharge permit as per the prescribed time limit; and those are not included in the catalog are not required to do so for the time of being.

Pursuant to the Classified Management Catalog of Pollutant Discharge Permits for Stationary Sources of Pollution (2019 Edition) (固定污染源排污許可分類管理名錄(2019年版)), which was promulgated by the Ministry of Ecology and Environment on 20 December 2019 and became effective on the same day, a pollutant discharge entity subject to registration management is not required to apply for a pollutant discharge permit. It shall fill in the pollutant discharge registration form on the management information platform of state pollutant discharge permits, and register with its basic information, pollutant discharge route, pollutant discharge standards implemented, pollution prevention, control measures adopted and other information.

Regulations on the Management of Medical Waste and Its Implementation Measures

The Regulations on the Management of Medical Waste (醫療廢物管理條例), promulgated by the State Council on 16 June 2003 and came into effect on the same day and further amended and came into effect on 8 January 2011, and the Implementation Measures for the Management of Medical Waste of Medical and Health Institutions (醫療衛生機構醫療廢物管理辦法), promulgated by the MOH on 15 October 2003 and came into effect on the same day, stipulate that medical institutions must categorise the medical waste in accordance with the Classified Catalogue of Medical Waste (醫療廢物分類目錄) for management purpose and timely deliver medical waste to a medical waste disposal entity approved by the environmental protection administrative department at or above the county level for centralized disposal.

Regulations on Urban Drainage and Sewage Treatment

Enterprises that engage in the activities of industry, construction, catering, and medical treatment, etc. that discharges sewage into urban drainage facilities shall apply to the relevant competent urban drainage department for collecting the permit for discharging sewage into drainage pipelines under relevant laws and regulations, including the Regulations on Urban Drainage and Sewage Disposal (城鎮排水與污水處理條例), which was promulgated on 2 October 2013 and came into force on 1 January 2014, and the Measures for the Administration of Permits for the Discharge of Urban Sewage into the Drainage Network (城鎮污水排入排水管網許可管理辦法), which was promulgated on 22 January 2015 and came into force on 1 March 2015. Drainage entities covered by urban drainage facilities shall discharge sewage into urban drainage facilities in accordance with the relevant provisions of the state. Where a drainage entity needs to discharge sewage into urban drainage facilities, it shall apply for a drainage license in accordance with the provisions of these Measures. The drainage entity that has not obtained the drainage license shall not discharge sewage into urban drainage facilities.

Law on Prevention and Control of Water Pollution of the PRC

Pursuant to the Law on Prevention and Control of Water Pollution of the PRC (中華人民共和國水污染防治法) promulgated by the SCNPC on 11 May 1984 and became effective on 1 November 1984, amended on 15 May 1996 and came into effective on the same day, amended on 28 February 2008 and became effective on 1 June 2008, last amended on 27 June 2017 and became effective on 1 January 2018, the production and operation units must discharge water pollutants in accordance with national and local standards. If the amount of discharged water pollutants exceeds the national or local standards, the production and operation units will be imposed a fine equivalent to an amount between RMB100,000 and RMB1,000,000. In addition, the environmental protection authority is empowered to order the relevant production and operation units to restrict their production, or stop production for rectification, and in serious circumstances, the case will be reported to the competent government with approval authority to impose an order to suspend or shut-down its operation.

Environmental Impact Appraisal

According to the Administration Rules on Environmental Protection of Construction Projects (建設項目環境保護管理條例), which was promulgated by the State Council on 29 November 1998 and came into force on the same date, amended on 16 July 2017 and became effective on 1 October 2017, depending on the impact of the construction project on the environment, an construction employer shall submit an environmental impact report or an environmental impact statement, or file a registration form. As to a construction project, for which an environmental impact report or the environmental impact statement is required, the construction employer shall, before the commencement of construction, submit the environmental impact report or the environmental impact statement to the relevant authority at the environmental protection administrative department for approval. If the environmental impact assessment documents of the construction project have not been examined or approved upon examination by the approval authority in accordance with the law, the construction employer shall not commence the construction.

According to the Environmental Impact Appraisal Law of PRC (中華人民共和國環境影響評價法), which was promulgated by the SCNPC on 28 October 2002, took effect on 1 September 2003, last amended took effect on 29 December 2018, for any construction projects that have an impact on the environment, an entity is required to produce either a report, or a statement, or a registration form of such environmental impacts depending on the seriousness of effect that may be exerted on the environment.

Regulatory Developments on the Aesthetic Medical Services

The PRC government authorities have taken steps to crack down illegal activities in the aesthetic medical industry that the medical institutions may apply when providing aesthetic medical services, including, among others, the promulgation of the Circular on Further Strengthening Comprehensive Regulatory Enforcement in the Aesthetic Medical Industry (關於進一步加強醫療美容綜合監管執法工作的通知) and the Notice of Special Rectification Work Plan for Cracking Down on Illegal Aesthetic Medical Services (關於印發打擊非法醫療美容服務專項整治工作方案的通知). For details, please refer to "Regulations Relating To Medical Services — Regulations on the Aesthetic Medical Services" in this section.

