PRC REGULATIONS

Regulations Relating to Foreign Investment

The establishment, operation and management of companies in the PRC are mainly governed by the Company Law of the PRC (《中華人民共和國公司法》) (the "**Company Law**"), which was issued by the SCNPC and was last amended in October 2018. The Company Law applies to both PRC domestic companies and foreign-invested companies. The investment activities in the PRC of foreign investors are also governed by the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》(the "**Foreign Investment Law**"), which was approved by the National People's Congress of China in March 2019 and took effect on 1 January 2020. Along with the Foreign Investment Law, the Implementing Rules of Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) promulgated by the State Council and the Interpretation of the Supreme People's Court on Several Issues Concerning the Application of the Foreign Investment Law《最高人民法院關於適用〈中華人民共和國外商投資法〉若干問題的解釋》) promulgated by the Supreme People's Court became effective on 1 January 2020. Pursuant to the Foreign Investment Law, the term "foreign investments" refers to any direct or indirect investment activities conducted by any foreign investor in the PRC, including foreign individuals, enterprises or organisations; such investment includes any of the following circumstances: (i) any foreign investor establishing foreign-invested enterprises in the PRC solely or jointly with other investors, (ii) any foreign investor acquiring shares, equity interests, property portions or other similar rights and interests thereof within the PRC, (iii) any foreign investor investing in new projects in the PRC solely or jointly with other investors, and (iv) other forms of investments as defined by laws, regulations, or as otherwise stipulated by the State Council.

Pursuant to the Foreign Investment Law, the State Council shall promulgate or approve a list of special administrative measures for access of foreign investments. The Foreign Investment Law grants treatment to foreign investors and their investments at the market access stage which is no less favourable than that given to domestic investors and their investments, except for the investments of foreign investors in industries deemed to be either "restricted" or "prohibited". The list of industries in these two categories is sometimes referred to as the "negative list". The Foreign Investment Law provides that foreign investors may not invest in the prohibited industries and must meet such requirements as stipulated for making investment in restricted industries. The most recent list of restricted and prohibited industries can be found in the Special Management Measures (Negative List) for the Access of Foreign Investment (2021 version) (《外商投資准入特別管理措施(負面清單) (2021年版)》) (the "**2021 Negative List**"), which was promulgated by the NDRC and the MOFCOM and took effect from 1 January 2022. Industries that are not restricted or prohibited are generally open for foreign investments unless specifically restricted by other PRC Laws. Compared with the Special Management Measures (Negative List) for the Access of Foreign Investment (2020 Version) (《外商投資准入特別管理措施(負面清單)(2020年版)》), or the 2020 Negative List, the main changes under the 2021 Negative List include, among other things, the overseas securities **[REDACTED]** and listing of a domestic enterprise shall be subject to the review and approval by the relevant regulatory authorities, if such domestic enterprise engages in the business area prohibited from foreign investment under the 2021 Negative List. Article 6 of the Interpretation Note of the 2021 Negative List (the "**Article 6 of the 2021 Negative List**"), which is newly promulgated, provides that, if a domestic company conducts business in the prohibited areas from foreign investment under the 2021 Negative List seeks to issue and list its shares overseas, (i) it shall complete the examination process and obtain approval by the relevant competent authorities; (ii) foreign investors shall not participate in the operation and management of such company; and (iii) foreign investors' shareholding percentage shall be subject to the relevant provisions on the administration or regulation of domestic securities investment by foreign

investors. In a press conference held by the NDRC on January 18, 2022, a spokesperson made it clear that Article 6 of the 2021 Negative list shall only apply to the situations where a domestic enterprise seeks a direct overseas securities **[REDACTED]** and listing. Therefore, our Directors and our PRC Legal Adviser are of the view that the requirements stipulated in Article 6 of the 2021 Negative list are currently not applicable to the overseas listing by an overseas company with a VIE structure. Taking into account the above, as well as based on the independent due diligence conducted by the Sole Sponsor, nothing has come to the Sole Sponsor's attention that would cause the Sole Sponsor to disagree with the Directors' view.

The Foreign Investment Law and its implementing rules also provide several protective rules and principles for foreign investors and their investments in the PRC, including, among others, local governments shall abide by their commitments to the foreign investors; foreign-invested enterprises are allowed to issue stocks and corporate bonds; except for special circumstances, in which case statutory procedures shall be followed and fair and reasonable compensation shall be made in a timely manner; expropriation or requisition of the investment of foreign investors is prohibited; mandatory technology transfer is prohibited; and the capital contributions, profits, capital gains, proceeds out of asset disposal, licencing fees of intellectual property rights, indemnity or compensation legally obtained, or proceeds received upon settlement by foreign investors within the PRC, may be freely remitted inward and outward in RMB or a foreign currency. Also, foreign investors or the foreign investment enterprise will have legal liabilities imposed for failing to report investment information in accordance with the requirements. Furthermore, the Foreign Investment Law provides that foreign-invested enterprises established prior to the effectiveness of the Foreign Investment Law may maintain their legal form and structure of corporate governance within five years after 1 January 2020.

Pursuant to the Foreign Investment Law and the implementing rules, and the Information Reporting Measures for Foreign Investment (《外商投資信息報告辦法》) jointly promulgated by the MOFCOM and the SAMR, which took effect on 1 January 2020, a foreign investment information reporting system shall be established and foreign investors or foreign-invested enterprises shall report investment information to competent commerce departments of the government through the enterprise registration system and the enterprise credit information publicity system, and the administration for market regulation shall forward the above investment information to the competent commerce departments in a timely manner.

On 19 December 2020, the NDRC and the MOFCOM promulgated the Security Review Measures for Foreign Investments (《外商投資安全審查辦法》), which took effect on 18 January 2021. Under the Foreign Investment Security Review Measures, foreign investments in military, national defence-related areas or in locations in proximity to military facilities, or foreign investments that would result in acquiring the actual control of assets in certain key sectors, including cultural products and services, IT, Internet products and services, financial services and technology sectors etc., are required to obtain approval from designated governmental authorities in advance. Although the term "actual control" is not clearly defined under the Foreign Investment Security Review Measures, it is possible that control through contractual arrangement may be regarded as a form of actual control and therefore requires approval from the competent governmental authority. As the Foreign Investment Security Review Measures were recently promulgated, there are great uncertainties with respect to its interpretation and implementation. Accordingly, there are substantial uncertainties as to whether our Contractual Arrangements may be deemed as a method of foreign investment in the future.

Regulations Relating to Value-Added Telecommunications Services

The Telecommunications Regulations of the PRC (《中華人民共和國電信條例》), promulgated on 25 September 2000 by the State Council and last amended in February 2016, provides the regulatory framework for telecommunications service providers in China. Under the Telecommunications Regulations, a telecommunications service provider is required to procure operating licences from the MIIT, or its provincial counterparts, prior to the commencement of its operations, otherwise such operator might be subject to sanctions, including corrective orders and warnings from the competent administration authority, fines and confiscation of illegal gains. In the case of serious violations, the operator's websites may be ordered to be closed.