As confirmed by our PRC Legal advisers, our current practice in aesthetic medical services were in compliance with relevant rules and regulations in material respects as of the Latest Practicable Date, and the Company has not been subject to any penalties or administrative measures that have material adverse impact on our business operations in provision of aesthetic medical services during the Track Record Period and up to the Latest Practicable Date. We will continue to take necessary measures, and do not foresee any material impediments, in meeting the relevant compliance requirements under relevant rules and regulations in the PRC, as well as closely monitor the regulatory development and adjust our business operations from time to time to comply with the regulations if needed. On the foregoing basis, our Directors and PRC Legal Advisers are of the view that the regulations in aesthetic medical services, including those recent regulatory updates, will not have a material adverse effect on our business, financial condition, and results of operations, or to proposed [**REDACTED**]. In light of the above and having discussed with the management of the Company, the PRC Legal Advisers and the Industry Consultant of the Company Frost & Sullivan on the aforementioned recent regulatory developments, the Joint Sponsors are of the view that the latest developments on aesthetic medical industry in the PRC as of the Latest Practicable Date would not have any material adverse effect to Company's proposed [**REDACTED**].

REGULATIONS RELATING TO TRADITIONAL BEAUTY SERVICE PROVIDERS

Regulations stipulated below are in relation to the Group's provision of traditional beauty services. For further details of the Company's compliance status of the relevant rules and regulations, please refer to the section headed "Business — Compliance, Licenses and Permits" in this document.

Hygiene Permit

According to the Regulations on Health Management in Public Venues (公共場所衛生管理條例) promulgated by the State Council and took effect on 1 April 1987, last amended on 23 April 2019 and came into effect on the same date, public venues such as hotels, restaurants, barber shops and beauty shops shall apply to the administrative department of public health for a hygiene permit in time, and shall meet certain hygiene and health standards including air and microclimate (humidity, temperature and wind speed), water quality, lighting, noise, customer appliances and sanitary facilities.

Food Operation License

The PRC Food Safety Law (中華人民共和國食品安全法), which issued on 28 February 2009, became effective on 1 June 2009 and most recently amended by the SCNPC and took effect on 29 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 31 August 2015, came into effect on 1 October 2015, and last amended and took effect on 17 November 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.

OTHER REGULATIONS RELATING TO DOING BUSINESS IN CHINA

Regulations stipulated below are in relation to other perspectives of the Group's operation and doing business in China as a whole. For further details of the Company's compliance status of the relevant rules and regulations, please refer to the section headed "Business — Compliance, Licenses and Permits" in this document.

Fire Prevention Design and Acceptance

The Fire Prevention Law of the PRC (中華人民共和國消防法) (the "**Fire Prevention Law**") was adopted on 29 April 1998 and last amended and took effect on 29 April 2021. According to the Fire Prevention Law, for special construction projects stipulated by the housing and urban-rural development authority of the State Council, the developer shall submit the fire safety design documents to the housing and urban-rural development authority for examination, while for construction projects other than those stipulated as special development projects, the developer shall, at the time of applying for the construction permit or approval for work commencement report, provide the fire safety design drawings and technical materials which satisfy the construction needs. According to the Regulations on the Supervision and Administration of Fire Prevention in Construction projects (建設工程消防監督管理規定), which was promulgated by the Ministry of Public Security of the PRC on 17 July 2012 and terminated on 1 June 2020, an examination system for fire prevention design and acceptance only applies to the densely populated places and the special construction projects, and for other projects, a record-filing of fire prevention design and acceptance and spot check system would be applied. According to Interim Regulations on Administration of Examination and

Acceptance of Fire Control Design of Construction Projects (建設工程消防設計審查驗收管理暫行規定), which was promulgated by the Ministry of Housing and Urban-Rural Development on 1 April 2020 and came into effect on 1 June 2020, an examination system for fire prevention design and acceptance only applies to special construction projects, and for other projects, a record-filing and spot check system would be applied. A construction project with one of the following situations shall be deemed as a special construction project: an outpatient building of a hospital with a total floor area of more than 2,500 square meters, or the ward building of a hospital or sanatorium with a total floor area of more than 1,000 square meters, etc.

In addition, the Fire Prevention Law requires that before any public venues that allows the gathering of people are put into business operation, as required according to applicable requirements, the developer or the users shall apply to competent authorities to conduct a fire safety inspection of the premises to obtain the Fire Safety Inspection Certificates.

Laws and Regulations Related To Cybersecurity and Personal Information or Data Protection

Pursuant to the Regulations for Medical Institutions on Medical Records Management (醫療機構病歷管理規定) released on 20 November 2013, and effective from 1 January 2014, the medical institutions and medical practitioners shall strictly protect the privacy information of patients, and 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(試行)) on 5 May 2014, which refers the medical health service information as the population healthcare information, and emphasizes that such information cannot be stored in offshore servers, and servers shall not be hosted or leased outside the territory of mainland China.