The Telecommunications Regulations categorise the telecommunication services in the PRC as either basic telecommunications services or value-added telecommunications services, and value-added telecommunications services are defined as telecommunications and information services provided through public network infrastructures. The Administrative Measures for Telecommunications Business Operating Licence (《電信業務經營許可管理辦法》), promulgated by the MIIT in July 2017, set forth more specific provisions regarding the types of licences required to operate value-added telecommunications services (the "**VAT Licence**"), the qualifications and procedures for obtaining the licences, and the administration and supervision of these licences. A commercial operator of value-added telecommunication services must first obtain a VAT Licence. There are two varieties of VAT Licence, one for services within a single province and one for services across multiple provinces. Furthermore, any telecommunication services operator may only conduct a telecommunication business of the type and within the scope of business as specified in its VAT Licence.

Pursuant to a catalogue that was issued as an appendix to the Telecommunications Regulations (《電信業務分類目錄》), as last amended by the MIIT in June 2019, the first category of value-added telecommunications services is divided into four subcategories: the Internet Data Centre Services, the Content Delivery Network Services, the Domestic Internet Protocol Virtual Private Network Services and the Internet Access Services. The second category of value-added telecommunications services includes, among others, the online data processing and transaction processing services and internet information services. Telecommunication services operators engaged in different categories of value-added telecommunications services must obtain the corresponding VATS Licences.

In addition, the Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》) (the "**Internet Measures**"), which were promulgated by the State Council in September 2000 and amended in January 2011, classify internet information services into commercial internet information services, which refers to the provision, with charge of payment, of information or website production or other service activities to online users via the internet, and non-commercial internet information services, which refers to the provision, free of charge, of information that is in the public domain and openly accessible to online users via the internet. The measures require that a provider of commercial internet information services shall obtain a VAT Licence for internet information services, often referred to as an ICP Licence, and a provider of non-commercial internet information services shall carry out record-filing procedures with the provincial level counterparts of the MIIT.

According to the 2021 Negative List and the Administrative Regulations on the Foreign-invested Telecommunications Enterprises (《外商投資電信企業管理規定》), which were most recently amended by the State Council on 29 March 2022, officially promulgated on 7 April 2022, and took effect from May 1, 2022, as for the value-added telecommunications business types which fall within

PRC's commitment to the WTO, the ultimate capital contribution percentage by foreign investor(s) in a foreign-invested value-added telecommunications enterprise shall not exceed 50%, except as otherwise stipulated by the state. In particular, from May 1, 2022, the amended Administrative Regulations on Foreign-Invested Telecommunications Enterprises cancelled the qualification requirement on the primary foreign investor in a foreign invested value-added telecommunications enterprise for having a good track record and operational experience in the value-added telecommunications industry as stipulated in the previous version.

In addition, the provision of commercial internet information services on mobile internet applications is regulated by the Administrative Provisions on Information Services of Mobile Internet Applications (《移動互聯網應用程序信息服務管理規定》), which was promulgated by the CAC on 28 June 2016 and amended on 1 August 2022. The information service providers of mobile internet applications are subject to requirements under these provisions, including acquiring the qualifications required by laws and regulations and being responsible for information security.

Regulations Relating to Pharmaceutical Operation

In September 1984, the SCNPC promulgated the Drug Administration Law of the PRC (《中華人民共和國藥品管理法》) (the "**Drug Administration Law**"), which was amended in 2001, 2013, 2015 and 2019 respectively to regulate all entities or individuals engaging in research, manufacture, operation, use, supervision and management of drugs within the PRC. According to the Drug Administration Law, no pharmaceutical operation, including pharmaceutical whole sale and pharmaceutical retail business, is permitted without obtaining the Pharmaceutical Operation Licence. If the trading of drugs is conducted without a Pharmaceutical Operation Licence, the illegal incomes by selling drugs shall be confiscated and the local Food and Drug Administration (the "**FDA**", which is now known as the Medical Products Administration, or the "**MPA**"), shall impose the fine ranging from 15 to 30 times of the value of the illegally sold drugs (including sold or unsold drugs). The Implementation Rules for the Drug Administration Law of the PRC (《中華人民共和國藥品管理法實施條例》), was promulgated by the State Council in August 2002 and amended in 2016 and 2019, which emphasised the detailed implementation rules of drugs administration. The SFDA promulgated the Measures for the Administration of Pharmaceutical Operation Licence (《藥品經營許可證管理辦法》) in February 2004 as amended in 2017, which stipulates the procedures for applying the Pharmaceutical Operation Licence and the requirements and qualifications for pharmaceutical wholesalers or pharmaceutical retailers with respect to their management system, personnel, facilities and etc. The valid term of the Pharmaceutical Operation Licence is five years and shall be renewed through application six months prior to its expiration date. On 9 May 2022, the NMPA published the draft Implementation Rules for the Drug Administration Law of the PRC (Draft for Comments)《中華人民共和國藥品管理法實施條例（修訂草案徵求意見稿）》for public comments. Pursuant to such draft rules, an enterprise engaged in drug online sales activities be a legally established drug marketing authorisation holder or a licensed drug distributor, and a third-party platform operator shall not directly participate in online drug sales activities. As of the Latest Practicable Date, there have been no further clarifications from the PRC governmental authorities as to the standards for determining or interpreting the direct participation of third-party platforms in online drug sales activities. It is still uncertain when the final version of such draft rules will be issued and take effect, how they will be enacted, interpreted or implemented, and whether they will affect us at that time.

According to the Measures on Prescription Drugs and OTC Drugs Classification Management (Trial) (《處方藥與非處方藥分類管理辦法(試行)》) and the Interim Provisions on the Circulation of

Prescription and OTC Drugs (《處方藥與非處方藥流通管理暫行規定》), which were both promulgated by the State Drug Administration, which was restructured and integrated into the SFDA, and became effective in January 2000, drugs are divided into prescription drugs and over-the-counter drugs, or OTC drugs. For prescription drugs, the dispensing, purchase and use can only be based on the prescription issued by the certified medical practitioner or certified medical assistant practitioner. In addition, the prescription drugs can only be advertised and promoted in professional medical magazines. OTC drugs, on the other hand, are further divided into Class A and Class B and they both can be purchased and used without a prescription and promoted in public upon approval by the relevant governmental authorities. The pharmaceutical wholesale enterprises distributing prescription drugs and/or OTC drugs, as well as pharmaceutical retail enterprises selling prescription drugs and/or Class-A OTC drugs are required to obtain the Pharmaceutical Operation Licence.

According to the Administrative Measures for the Supervision and Administration of Circulation of Pharmaceuticals (《藥品流通監督管理辦法》), promulgated by the SFDA in January 2007 and effective in May 2007, pharmaceutical manufacture and operation enterprises and medical institutions shall be responsible for the quality of pharmaceuticals they manufacture, provide or use. The operation of prescription drugs is highly regulated under these rules. Prescription drugs may not be sold by pharmaceutical retail enterprises without valid prescriptions and an enterprise in violation of such restriction will be instructed to rectify any violation, given a disciplinary warning, and/or imposed a fine of no more than RMB1,000.

On 26 December 2016, eight government departments (including the CFDA) issued the Notice on Opinions on the Implementation of the "Two Invoice System" in Drug Procurement by Public Medical Institutions (Trial) (《關於在公立醫療機構藥品採購中推行"兩票制"的實施意見(試行)》) (the "**Two Invoice System Notice**"). On 24 January 2017, the General Office of the State Council further promulgated the Several Opinions on Further Reform and Improvement in Policies of Drug Production, Circulation and Use (《關於進一步改革完善藥品生產流通使用政策的若干意見》). According to these rules, a two-invoice system is encouraged to be gradually and fully adopted for drug procurement by 2018. The two-invoice system generally requires a drug manufacturer to issue only one invoice to its distributor, followed by the distributor issuing a second invoice directly to the end customer hospital. Only one distributor is permitted to distribute drug products between the manufacturer and the hospital. The system also encourages manufacturers to sell drug products directly to hospitals. Pharmaceutical manufacturers and distributors who fail to implement the two-invoice system may be disqualified from attending future bidding events or providing distribution for hospitals and blacklisted for drug procurement practices. Public medical institutions undertake the obligation to verify the consistency between invoices, goods and records before they store and use drugs. Furthermore, On 5 March 2018, the National Health and Family Planning Commission and five other government organisations promulgated the Notice on Consolidating the Achievements of Cancelling Drug Markups and Deepening Comprehensive Reforms in Public Hospitals (《關於鞏固破除以藥補醫成果持續深化公立醫院綜合改革的通知》). On 19 July 2019, the General Office of the State Council further promulgated the Reform Plan for the Control of High-value Medical Consumables (《治理高值醫用耗材改革方案》). According to these rules, the two-invoice system is encouraged to be gradually adopted for high-value medical consumables to promote openness and transparency of purchases and sales. Currently, the "two-invoice system" in China is strictly implemented and followed for the sales of drugs to public medical institutions at a national level; however, a clear, nation-wide implementation of the "two-invoice system" for medical devices and other medical consumables has not been established, and the application of the policy for these products differs among provinces in China. In particular, "two-invoice system" for medical devices and consumables has not been implemented in

some provinces, and in those provinces that have implemented it, some only apply to sales of high-value medical consumables to public medical institutions, while a limited number of provinces more generally regulate sales of medical consumables to public medical institutions. Our business mainly focuses on the outside-of-hospital pharmaceutical circulation market and the sales of pharmaceuticals and medical devices to non-public medical institutions or pharmacies is not subject to the "Two Invoice System". Our public primary healthcare institution customers represent a small percentage of total registered customers on *Yaoshibang* platform, and according to Frost & Sullivan, the implementation of the "Two Invoice System" focuses on the procurement by the public medical institutions of in-hospital market rather than the procurement by primary healthcare institutions of outside-of-hospital market. As advised by our PRC Legal Adviser, there had been no specific legal obligations and responsibilities imposed on the pharmaceutical platform operator under the current effective PRC laws and regulations, and therefore, any non-compliance relating to the "Two Invoice System" by the pharmaceutical sellers or public primary healthcare institution will not subject us to any legal liabilities. Since we are not subject to specific legal obligations and responsibilities under the regulations relating to the Two Invoice System Notice, we have not put in place any internal control measures with respect to the "Two Invoice System". As of the date of this document, we have not received any warning or sanction from any PRC governmental authorities nor been involved in any investigations made by any PRC governmental authorities in relation to the compliance with the "Two Invoice System", and we will closely monitor and assess any new regulatory requirements with respect to the "Two Invoice System".

Regulations relating to Pharmacists

On 18 June 2021, the NMPA promulgated the Administrative Measures for the Registration of Licenced Pharmacists (《執業藥師注冊管理辦法》) (the "**Licenced Pharmacists Administrative Measures**"), which came into effect since 18 June 2021, and repealed the Interim Administrative Measures for the Registration of Licenced Pharmacists (《執業藥師注冊管理暫行辦法》) issued by the former State Drug Administration, the Supplementary Opinions on the Interim Administrative Measures for the Registration of Licenced Pharmacists (《關於〈執業藥師注冊管理暫行辦法〉的補充意見》) and several other regulations issued by the SFDA. The Licenced Pharmacists Administrative Measures shall apply to the registration of licenced pharmacists and related supervision and administration, pursuant to which, a person may practise as a licenced pharmacist only after being registered and having obtained a Licenced Pharmacist Registration Certificate of the PRC. Licenced pharmacists shall be responsible for drug administration, prescription verification and dispensing, guidance on rational drug use, and other work in accordance with the Licenced Pharmacists Administrative Measures.

Regulations Relating to Internet Pharmaceutical Transaction Services

According to Interim Provisions on the Examination and Approval of Internet Drug Transaction Services (《互聯網藥品交易服務審批暫行規定》), promulgated by SFDA on 29 September 2005 and effective since 1 December 2005, the enterprises engaging in the Internet pharmaceutical transaction service shall be subject to examination and acceptance, and obtain the Qualification Certificate for Providing Internet Pharmaceutical Dealing Services. The Qualification Certificate for Providing Internet Pharmaceutical Dealing Services shall be valid for five years. The SFDA is in charge of examination and approval of the services provided for Internet pharmaceutical transactions between pharmaceutical production enterprises, pharmaceutical marketing enterprises and medical institutions, and the provincial FDA shall implement the examination and approval of the services provided for

Internet pharmaceutical transactions with third-party enterprises engaged by pharmaceutical production enterprises, pharmaceutical wholesales enterprises on their own websites, as well as Internet pharmaceutical transactions services to individual consumers. After obtaining the Qualification Certificate for Providing Internet Pharmaceutical Dealing Services issued by the competent food and drug supervision and administration authority, the applicant shall obtain the permit for operation of telecommunications services as required by the Internet Measures, or go through the formalities for record-filing. According to the Decision on the Cancellation of the Third Batch of Items Subject to Administrative Permission by Local Governments Designated by the Central Government (《國務院關於第三批取消中央指定地方實施行政許可事項的決定》), promulgated by the State Council on 12 January 2017, except for the third-party platform, all the examination and approval of Internet drug trading service company implemented by the CFDA or provincial FDAs are cancelled. According to the Decision on the Cancellation of Various Items Subject to Administrative Permission (《國務院關於取消一批行政許可事項的決定》) by the State Council, on 22 September 2017, the CFDA shall no longer accept applications for examination and approval of Internet drug transaction service enterprises engaging the business as the third-party platform. After the approval is cancelled, the CFDA shall strengthen interim and ex-post supervision by taking the following measures: (i) developing the relevant administrative provisions, requiring local FDA to include platforms and websites into the scope of supervision and inspection, specifying that those engaging in activities through platforms must be enterprises and medical institutions which have obtained the Pharmaceutical Operation Licence or Pharmaceutical Manufacture Licence and ensuring that platforms effectively perform their primary responsibility; (ii) establishing a monitoring mechanism for online drug trading, keeping channels for filing complaints and tip-offs unimpeded, and establishing a blacklist system; and(iii) intensifying supervision and inspection, strengthening the regulation of online drug trading, and severely punishing illegal online drug trading.