On 7 November 2016, the SCNPC promulgated the Cybersecurity Law, which became effective on 1 June 2017. The Cybersecurity Law mainly focuses on the security of network operation and network information. It applies to "Network Operators". "Network Operators" refers to network owners, managers, and network service providers. The Cybersecurity Law requires network operators to comply with laws and regulations and fulfill their obligations to safeguard security of the network when conducting business and providing services. The Cybersecurity Law further requires network operators to take all necessary measures in accordance with applicable laws, regulations and compulsory national requirements to safeguard the safe and stable operation of the networks, respond to cybersecurity incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data. In addition, operators of "Critical Information Infrastructure" ("**CII**") are subject to the Cybersecurity Law. However, the scope of CII is broad, including public communication and information services, power, traffic, water resources, finance, public service, e-government, and other critical information infrastructure which—if destroyed, suffering a loss of function, or experiencing leakage of data—might seriously endanger national security, national welfare, the people's livelihood, or the public interest. The

State Council will formulate the specific scope and security protection measures for critical information infrastructure. The Cybersecurity Law also provides that, to collect and use personal information, network operators shall follow the principles of legitimacy, rightfulness and necessity, disclose rules of data collection and use, clearly express the purposes, means and scope of collecting and using the information, and obtain the consent of the persons whose data is gathered; network operators shall neither gather personal information unrelated to the services they provide, nor gather or use personal information in violation of the provisions of laws and administrative regulations or the scopes of consent given by the persons whose data is gathered; and shall dispose of personal information they have saved in accordance with the provisions of laws and administrative regulations and agreements reached with users; network operators shall not divulge, tamper with or damage the personal information they have collected, and shall not provide the personal information to others without the consent of the persons whose data is collected, except where it has been processed in such a manner that it is impossible to identify a particular individual and the information cannot be recovered.

On 28 May 2020, the National People's Congress adopted the Civil Code of the PRC, which came into effect on 1 January 2021. Pursuant to the Civil Code of the PRC, the personal information of a natural person shall be protected by the law. Any organization or individual shall legally obtain such personal information of others when necessary and ensure the safety of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase or sell, provide or make public personal information of others.

On 10 June 2021, the SCNPC passed the Data Security Law, which became effective as of 1 September 2021. The Data Security Law is broadly applicable to and will impact all operators that engage in the processing of all types of data. The Data Security Law defines data as any record of information in electronic or other forms. The Data Security Law introduces the new concept of national core data-data related to national security, the lifeline of the national economy and people's livelihoods and that is important to major public interests. The Data Security Law further requires that important data will be subject to stricter management and protection requirements. The Data Security Law authorizes the national data security coordination mechanism to coordinate with the relevant departments to formulate an important data catalogue at the national level, and different administrative regions and industrial sectors to formulate their own specific important data catalogues. The Data Security Law imposes a set of data security compliance obligations on entities conducting data processing activities, including: establish comprehensive data security management systems, organize data security trainings, and implement necessary measures to ensure data security; strengthen risk monitoring, promptly notify users and authorities of security incidents and take remedial actions when discovering a security incident or defect; regularly conduct risk assessments.

On 20 August 2021, the SCNPC passed the Personal Information Protection Law,or the PIPL, which took effect on 1 November 2021. The PIPL defines personal information as all kinds of information, recorded by electronic or other means, related to identified or identifiable natural persons, not including information after anonymization. The law mandates additional protections for "sensitive personal information," defined as personal

information that, once disclosed or illegally used, is likely to infringe the human dignity of natural persons or endanger the personal and property safety, including biometrics, religious beliefs, specific identity, medical health, financial accounts, whereabouts and other information, as well as the personal information of minors under the age of 14. When processing "sensitive personal information," processors must only use information necessary to achieve the specified purpose of the collection, adopt strict protective measures, and obtain the data subjects' specific consent. Processing personal information shall follow the principles of legality, legitimacy, necessity, good faith, transparency, and accuracy and completeness, and shall have a clear and reasonable purpose, be directly related to the processing purpose, and adopt the method that has the minimum impact on personal rights and interests. Processors shall take necessary measures to ensure the security of the personal information processed. The PIPL stipulates that processors may process personal information only after obtaining fully informed consent in a voluntary and explicit statement. PIPL mandates that processors keep the personal information only for the shortest period of time necessary to achieve the original purpose of the collection. Except consent, the PIPL also set forth certain legal bases of processing personal information where obtaining consent is unnecessary: where necessary to conclude or fulfill a contract in which the individual is an interested party, or where necessary to conduct human resources management according to lawfully formulated labor rules and structures and lawfully concluded collective contracts; where necessary to fulfill statutory duties and responsibilities or statutory obligations, etc. Processors' obligations under the PIPL also includes: develop internal management systems and operating procedures; implement categorized management of personal information; take appropriate security technical measures such as encryption and de-identification; reasonably determine the operating permission for personal information processing, develop and organize the implementation of emergency plans for personal information security incidents; conduct personal information protection impact assessment in advance under certain circumstances; and take other measures as prescribed by laws and administrative regulations.

On 14 November 2021, the CAC published a discussion draft of Regulations on the Administration of Cyber Data Security (Draft for Comments) (網絡數據安全管理條例(徵求意見稿)) (the "**Draft Data Security Regulations**"), which regulates the specific requirements in respect of the data processing activities conducted by data processors through internet in the view of personal data protection, important data safety, data cross-broader safety management and obligations of internet platform operators. The Draft Data Security Regulations also requires that data processors conducting the following activities shall apply for cybersecurity review: (i) merger, reorganization or division of Internet platform operators that have acquired a large number of data resources related to national security, economic development or public interests affects or may affect national security; (ii) overseas listings of data processors processing over one million users' personal information; (iii) listings in Hong Kong which affects or may affect national security; or (iv) other data processing activities that affect or may affect national security. There have been no clarifications from the authorities as of the Latest Practicable Date as to the standards for determining such activities that "affects or may affect national security". Since the Draft Regulations have not become effective yet, the Draft Regulations (especially its operative provisions) and its anticipated adoption or effective date are subject to further changes with substantial uncertainty.

On January 4, 2022, the CAC and other twelve PRC regulatory authorities jointly revised and promulgated the the Measures for Cybersecurity Review (《網絡安全審查辦法》), or the Cybersecurity Review Measures, which came into effect on February 15, 2022. The Measures for Cybersecurity Review (《網絡安全審查辦法》) which took effect on June 1, 2020 will be abolished at the same time. The Cybersecurity Review Measures requires that critical information infrastructure operators (the "**CIIOs**") that purchase network products and services shall anticipate the potential national security risk of products and services after they enter operation. If they affect or may affect national security, the CIIOs shall apply for cybersecurity review to the Cybersecurity Review Office. On July 30, 2021, the State Council promulgated the Critical Information Infrastructure Security Protection Regulations ("**Critical Information Infrastructure Regulations**"), effective from September 1, 2021. According to Critical Information Infrastructure Regulations, Critical information infrastructure refers to important network infrastructure, information systems, etc., in important industries and sectors such as public telecommunications and information services, energy, transportation, water, finance, public services, e-government, national defense science, technology, and industry, etc., as well as where their destruction, loss of functionality, or data leakage may gravely harm national security, the national economy and people's livelihood, or the public interest. According to the Critical Information Infrastructure Regulations, protection work departments are responsible for organizing the identification of CII within their industries and sectors and notifying operators about the identification results. As of the date of this Document, the responsible authorities had not promulgated any implementation provisions or identification rules of CIIOs and we had not received any notification from relevant regulatory authorities regarding our identification as a CIIO, nor had we been subject to or involved in any cybersecurity review or received any investigation, inquiry, notice, warning or sanctions made by the CAC on such basis. As advised by Tian Yuan Law Firm, the obligation for CIIOs to proactively apply for cybersecurity review shall not be applicable to us as of the date of this Document. In addition, Network Platform Operators holding personal information of more than 1 million users that seek for listing in a foreign country are obliged to apply for a cybersecurity review by the Cybersecurity Review Office. As advised by Tian Yuan Law Firm, given the fact that, we processed personal information of less than 1 million users as of the Latest Practicable Date, as well as the differentiation made by Article 13 of the Draft Regulations by the CAC which clarifies that "[**REDACTED**] in a foreign country" does not include "[**REDACTED**] in Hong Kong", the obligations under the Cybersecurity Review Measures to proactively apply for cybersecurity review by a network platform operator seeking [**REDACTED**] in a foreign country shall not be applicable to the proposed [**REDACTED**] in Hong Kong.

Tian Yuan Law Firm has advised that substantial uncertainties exist with respect to the interpretation and applicability of the Cybersecurity Review Measures and the Draft Regulations on Network Data Security Management, especially the criteria of determining the risks that "affects or may affect national security". Considering the nature of our business, and based on the literal interpretation of the State Security Law and relevant laws and regulations, our Directors and Tian Yuan Law Firm are of the view that, under the Cybersecurity Review Measures and the Draft Regulations on Network Data Security Management, if enacted as its current form, the data collected, stored, used and processed during the course of our business operations and the proposed [**REDACTED**] are unlikely to have a bearing on national security and hence it is unlikely that we will be subject to

cybersecurity review for the proposed [**REDACTED**], nevertheless, it is ultimately subject to the review by regulatory authorities on a case-by-case basis.

Our Directors and Tian Yuan Law Firm are of the view that, they do not foresee any material impediments for us to comply with the Cybersecurity Review Measures in all material respects, on the basis that (i) as of the date of this document, there has been no material cybersecurity, data and personal information protection incidents or infringement upon any third parties, or other administrative or legal proceedings, pending or, to the best of the knowledge of us, threatened against or relating to us; (ii) as of the date of this document, we have not been subject to any material administrative penalties, mandatory rectifications, or other sanctions by any competent regulatory authorities in relation to cybersecurity, data and personal information protection, nor have we been subject to or involved in any investigations, or received any inquiry, examination, warning, interview, or similar actions in such respect by relevant competent regulatory authorities; (iii) we have taken appropriate and necessary internal control measures, policies and procedures that include risk controls involved in the cybersecurity, data and personal information risk management processes, including without limitation, user file archiving management, recovery testing on business system and user interfaces, access control, data backup, database recovery, emergency response mechanism, and vendors management; (iv) we have set up a department responsible for cybersecurity and data protection, which closely monitors the legislative and regulatory development in cybersecurity, data and personal information protection to implement and continually improve our compliance practices to comply with the latest regulatory requirements in such respects, including, among others, the Cybersecurity Review Measures.