According to the Drug Administration Law amended in 2019, third-party platform provider for internet drug transaction, (the "**Platform Provider**"), shall file with the provincial MPA for the record subject to provisions of NMPA. The Platform Provider shall review and check the qualifications of drug marketing licence holders and pharmaceutical operation enterprises that apply to do business on the platform, ensure that the applicants meet the statutory requirements and manage the pharmaceutical operation activities carried out on the platform. If the Platform Provider discovers that a drug marketing licence holder or a pharmaceutical operation enterprise on the platform involves any violation of the Drug Administration Law, the Platform Provider shall promptly stop the violator's behaviour, immediately report the situation to the competent local MPA and further stop providing the online trading platform services to those involving serious violations of the Drug Administration Law. The Platform Provider in violations of such provisions will be instructed to rectify any violation, confiscated of illegal gains, concurrently imposed a fine of no more than RMB 2,000,000 in normal cases and ordered to suspend business for rectification, concurrently imposed with a fine of no more than RMB 5,000,000 in serious cases.

On 1 September 2022, SAMR published the Supervision and Administration Measures of Online Pharmaceuticals Sales (《藥品網絡銷售監督管理辦法》) (the "**Measures for Online Pharmaceuticals Sales**"), which took effect on 1 December 2022, aiming to enhance the supervision of online pharmaceutical sales and related third-party platform services. The Measures for Online Pharmaceuticals Sales provide that, among others, each online drug seller shall (i) operate its business within the approved business mode and business scope, (ii) file with the local MPA for its information including company name, website name, APP name, IP address, network domain name and the information of Pharmaceutical Operation License or Pharmaceutical Manufacture License, and report

any changes in the filed information to the local MPA within ten working days, (iii) display its Pharmaceutical Operation License or Pharmaceutical Manufacture License on visible place of its homepage, (iv) retain the qualification documents of its suppliers and electronic transaction records of its online pharmaceuticals sales, and (v) take corresponding control and handling measures in accordance with the national regulations in respect of emergency response, in the event of any public health emergencies or any other emergency that seriously threatens the public health. The Measures for Online Pharmaceuticals Sales also specify the filing requirements for the Platform Provider and imposes certain obligations on the Platform Provider, including, among others, that each Platform Provider shall (i) establish drug quality and safety management institutions, and equip pharmaceutical technicians to undertake drug quality and safety management, (ii) enhance the scrutiny on the required licenses and permits of online pharmaceutical merchants for online pharmaceuticals sales, (iii) file with the provincial MPA for its information including company name, legal representative, unified social credit code, website name and network domain name, (iv) enter into agreements with online pharmaceutical merchants to specify responsibilities for quality and safety of drugs, (v) establish the examination and inspection system for online pharmaceuticals sales activities and stop the discovered online pharmaceutical merchants' illegal acts without delay and immediately report to competent governmental authorities, and (vi) take corresponding control and handling measures in accordance with the national regulations in respect of emergency response, in the event of any public health emergencies or any other emergency that seriously threatens the public health.

For the purpose of the implementation of the Drug Administration Law and the Measures for Online Pharmaceuticals Sales, and the safety use of drugs by the public, on 30 November 2022, NMPA published the first version of Prohibited List of Online Drug Sales (《藥品網絡銷售禁止清單(第一版)》) (the "Prohibited List"). The Prohibited List specifies the detailed categories of the drugs prohibited from selling online (the "Prohibited Pharmaceuticals"), including the following two main categories: (i) drugs that are prohibited from selling by laws and regulations, including vaccines, blood products, anaesthetics, psychotropic drugs, toxic drugs for medical use, radiopharmaceuticals, pharmaceutical precursor chemicals, medicinal preparations of medical institutions and traditional Chinese medicine granules; and (ii) other drugs that are prohibited from online retailing.

Regulations Relating to Online Drug Information Services

According to the Measures Regarding the Administration of Drug Information Service over the Internet (《互聯網藥品信息服務管理辦法》), promulgated by SFDA on 8 July 2004 and amended on 17 November 2017, the Internet drug information service refers to the activities of providing medical information (including medical devices) and other services to Internet users through the Internet, and where any website intends to provide Internet drug information services, it shall, prior to applying for an operation permit or record-filing from the State Council's department in charge of information industry or the telecom administrative authority at the provincial level, file an application with the provincial FDA, and shall be subject to the examination and approval thereof for obtaining the qualifications for providing Internet drug information services. The validity term for a Qualification Certificate for Internet Drug Information Services is five years and may be renewed at least six months prior to its expiration date upon a re-examination by the relevant authority. Pursuant to the Measures Regarding the Administration of Drug Information Service over the Internet, the Internet drug information services are classified into two categories, namely, profit-making services and non-profit making services. Profit-making services refer to that of providing Internet users with drug information in return for service fees whilst non-profit-making services refers to that of providing Internet users with drug information which is shared and accessible by the public through the Internet free of charge.

Furthermore, the information relating to drugs shall be accurate and scientific in nature, and its provision shall comply with the relevant laws and regulations. No product information of stupefacient, psychotropic drugs, medicinal toxic drugs, radiopharmaceutical, detoxification drugs and pharmaceutics made by medical institutes shall be distributed on the website. In addition, advertisements relating to drugs (including medical devices) shall be approved by the CFDA or its competent branches, and shall specify the approval document number.

Regulations Relating to Medical Devices Operation

The Measures on the Supervision and Administration of the Business Operations of Medical Devices (《醫療器械經營監督管理辦法》) (the "**Measures on Medical Devices**"), which was promulgated by SAMR on 10 March 2022 and took effect on 1 May 2022, applies to any business activities of medical devices as well as the supervision and administration thereof conducted within the territory of the PRC. Pursuant to the Measures on Medical Devices, NMPA shall be responsible for the supervision and administration of nationwide business operations concerning medical devices. Medical devices are divided into three classes depending on the degree of risks of medical devices. Entities engaged in distribution of Class III medical devices shall obtain a medical device operating licence and entities engaged in distribution of Class II medical devices shall complete filings with the competent local MPA, while entities engaged in distribution of medical devices of Class I are not required to conduct any filing or obtain any licence. In addition, in accordance with Regulations on Supervision and Administration of Medical Devices (《醫療器械監督管理條例》), promulgated by the State Council on 9 February 2021 and effective as of 1 June 2021, Class II and Class III medical devices shall be registered with the NMPA or its local branches, while Class I medical devices shall be filed with the competent local MPA. In the event that the business operator in distribution of Class III medical devices without a medical device operating licence or the business operator in distribution of Class II or Class III medical devices that are not registered with the NMPA or its local branches, the business operator may be imposed fine or be shut down by the authorities.