Based on the above analysis and as advised by Tian Yuan Law Firm, our Directors are of the view that the Cybersecurity Review Measures would not have a material adverse impact on our business operations and the proposed [**REDACTED**] in Hong Kong on the following basis: (i) as analyzed above that we not foresee any material impediments for us to comply with the Cybersecurity Review Measures in all material respects; (ii) the fact we have not received any objection to the proposed [**REDACTED**] from relevant regulatory authorities, nor have we been involved in any investigation, official inquiry, examination, warning, or similar notice in such respect as of the date of this document; and (iii) if we need to apply for the cybersecurity review according to applicable regulations, we will apply for the cybersecurity review in due course.

On 7 July 2022, the CAC promulgated the Measures on Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》) (the "**Measures on Security Assessment of Cross-border Data Transfer**"), which became effective on 1 September 2022. These Measures outline the requirements and procedures for security assessments on export of important data or personal information collected within the territory of mainland China. More specifically, these Measures provide that any of the circumstances below will require security assessment before any cross-border data transfer out of mainland China can occur: (i) a data processor provides important data out of mainland China; (ii) a critical information infrastructure operator or a data processor processing the personal information of more than one million individuals provides personal information out of mainland China; (iii) a data processor, who has cumulatively provided personal information of 100,000 individuals or sensitive personal information of 10,000 individuals

out of mainland China since January 1 of the previous year, provides personal information out of mainland China; or (iv) under other circumstances as stipulated by the CAC. The data processing entities need to carry out a self-assessment before they can apply through provincial CACs for a security assessment to be carried out and approved by the CAC at the central level.

Regulations on Protection of Consumers

On 25 October 2013, the SCNPC promulgated the Law of the PRC on the Protection of Rights and Interests of Consumers (中華人民共和國消費者權益保護法), effective as of 15 March 2014, which specifies the consumer rights, obligations of business operators, protection of legitimate consumer rights and interests by the state, legal liability of business operators, etc. Particularly, business operators providing goods or services by way of advance payment shall provide goods or services pursuant to the agreement. Where the goods or services are not provided pursuant to the agreement, the business operator shall perform the agreement as required by the consumer or refund the advance payment and bear the interest on advance payment and reasonable expenses incurred by the consumer.

Regulations Relating to Pricing

In China, the prices of a few numbers of products and services are set by the government. According to Pricing Law of the PRC (中華人民共和國價格法), or the Pricing Law, promulgated on December 29, 1997, which became effective on May 1, 1998, operators must, as required by the government departments in charge of pricing, mark the prices explicitly and indicate the service items, pricing structures and other related standards clearly. Operators may not charge any fees that are not explicitly indicated. Operators must not commit unlawful pricing activities, such as colluding with others to manipulate the market price, using false or misleading prices to deceive consumers, or conducting price discrimination against other business operators. Failure to comply with the Pricing Law may subject business operators to administrative sanctions such as warning, ceasing unlawful activities, requiring compensation, confiscating illegal gains, fines. The business operators may be ordered to suspend business for rectification or having their business licenses revoked if the violations are severe.

Laws and Regulations Related to Intellectual Property Rights

Trademark

Pursuant to the Trademark Law of the PRC (中華人民共和國商標法) which became effective on 1 March 1983, and was last amended on 23 April 2019 and took effect on 1 November 2019, and the Regulation for the Implementation of Trademark Law of the PRC (中華人民共和國商標法實施條例) which became effective on 15 September 2002 and was amended on 29 April 2014 and took effect on 1 May 2014, the Trademark Office of the administrative department for industry and commerce under the State Council is responsible for the registration and administration of trademarks in the PRC. A trademark registrant enjoys an exclusive right to the trademark. A trademark registrant may, by entering into a trademark licensing contract, license another party to use its registered

trademark. Where another party is licensed to use a registered trademark, the licenser shall report the license to the Trademark Office for recordation, and the Trademark Office shall publish the same. An unrecorded license may not be used as a defence against a third party in good faith.

Patents

According to the Patent Law of the PRC (中華人民共和國專利法), promulgated by the SCNPC on 12 March 1984, took effect on 1 April 1985, last amended on 17 October 2020 and came into effect on 1 June 2021 and the Implementing Rules of the Patent Law of the PRC (中華人民共和國專利法實施細則), promulgated by the China Patent Bureau Council on 19 January 1985, and last amended on 9 January 2010 by State Council and came into effect on 1 February 2010, the term "invention-creations" refers to inventions, utility models and designs. The duration of a patent right for inventions shall be 20 years, the duration of a patent right for utility models shall be 10 years and the duration of a patent right for design shall be 15 years, all commencing from the filing date. In the event that a dispute arises due to a patent being exploited without the prior authorization of the patentee, that is to say an infringement upon the patent right of the patentee.

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 Industry and Information Technology of the PRC on 24 August 2017 and came into effect on 1 November 2017, the Ministry of Industry and Information Technology of the PRC is responsible for supervision and administration of domain name services in the PRC. Communication administrative bureaus at provincial levels shall conduct supervision and administration of the domain name services within their respective administrative jurisdictions. 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.

Laws and Regulations Related to Foreign Investment in the PRC

Foreign Invested Entities and Foreign Investment

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 SCNPC, on 29 December 1993, effective from 1 July, 1994 and most recently amended on 26 October 2018. The PRC Company Law shall apply to foreign-invested companies unless laws on foreign investment have other stipulations.

On 15 March 2019, 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 1 January 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.

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.

Interim Administrative Measures on Sino-Foreign Equity Medical Institutions and Sino-Foreign Cooperative Medical Institutions

The Interim Administrative Measures on Sino-Foreign Equity Medical Institutions and Sino-Foreign Cooperative Medical Institutions (中外合資、合作醫療機構管理暫行辦法), which was promulgated by MOH and the Ministry of Foreign Trade and Economic Cooperation on 15 May 2000 and came into effect on 1 July 2000, allow foreign investors to partner with Chinese entities to establish a medical institution in China by means of equity joint venture or cooperative joint venture. Establishment of equity joint venture or cooperative joint venture shall meet certain requirements, including the total investment sum shall not be less than RMB20 million and the equity percentage of the Chinese partner in the joint venture shall not be less than 30%. Establishment of equity joint venture or cooperative medical institutions shall be subject to approval by relevant authorities.

Regulations Relating to the Importation and Exportation of Goods

According to the Administrative Provisions of the Customs of the People's Republic of China on the Filing of Customs Declaration Entities (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs of China, or GACC, on November 19, 2021 and took effect on January 1, 2022, customs declaration entities may conduct customs declaration business within the customs territory of the PRC and customs declaration entities refer to consignees or consignors of imported or exported goods or customs declaration enterprises that have filed for record with the Customs in accordance with the provisions. Such consignors or consignees or customs declaration enterprises shall obtain market entity qualifications and in the case of consignors or consignees applying for record-filing, they shall also complete the record-filing formalities for foreign trade dealers.

Regulations on the Management of Lease Housing

Administrative Measures on Leasing of Commodity Housing

Pursuant to (i) the Law on Administration of Urban Real Estate of the PRC (中華人民共和國城市房地產管理法), promulgated by the SCNPC on 5 July 1994 and was amended on 27 August 2009 and 26 August 2019 and took effect on 1 January 2020, and (ii) the Administrative Measures on Leasing of Commodity Housing (商品房屋租賃管理辦法), promulgated by the Ministry of Housing and Urban-Rural Development on 1 December

2010 and came into effect on 1 February 2011, when leasing premises, the lessor and lessee are required to enter into a written lease contract, containing such provisions as the leasing term, use of the premises, rental and repair liabilities, and other rights and obligations of both parties. Both lessor and the lessee shall complete property leasing registration and filing formalities within 30 days from the execution of the property lease contract with the real estate administration department where the leased property is located. If the lessor and lessee fail to go through the registration and filing procedures, both lessor and lessee may be subject to fines.

Laws and Regulations Related to Labour Protection

According to the (i) Labour Law of the PRC (中華人民共和國勞動法) took effect on 1 January 1995 and last amended on and took effect on 29 December 2018, (ii) the Labour Contract Law of the PRC (中華人民共和國勞動合同法) took effect on 1 January 2008 and last amended on 28 December 2012 and took effect on 1 July 2013, and (iii) the Regulations on the Implementation of the Labour Contract Law of the PRC (中華人民共和國勞動合同法實施條例) issued and became effective on 18 September 2008, an employer must enter into a written labour contract with any employees and the wage or salary must not be lower than the local minimum wage or salary. In addition, an employer must establish a system related to occupation health and safety, provide job training for employees to avoid occupational hazards and protect the rights of employees. When an employer recruits any employees, such employer must inform the employees of the work content, work conditions, work place, occupational hazards, safety conditions and labour compensations.

According to (i) the Social Insurance Law of the PRC (中華人民共和國社會保險法), which was implemented on 1 July 2011 and amended and took effect on 29 December 2018, (ii) the Provisional Regulations on Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例), issued and took effect on 22 January 1999 and revised and took effect on 24 March 2019, (iii) the Provisional Measures on Maternity Insurance of Enterprise Employees (企業職工生育保險試行辦法), issued on 14 December 1994 and took effect 1 January 1995, (iv) the Regulations on Unemployment Insurance (失業保險條例), issued and effective on 22 January 1999, and (v) the Regulations on Work Related Injuries Insurance (工傷保險條例), took effect on 1 January 2004 and amended on 20 December 2010 and took effect on 1 January 2011, an employer must make contributions to a number of social security funds for its employees, including the basic pension insurance, basic medical insurance, maternity insurance, unemployment insurance and work-related injury insurance. According to the Regulations on Management of Housing Provident Fund (住房公積金管理條例), took effect on 3 April 1999 and last amended and took effect on 24 March 2019, an employer must open a housing fund account with the department responsible for the management of housing fund for its employees and make contributions to such housing fund.

Laws and Regulations Related to Taxation

Enterprise Income Tax

According to (i) the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得税法) (the "**EIT Law**"), which was promulgated by the National People's Congress on 16 March 2007 and came into effect on 1 January 2008, and further amended on 24 February 2017 and last amended and took effect on 29 December 2018, and (ii) the Implementation Regulations on the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得税法實施條例) (the "**PRC EIT Rules**"), which was promulgated by the State Council on 6 December 2007 and came into effect on 1 January 2008 and last revised and took effect on 23 April 2019, the tax rate for both domestic-funded enterprises and foreign-invested enterprises is 25%. Under the EIT Law and PRC EIT Rules, enterprises are classified as either "resident enterprises" or "non-resident enterprises". Enterprises established outside the PRC whose "de facto management bodies" are located in the PRC are considered "resident enterprises" and subject to the uniform 25% PRC EIT rate for their global income. According to the PRC EIT Rules, a "de facto management body" refers to a managing body that exercises, in substance, overall management and control over the manufacture and business, personnel, accounting and assets of an enterprise. Dividends, bonuses and other equity investment proceeds distributed between qualified resident enterprises shall be tax-free income, excluding the dividends, bonuses and other equity investment proceeds obtained by continuously holding the shares publicly issued and listed and circulating by resident enterprises for less than 12 months.