Regulations Relating to Online Sales of Medical Device

On 20 December 2017, the CFDA promulgated the Administration and Supervision Measures of Online Sales of Medical Devices (《醫療器械網絡銷售監督管理辦法》) (the "**Online Medical Devices Sales Measures**"), which became effective on 1 March 2018. According to the Online Medical Devices Sales Measures, enterprises engaged in online sales of medical devices must be medical device manufacture and operation enterprises with medical devices production licences or operation licences or being filed for record in accordance with laws and regulations, unless such licences or record-filing is not required by laws and regulations. Pursuant to the Online Medical Devices Sales Measures, an enterprise engaging in online sales of medical devices shall carry out online sale of medical devices through its own website or a third-party platform for online trading services for medical devices. An enterprise engaging in online sale of medical devices through its own website shall obtain a Qualification Licence for Internet Drug Information Services. Either enterprises engaging in online sales of medical devices or enterprises to provide a third-party platform for provision of medical devices online transaction services shall take technical measures to ensure the data and materials of medical devices online sales are authentic, completed and retrospective, for example, the records of sale information of medical devices shall be kept for two years after the valid period of the medical devices, and for no less than five years in case of no valid period, or be kept permanently in case of implanted medical devices. For the enterprises engaging in online sales of medical devices, such enterprises shall display its medical device production and operation licence or

record-filing certificate on visible place of its homepage, and the information of the medical devices published on the website shall be consistent with the related contents registered or filed for record; in addition, the business scope shall not exceed the scope of its production and operation licence or the scope filed for record. For the enterprises to provide a third-party platform for provision of medical devices online transaction services, such enterprises shall be filed for record with the local provincial FDA, and shall verify the materials submitted by any enterprise applying for entering the platform.

Regulations Relating to Healthcare Services

According to the Administrative Regulations on Medical Institutions (《醫療機構管理條例》) (the "**Regulations on Medical Institutions**") , promulgated by the State Council, effective on 1 September 1994, and revised on 6 February 2016 and 29 March 2022 and took effect from 1 May 2022, hospitals, health centres, sanatoriums, out-patient departments, clinics, health clinics, health posts (rooms) and first aid stations are medical institutions. The health administrative departments of the local people's governments at or above the county level shall be responsible for the supervision and administration of the medical institutions within their respective administrative regions. The establishment of medical institutions by entities or individuals shall be subject to the examination and approval of the health administrative department of the local people's governments at or above the county level and obtain the written approval for the establishment of medical institutions. Furthermore, according to the Regulations on Medical Institutions, the practise of medical institutions shall complete the registration and obtain Practicing Licences for Medical Institution.

Regulations Relating to Online Private Education

The principal laws and regulations governing the private education industry in the PRC are the Law for Promoting Private Education of the PRC (《中華人民共和國民辦教育促進法》), promulgated by the SCNPC, on 28 December 2002, last amended and became effective on 29 December 2018, and the Implementation Rules for the Law for Promoting Private Education of the PRC (《中華人民共和國民辦教育促進法實施條例》), promulgated by the State Council on 5 March 2004, last amended on 7 April 2021 and became effective on 1 September 2021, or collectively, the Private Education Law and Implementation Rules. Under the Private Education Law and Implementation Rules, "private schools" are schools established by non-governmental organisations or individuals using non-government funds. Private schools providing certifications, pre-school education, self-study aid and other academic education are subject to approval by the education authorities, while private schools engaging in vocational qualification training and vocational skill training are subject to approval by the authorities in charge of labour and social welfare. Private schools have the same status as public schools, though private schools are prohibited from providing military, police, political and other kinds of education that are of a special nature. In addition, online education activities using internet technology are encouraged by the regulatory authorities and shall comply with the laws and regulations related to internet management. A private school engaging in online education activities using internet technology shall obtain the relevant operating permits. It shall also establish and implement internet security management systems and take technical security measures. Upon discovery of any information whose release or transmission is prohibited by applicable laws or regulations, the private school shall immediately cease the transmission of that information and take further remedial actions, such as deleting that information, to prevent it from spreading. Records pertaining to the situation shall be kept and reported to the appropriate authorities.

Regulations Relating to Human Genetic Resources

The Regulation for the Administration of Human Genetic Resources of the PRC (《中華人民共和國人類遺傳資源管理條例》) (the "**HGR Regulation**"), promulgated by the State Council on May 28, 2019, and effective from 1 July 2019, regulates entities engaging in collection, preservation, utilisation and outbound provision of human genetic resources. Human genetic resources include (i) human genetic resources materials, such as organs, tissues and cells that contain hereditary substances such as human genomes genes, and (ii) human genetic resources information, such as data generated from human genetic resources.

Pursuant to the HGR Regulation, collection and preservation of human substances such as organs, tissues and cells and carrying out related activities for the purposes of clinical diagnosis and treatment, blood collection and supply services, crime investigation, doping detection and funeral and interment shall be subject to other applicable laws and regulations.

According to the 2021 Negative List, foreign investment is prohibited in the development and application of human stem cells and genes diagnosis and treatment technologies.

Regulations relating to Product Quality and Consumer Protection

The Product Quality Law of the PRC (《中華人民共和國產品質量法》), which was promulgated by SCNPC on 22 February 1993 and most recently amended on 29 December 2018, applies to all production and sale activities in China. Pursuant to this law, products offered for sale must satisfy relevant quality and safety standards. Enterprises may not produce or sell counterfeit products in any fashion, including forging brand labels or giving false information regarding a product's manufacturer. Violations of state or industrial standards for health and safety and any other related violations may result in civil liabilities and administrative penalties, such as compensation for damages, fines, suspension or shutdown of business, as well as confiscation of products illegally produced and sold and the proceeds from such sales. Severe violations may subject the responsible individual or enterprise to criminal liabilities. Where a defective product causes physical injury to a person or damage to another person's property, the victim may claim compensation from the manufacturer or from the seller of the product. If the seller pays compensation and it is the manufacturer that should bear the liability, the seller has a right of recourse against the manufacturer. Similarly, if the manufacturer pays compensation and it is the seller that should bear the liability, the manufacturer has a right of recourse against the seller.

Pursuant to the Civil Code of the PRC (《中華人民共和國民法典》) (the "**Civil Code**"), which was promulgated on 28 May 2020, and became effective on 1 January 2021, the infringed party may claim for compensation from the manufacturer or the seller of the relevant product in which the defects have caused damage. Where the product defects are caused by the producers, the sellers shall have the right to recover the same from the producers after paying compensation. If the products are defective due to the fault of the seller, the producer may, after paying compensation, claim the same from the seller.

Regulations Relating to Cybersecurity and Information Security

The Decision Regarding the Protection of Internet Security (《關於維護互聯網安全的決定》), enacted by the SCNPC, on 28 December 2000 and amended on 27 August 2009, provides, among other things, that the following activities conducted through the internet, if constituting a crime under

PRC laws, are subject to criminal punishment: (i) hacking into a computer or system of strategic importance; (ii) intentionally inventing and spreading destructive programmes such as computer viruses to attack computer systems and communications networks, thus damaging the computer systems and the communications networks; (iii) in violation of national regulations, discontinuing computer network or the communications service without authorisation; (iv) disseminating politically disruptive information or leaking state secrets; (v) spreading false commercial information; or (vi) infringing intellectual property rights.

On 1 July 2015, the SCNPC issued the National Security Law of the PRC (《中華人民共和國國家安全法》), which came into effect on the same day. The National Security Law provides that the state shall safeguard the sovereignty, security and cyber security development interests of the state, and that the state shall establish a national security review and supervision system to review, among other things, foreign investment, key technologies, internet and information technology products and services, and other important activities that are likely to impact the national security of the PRC.