The EIT Law provides that a non-resident enterprise refers to an entity established under foreign law whose "de facto management bodies" are not within the PRC but which have an establishment or place of business in the PRC, or which do not have an establishment or place of business in the PRC but have income sourced within the PRC. PRC EIT Rules provide that after 1 January 2008, an income tax rate of 10% will normally be applicable to dividends declared to non-resident enterprise investors which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with such establishment or place of business, to the extent such dividends are derived from source within the PRC. Pursuant to the Notice on the Several Issues of the Implementation of Dividend Clauses in Tax Treaty (國家税務總局關於執行税收協定股息條款有關問題的通知), which was promulgated by the SAT and came into effect on 20 February 2009, the income tax on the dividends may be reduced pursuant to a tax treaty between the PRC and the jurisdiction in which the non-resident enterprise investors is located if the non-resident enterprise investor is determined by the competent PRC tax authority to have satisfied relevant conditions and requirements.

The Announcement on Several Issues Concerning the Enterprise Income Tax on Indirect Transfer of Assets by Non-Resident Enterprises (關於非居民企業間接轉讓財產企業所得税若干問題的公告) (the "**SAT Circular 7**") was issued by the SAT on 3 February 2015 and last amended on 29 December 2017, provides comprehensive guidelines heightening the PRC tax authorities' scrutiny on, indirect transfers by a non-resident enterprise of assets, including assets of organizations and premises in PRC, immovable property in the PRC, equity investments in PRC resident enterprises. On 17 October 2017, the SAT issued

the Announcement on Issues Relating to Withholding at Source of Income Tax of Non-resident Enterprises (關於非居民企業所得稅源泉扣繳有關問題的公告), which took effect on 1 December 2017 and amended on 15 June 2018, the balance after deducting the equity net value from the equity transfer income shall be the taxable income amount for equity transfer income.

Under the SAT Circular 7 and the Law of the PRC on the Administration of Tax Collection (中華人民共和國稅收徵收管理法), which was promulgated by the SCNPC on 4 September 1992, took effect on 1 January 1993 and last amended and took effect on 24 April 2015, in the case of an indirect transfer, entities or individuals obligated to pay the transfer price to the transferor shall act as withholding agents. If they fail to make withholding or withhold the full amount of tax payable, the transferor of equity shall declare and pay tax to the relevant tax authorities within seven days from the occurrence of tax payment obligation.

Tax Treaties

According to the Treaty on the Avoidance of Double Taxation and Tax Evasion between Mainland and Hong Kong (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排)(the "**Tax Treaty**") entered into between Mainland China and HKSAR on 21 August 2006, if the non-PRC parent company of a PRC enterprise is a Hong Kong resident which beneficially owns 25% or more interest in the PRC enterprise, the 10% withholding tax rate applicable under the EIT Law may be lowered to 5% for dividends once approvals have been obtained from the relevant tax authorities.

Pursuant to the Notice on the Several Issues of the Implementation of Dividend Clauses in Tax Treaty (國家稅務總局關於執行稅收協定股息條款有關問題的通知), which was promulgated by the SAT and came into effect on 20 February 2009, the non-resident taxpayer or the withholding agent is required to obtain and keep sufficient documentary evidence proving that the recipient of the dividends meets the relevant requirements for enjoying a lower withholding tax rate under a tax treaty. Pursuant to the Administrative Measures for Tax Treaty Treatment for Non-resident Taxpayers (非居民納税人享受税收協定待遇管理辦法), which was promulgated by the SAT on 27 August 2015 and amended on 15 June 2018, and further replaced by the Administrative Measures on Non-resident Taxpayers Enjoying Treaty Benefits (國家稅務總局關於發佈《非居民納稅人享受協定待遇管理辦法》的公告), which took effect on 1 January 2020, any non-resident taxpayer satisfying the conditions for enjoying the tax treaty treatment may be entitled to the tax treaty treatment on its own when filing a tax return or making a withholding declaration through a withholding agent, subject to the subsequent administration by the tax authorities.

The Announcement of the State Administration of Taxation on Issues Relating to "Beneficial Owner" in Tax Treaties (國家稅務總局關於稅收協定中"受益所有人"有關問題的公告) issued by the SAT on 3 February 2018 and came into effect on 1 April 2018, provides that the "beneficial owner" shall mean a person who has the ownership and control over the income and the rights and property from which the income is derived. When an individual who is a resident of the treaty counterparty derive dividend income from the PRC, the individual may be determined as a "beneficial owner".