On 7 November 2016, the SCNPC issued the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》), which came into effect on 1 June 2017. The Cybersecurity Law provides that network operators must set up internal security management systems that meet the requirements of a multi-level protection system for cyber security, including appointing dedicated cyber security personnel, taking technical measures to prevent computer viruses, network attacks and intrusions, taking technical measures to monitor and record network operation status and cyber security incidents, and taking data security measures such as data classification, backups and encryption. The Cybersecurity Law also imposes a relatively vague but broad obligation to provide technical support and assistance to the public and state security authorities in connection with criminal investigations or for reasons of national security. The Cybersecurity Law also requires network operators that provide network access or domain name registration services, landline or mobile phone network access, or that provide users with information publication or instant messaging services, to require users to provide a real identity when they sign up. The Cybersecurity Law sets high requirements for the operational security of facilities deemed to be part of the PRC's "critical information infrastructure". These requirements include data localisation, i.e., storing personal information and important data in the PRC, and national security review requirements for any network products or services that may impact national security. Among other factors, "critical information infrastructure" is defined as information infrastructure, that will, in the event of destruction, loss of function or data leak, result in serious damage to national security, the national economy and people's livelihoods, or the public interest. Specific reference is made to key sectors such as public communication and information services, energy, transportation, water-resources, finance, public services and e-government.

On 13 March 2019, the CAC and the SAMR jointly issued the Notice on the Implementation of App Security Certification (《關于開展App安全認證工作的公告》), which encourages mobile application operators to voluntarily obtain app security certification, and search engines and app stores are encouraged to recommend certified applications to users. The institution designated for this certification is the China Cybersecurity Review Technology and Certification Centre. The China Cybersecurity Review Technology and Certification Centre has the right to appoint testing agencies to inspect technical capabilities and business operations for the certification.

On 13 April 2020, the CAC and certain other PRC governmental authorities jointly promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》), effective from 1 June 2020, which provide that a critical information infrastructure operator, when purchasing network

products and services, shall prejudge the national security risks that may arise after the products and services are put into use, and shall apply for the cybersecurity review to the cybersecurity review office if such products and services will or may affect national security. On 28 December 2021, the CAC, together with certain other PRC governmental authorities, promulgated the revised Measures for Cybersecurity Review (《網絡安全審查辦法》), or the Measures for Cybersecurity Review 2022, which replaced the previous version and took effect from 15 February 2022. Pursuant to these measures, the purchase of network products and services by an operator of critical information infrastructure or the data processing activities of a network platform operator that affect or may affect national security will be subject to a cybersecurity review. In addition, any network platform operator possessing over one million users' individual information must apply for a cybersecurity review before listing abroad. The competent governmental authorities may also initiate a cybersecurity review against the operators if the authorities believe that the network product or service or data processing activities of such operators affect or may affect national security.

Article 10 of the Measures for Cybersecurity Review 2022 also set out certain general factors which would be the focus in assessing the national security risk during a cybersecurity review, including (i) risks of critical information infrastructure being illegally controlled or subject to interference or destruction; (ii) the harm caused by the disruption of the supply of the product or service to the business continuity of critical information infrastructure; (iii) the security, openness, transparency and diversity of sources of the product or service, the reliability of supply channels, and risks of supply disruption due to political, diplomatic, trade and other factors; (iv) compliance with PRC Laws, administrative regulations and departmental rules by the provider of the product or service; (v) the risk of core data, important data or a large amount of personal information being stolen, leaked, damaged, illegally used, or illegally transmitted overseas; (vi) the risk that critical information infrastructure, core data, important data or a large amount of personal information being affected, controlled, and maliciously used by foreign governments for a listing, as well as network information security risks; and (vii) other factors that may endanger the security of critical information infrastructure, cybersecurity and data security.

On 10 June 2021, the SCNPC promulgated the Data Security Law of PRC (《中華人民共和國數據安全法》), which took effect on 1 September 2021. The Data Security Law provides for data security obligations on entities and individuals carrying out data activities. The Data Security Law also introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, as well as the degree of harm it will cause to national security, public interests, or legitimate rights and interests of individuals or organisations when such data is tampered with, destroyed, leaked, or illegally acquired or used. The appropriate level of protection measures is required to be taken for each respective category of data. For example, a processor of important data shall designate the personnel and the management body responsible for data security, carry out risk assessments for its data processing activities and file the risk assessment reports with the competent authorities. In addition, the Data Security Law provides a national security review procedure for those data activities which may affect national security and imposes export restrictions on certain data and information.

On 30 July 2021, the State Council promulgated the Regulations on Security Protection of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》), which took effect on 1 September 2021. According to the Regulations on Security Protection of Critical Information Infrastructure, a "critical information infrastructure" refers to an important network facility and information system in important industries such as, among others, public communications and

information services, as well as other important network facilities and information systems that may seriously endanger national security, the national economy, the people's livelihood, or the public interests in the event of damage, loss of function, or data leakage. The competent governmental authorities of the aforementioned important industries will be responsible for (i) organising the identification of critical information infrastructures in their respective industries in accordance with certain identification rules, and (ii) promptly notifying the identified operators and the public security department of the State Council of the identification results.

The Administrative Provisions on Security Vulnerability of Network Products (《網絡產品安全漏洞管理規定》) were jointly promulgated by the MIIT, the CAC and the Ministry of Public Security (the "**MPS**") on 12 July 2021 and took effect on 1 September 2021. Network product providers, network operators as well as organisations or individuals engaging in the discovery, collection, release and other activities of network product security vulnerability are subject to these provisions and shall establish channels to receive information of security vulnerability of their respective network products and shall examine and fix such security vulnerability in a timely manner. Network product providers are required to report relevant information of security vulnerability of network products with the MIIT within two days and to provide technical support for network product users. Network operators shall take measures to examine and fix security vulnerability after discovering or acknowledging that their networks, information systems or equipment have security loopholes. According to these provisions, the breaching parties may be subject to administrative penalty as regulated in accordance with the Cybersecurity Law.

On 14 November 2021, the CAC published a draft of the Administrative Regulations for Internet Data Security (《網絡數據安全管理條例(徵求意見稿)》) (the "**Draft Internet Data Security Regulations**"), for public comment until 13 December 2021, which provides that data processors conducting the following activities shall apply for cybersecurity review: (i) merger, reorganisation 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) listing abroad of data processors processing over one million users' personal information; (iii) listing in Hong Kong which affects or may affect national security; or (iv) other data processing activities that affect or may affect national security. The draft regulations also provide that operators of large internet platforms that set up headquarters, operation centres or R&D centres overseas shall report to the national cyberspace administration and competent authorities. In addition, the Draft Internet Data Security Regulations also require that data processors processing important data or going public overseas shall conduct an annual data security self-assessment or entrust a data security service institution to do so, and submit the data security assessment report of the previous year to the local branch of the CAC before January 31 each year. As of the Latest Practicable Date, this draft has not been formally adopted, and substantial uncertainties exist with respect to the enactment timetable, final content, interpretation and implementation. We believe there is no material impediment for us to comply with the Draft Internet Data Security Regulations, if being implemented in its current form, in all material respects on the basis that: (i) we have implemented comprehensive policies and measures to ensure users' data privacy and security and to comply with applicable cybersecurity and data privacy laws and regulations; (ii) during the Track Record Period, we had not been subject to any pending inquiry, notice, warning or sanction regarding cybersecurity from any PRC governmental authorities nor been involved in any investigations on cybersecurity review made by any PRC governmental authorities; (iii) during the Track Record Period, we had not been subject to any material fines or other material penalties due to non-compliance with applicable cybersecurity and data privacy laws and regulations; (iv) we do not possess over one million users' personal information; and (v) we will