Value-Added Tax

The Interim Provisions on Value-added Tax of the PRC (中華人民共和國增值税暫行條例), which was promulgated by the State Council on 13 December 1993, came into effect on 1 January 1994, and last amended and took effect on 19 November 2017, and the Implementing Rules of the Interim Provisions on Value-added Tax of the PRC (中華人民共和國增值税暫行條例實施細則), promulgated by the MOF and became effective on 25 December 1993, and last amended on 28 October 2011 and took effect on 1 November 2011, set out that all taxpayers selling goods or providing processing, repairing or replacement services and importing goods in the PRC shall pay a value-added tax. The tax rate for taxpayers engaging in the sales of goods, labour services, tangible movables lease services or the importation of goods shall be 17% and the tax rate for sales of services and intangible assets shall be 6%, unless otherwise stipulated.

According to the Trial Scheme for the Conversion of Business Tax to Value-added Tax (營業税改徵增值税試點方案), which was promulgated by the MOF and the SAT on 16 November 2011, the government launched gradual taxation reforms starting from 1 January 2012, whereby it collected value-added tax in lieu of business tax on a trial basis in regions and industries showing strong economic performance, such as transportation and certain modern service industries.

Furthermore, according to the Notice of the Ministry of Finance and the State Administration of Taxation on Overall Implementation of the Pilot Program of Replacing Business Tax with Value-added Tax (財政部、國家税務總局關於全面推開營業税改徵增值税試點的通知), promulgated on 23 March 2016, took effect on 1 May 2016 and amended on 11 July 2017 and 20 March 2019, respectively, all business tax payers in consumer service industry shall pay value-added tax in lieu of business tax from 1 May 2016 and the medical service provided by the medical institution could be the exempted from value-added tax.

Laws and Regulations Over Foreign Exchange

The Regulations on the Control of Foreign Exchange of the PRC (中華人民共和國外匯管理條例), which was promulgated by the State Council on 29 January 1996, became effective on 1 April 1996 and was last amended and took effect on 5 August 2008, set out that foreign exchange receipts of domestic institutions or individuals may be remitted back to the PRC or deposited abroad and that SAFE shall specify the conditions relating to the requirements, time periods and other aspects of such remittance and deposits in accordance with the international receipts, payments status and requirements of foreign exchange administration. Domestic institutions or individuals that make direct investments abroad or are engaged in the distribution or sale of valuable securities or derivative products overseas shall register according to SAFE regulations. Such institutions or individuals subject to prior approval or record-filing with other competent authority shall complete the required approval or record-filing prior to foreign exchange registration. The exchange rate for RMB follows a managed floating exchange rate system based on market demand and supply.

The Regulations on the Administration of the Settlement, Sale and Payment of Foreign Exchange (結匯、售匯及付匯管理規定), which was promulgated by the People's Bank of China on 20 June 1996 and came into effect on 1 July 1996, provides that foreign exchange earnings under the current account of FIEs may be retained to the fullest extent specified by the relevant foreign exchange bureau. Any portion in excess of such amount shall be sold to a designated foreign exchange bank or through a foreign exchange swap centre.

On 30 March 2015, the SAFE promulgated the Notice on Reforming the Mode of Management of Settlement of Foreign Exchange Capital of Foreign-Funded Enterprises (關於改革外商投資企業外匯資本金結匯管理方式的通知) (the "**Circular 19**"), which came into effect on 1 June 2015. According to Circular 19, the foreign exchange capital of FIEs shall be subject to the discretional foreign exchange settlement (the "**Discretional Foreign Exchange Settlement**") and its proportion is temporarily determined as 100%. Furthermore, Circular 19 stipulates that the use of capital by FIEs shall follow the principles of authenticity and self-use within the business scope of enterprises. The capital of an FIE and capital in RMB obtained by the FIE from foreign exchange settlement shall not be used for certain purposes as prescribed in the Circular 19. On 9 June 2016, the SAFE promulgated the Circular on Reforming and Regulating Policies on the Management of the Settlement of Foreign Exchange of Capital Accounts (關於改革和規範資本項目結匯管理政策的通知) (the "**SAFE Circular 16**"). The SAFE Circular 16 unifies policies on discretionary settlement of foreign exchange receipts under capital accounts of domestic institutions.

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 took effect on 4 July 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 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 report 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 13 February 2015, took effect on 1 June 2015 and partially abolished in 30 December 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.

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 MOFCOM and other 5 departments on 8 August 2006 and subsequently amended on 22 June 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 MOFCOM.

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.

Laws and Regulations Related to Dividend Distribution

The principal regulation governing distribution of dividends of foreign-invested enterprises is the PRC Company Law (中華人民共和國公司法), which was issued by SCNPC on 29 December 1993, took effect on 1 July 1994 and last amended and took effect on 26 October 2018. Under the PRC Company Law, wholly foreign-owned enterprises in China may pay dividends only out of their accumulated after-tax profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, wholly foreign-owned enterprises in China are required to allocate at least 10% of their respective accumulated profits each year, if any, to fund statutory reserve funds, unless the statutory reserve funds have reached 50% of the registered capital of the enterprises. Wholly foreign-owned enterprises may allocate a portion of their after tax profits based on PRC accounting standards to fund their discretionary reserve funds after they have drawn statutory reserve funds from the after-tax profits, these reserve funds are not distributable as cash dividends.