closely monitor and assess further regulatory developments regarding applicable cybersecurity and data privacy laws and regulations, including the development on cybersecurity review, and comply with the latest regulatory requirements. Considering that (i) we have implemented comprehensive policies and measures to ensure users' data privacy and security and to comply with applicable cybersecurity and data privacy laws and regulations; (ii) we had not experienced any data breach or violation of applicable cybersecurity and data privacy laws and regulations that has a material adverse effect on business operations; (iii) we have never been designated by any PRC governmental authorities as an operator of critical information infrastructure; (iv) we do not process any data that falls into the scope of important data or core data under the effective cybersecurity and data privacy laws and regulations that are applicable to us; and (v) we had not received any inquiry or notice from any PRC governmental authorities that the Group engages in any data processing activities that affect or may affect national security nor been involved in any investigations on cybersecurity review made by any PRC governmental authorities, our PRC Legal Adviser is of the view that we had not been involved in any activities that might give rise to national security risks based on the factors set out in Article 10 of the Measures for Cybersecurity Review 2022, during the Track Record Period and up to the Latest Practicable Date. However, it is noted that there is still uncertainty about the meaning of "affect or may affect the national security" and the PRC government authorities have the discretion to determine the scope of "national security", and we will closely monitor and assess further regulatory developments to comply with the latest regulatory requirements.

In the meantime, the governmental authorities have also enhanced the supervision and regulation on cross-border data transfer. For example, on 7 July 2022, the Measures for the Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》) (the "**Measures for Cross-border Data Transfer**") were issued by the CAC, which require that any data processor providing important data collected and generated during operations within the PRC or personal information that should be subject to security assessment according to law to an overseas recipient shall conduct security assessment. The Measures for Cross-border Data Transfer provide four circumstances, under any of which data processors shall, through the local cyberspace administration at the provincial level, apply to the national cyberspace administration for security assessment of data cross-border transfer. These circumstances include: (i) where a data processor transfers important data across the border; (ii) where an operator of critical information infrastructure and a personal information processor that processes personal information of more than one million individuals transfer personal information across the border; (iii) where a data processor that has transferred personal information of more than 100,000 individuals or sensitive personal information of more than 10,000 individuals cumulatively as of January 1 of the previous year transfers personal information across the border; or (iv) other circumstances under which security assessment of cross-border data transfer is required as prescribed by the CAC. The Measures for Cross-border Data Transfer has come into force on 1 September 2022. Based on the Company's confirmation and as advised by our PRC Legal Adviser, we do not fall under any of the four circumstances of the Measures for Cross-border Data Transfer and is not subject to security assessment of cross-border data transfer as (i) we have not been designated by any PRC governmental authorities as an operator of critical information infrastructure; (ii) the information systems used by us are all deployed on servers within the PRC; (iii) we do not provide any users outside of the PRC with remote access to the personal information stored within the PRC and therefore our business does not involve the cross-border transfer of personal information; and (iv) the Group does not fall into other circumstances as prescribed by the CAC which the CAC has not yet made further rules or guidance outside of the Measures for Cross-border Data Transfer. Another example is that, on 24 February 2023, the Measures for the Prescribed Agreement on Cross-border Transfer of

Personal Information (《個人信息出境標準合同辦法》) (the "**Measures for Prescribed Agreement**") were released by the CAC, which came into force on 1 June 2023. The Measures for Prescribed Agreement attach the prescribed agreement template that could be used to satisfy one of the conditions for cross-border transfer of personal information under Article 38 of the Personal Information Protection Law. Based on the Company's confirmation and as advised by our PRC Legal Adviser, we are not subject to the Measures for Prescribed Agreement as our business does not involve the cross-border transfer of personal information.

Regulations Relating to Personal Information Protection

In recent years, the PRC government authorities have enacted laws and regulations to protect personal information from any illegal use and unauthorised disclosure. The Cybersecurity Law imposes certain data protection obligations on network operators, including that network operators may not disclose, tamper with, or damage users' personal information that they have collected, or provide users' personal information to others without consent. Moreover, network operators are obligated to delete unlawfully collected information and to amend incorrect information.

The Several Provisions on Regulating the Market Order of Internet Information Services (《規範互聯網信息服務市場秩序若干規定》), which was issued by the MIIT on 29 December 2011 and took effect on 15 March 2012, stipulate that internet information service providers may not collect any user personal information or provide any such information to third parties without the consent of a user, unless otherwise stipulated by laws and administrative regulations. "User personal information" is defined as information relevant to the users that can lead to the recognition of the identity of the users independently or in combination with other information. An internet information service provider must expressly inform the users of the method, content and purpose of the collection and processing of such user personal information and may only collect such information as necessary for the provision of its services. An internet information service provider is also required to properly store user personal information, and in case of any leak or likely leak of the user personal information, the internet information service provider must take immediate remedial measures and, in severe circumstances, make an immediate report to the telecommunications regulatory authority.

The Decision on Strengthening the Protection of Online Information (《關於加強網絡信息保護的決定》), which was issued by the SCNPC on 28 December 2012 and took effect on the same day, and the Order for the Protection of Telecommunication and Internet User Personal Information (《電信和互聯網用戶個人信息保護規定》), which was issued by the MIIT on 16 July 2013 and take effect on 1 September 2013, stipulate that any collection and use of user personal information must be subject to the consent of the user, abide by the principles of legality, rationality and necessity and be within the specified purposes, methods and scope. An internet information service provider must also keep such information strictly confidential, and is further prohibited from divulging, tampering with or destroying any such information, or selling or illegally providing such information to other parties. An internet information service provider is required to take technical and other measures to prevent the collected personal information from any unauthorised disclosure, damage or loss. Any violation of the above decision or order may subject the internet information service provider to warnings, fines, confiscation of illegal gains, revocation of licences, cancellation of filings, closedown of websites or even criminal liabilities.

With respect to the security of information collected and used by mobile apps, pursuant to the Announcement of Conducting Special Supervision against the Illegal Collection and Use of Personal

Information by Apps (《關於開展App違法違規收集使用個人信息專項治理的公告》), which was issued by the CAC, the MIIT, the MPS, and the SAMR on 23 January 2019, app operators shall collect and use personal information in compliance with the Cybersecurity Law and shall be responsible for the security of personal information obtained from users and take effective measures to strengthen personal information protection. Furthermore, app operators shall not force their users to make authorisation by means of default settings, bundling, suspending installation or use of the app or other similar means and shall not collect personal information in violation of laws, regulations or breach of user agreements. Such regulatory requirements were emphasised by the Notice on the Special Rectification of Apps Infringing upon User's Personal Rights and Interests (《關於開展APP侵害用戶權益專項整治工作的通知》), which was issued by MIIT on 31 October 2019. On 28 November 2019, the CAC, the MIIT, the MPS and the SAMR jointly issued the Methods of Identifying Illegal Acts of Apps to Collect and Use Personal Information (《App違法違規收集使用個人信息行為認定方法》). This regulation further illustrates certain commonly seen illegal practises of app operators in terms of personal information protection and specifies acts of app operators that will be considered as "collection and use of personal information without users' consent".

Pursuant to the Civil Code, the personal information of a natural person shall be protected by the law. Any organisation 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 disclose personal information of others.

On 20 August 2021, the SCNPC promulgated the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》), which took effect on 1 November 2021. Pursuant to the Personal Information Protection Law, "personal information" refers to any kind of information related to an identified or identifiable individual as electronically or otherwise recorded but excluding the anonymised information. The processing of personal information includes the collection, storage, use, processing, transmission, provision, disclosure and deletion of personal information. The Personal Information Protection Law applies to the processing of personal information of individuals within the territory of the PRC, as well as personal information processing activities outside the territory of PRC, for the purpose of providing products or services to natural persons located within China, for analysing or evaluating the behaviours of natural persons located within China, or for other circumstances as prescribed by laws and administrative regulations. A personal information processor may process the personal information of this individual only under the following circumstances: (i) where consent is obtained from the individual; (ii) where it is necessary for the execution or performance of a contract to which the individual is a party, or where it is necessary for carrying out human resource management pursuant to employment rules legally adopted or a collective contract legally concluded; (iii) where it is necessary for performing a statutory responsibility or statutory obligation; (iv) where it is necessary in response to a public health emergency, or for protecting the life, health or property safety of a natural person in the case of an emergency; (v) where the personal information is processed within a reasonable scope to carry out any news reporting, supervision by public opinions or any other activity for public interest purposes; (vi) where the personal information, which has already been disclosed by an individual or otherwise legally disclosed, is processed within a reasonable scope; or (vii) any other circumstance as provided by laws or administrative regulations. In principle, the consent of an individual must be obtained for the processing of his or her personal information, except under the circumstances of the aforementioned items (ii) to (vii). Where personal information is to be processed based on the consent of an individual, such consent shall be a voluntary and explicit indication of intent given by such individual on a fully informed basis. If laws or administrative regulations provide

that the processing of personal information shall be subject to the separate consent or written consent of the individual concerned, such provisions shall prevail. In addition, the processing of the personal information of a minor under 14 years old must obtain the consent by a parent or a guardian of such minor and the personal information processors must adopt special rules for processing personal information of minors under 14 years old.

Furthermore, the Personal Information Protection Law stipulates the rules for cross-border transfer of personal information. Any cross-border transfer of personal information is subject to the condition that it is necessary to provide the personal information to a recipient outside the territory of the PRC due to any business need or any other need, as well as the satisfaction of at least one of the following conditions: (i) where a security assessment organised by the national cyberspace administration has been passed; (ii) where a certification of personal information protection has been passed from a professional institution in accordance with the provisions issued by the national cyberspace administration; (iii) where a standard contract formulated by the national cyberspace administration has been entered into with the overseas recipient; or (iv) any other condition prescribed by laws, administrative regulations or any other requirements by the national cyberspace administration. Critical information infrastructure operators and personal information processors who have processed personal information in an amount reaching a threshold prescribed by the national cyberspace administration, must store in the territory of the PRC the personal information collected or generated within the territory of the PRC. If it is necessary to provide such information to an overseas recipient, a security assessment organised by the national cyberspace administration must be passed.

Regulations Relating to Online Trading

The MOFCOM promulgated the Provisions on the Procedures for Formulating Transaction Rules of Third-Party Online Retail Platforms (Trial) (《網絡零售第三方平臺交易規則制定程序規定(試行)》) in December 2014, which became effective in April 2015, to guide and regulate the formulation, revision and enforcement of transaction rules by online retail third-party platforms operators.

In August 2018, the SCNPC promulgated the E-Commerce Law of the PRC (《中華人民共和國電子商務法》), effective on 1 January 2019, which aims to regulate the e-commerce activities conducted within the territory of the PRC. Pursuant to the E-Commerce Law, an e-commerce platform operator shall (i) collect, verify and register the truthful information submitted by the third-party merchants that apply to sell products or provide services on its platform, including the identities, addresses, contacts and licences, establish registration archives and update such information on a regular basis; (ii) submit the identification information of the third-party merchants on its platform to market regulatory administrative department as required and remind the third-party merchants to complete the registration with market regulatory administrative department; (iii) submit identification information and tax-related information to tax authorities as required in accordance with the laws and regulations regarding the administration of tax collection and remind the individual third-party merchants to complete the tax registration; (iv) record and retain the information of the products and services and the transaction information for no less than three years; (v) display the platform service agreement and the transaction rules or links to such information on the homepage of the platform; (vi) display the noticeable labels regarding the self-operation products, and take liabilities for such products and services; (vii) establish a credit evaluation system, display the credit evaluation rules, provide consumers with accesses to make comments on the products and services provided on its platform, and restrain from deleting such comments; and (viii) establish intellectual property protection

rules, and take necessary measures when any intellectual property holder notify the platform operator that his intellectual property rights have been infringed. An e-commerce platform operator shall take joint liabilities with the relevant third-party merchants on its platform and may be subject to warnings and fines up to RMB2,000,000 where (i) it fails to take necessary measures when it knows or should have known that the products or services provided by the third-party merchants on its platform do not meet the personal or property safety requirements or such third-party merchants' other acts may infringe on the lawful rights and interests of the consumers; or (ii) it fails to take necessary measures, such as deleting and blocking information, disconnecting, terminating transactions and services, when it knows or should have known that the third-party merchants on its platform infringe any intellectual property rights of any other third party. With respect to products or services affecting the consumers' life and health, if an e-commerce platform operator fails to verify the third-party merchants' qualification or fails to fulfil its obligations to safeguard the safety of consumers, which results in damages to the consumers, it shall take corresponding liabilities and may be subject to warnings and fines up to RMB2,000,000.

In March 2021, the SAMR promulgated the Measures for the Supervision and Administration of Online Trading (《網絡交易監督管理辦法》), effective on 1 May 2021, which aims to regulate business activities involving the sale of commodities or provision of services through Internet and other information networks. Pursuant to the Measures for the Supervision and Administration of Online Trading, an online trading business shall continuously publicise the information of business entities or a link to such information in a prominent position on the homepage of its website or the main page of its business activities. An online trading business is encouraged to link to the electronic business licence display system of the SAMR and publicise its business licence information. An online trading platform operator shall require a business that applies for selling commodities or providing services on the platform to submit true information on its identity, address, contact information, and administrative licencing, among others, conduct verification and registration, establish registration archives, and verify and update relevant information once at least every six months.

Regulations Relating to Internet Advertising

The SCNPC released the Advertising Law of the PRC (《中華人民共和國廣告法》) on 27 October 1994 and latest amended on 29 April 2021, which provides that the Internet information service providers shall not publish medical, drugs, medical machinery or health food advertisements in disguised form of introduction of healthcare and wellness knowledge.

The Interim Measures for Administration of Internet Advertising (《互聯網廣告管理暫行辦法》) (the "**Interim Internet Advertising Measures**"), regulating the Internet-based advertising activities, were adopted by the SAIC on 4 July 2016. According to the Interim Internet Advertising Measures, Internet advertisers are responsible for the authenticity of the advertisements content. Publishing and circulating advertisements through the Internet shall not affect the normal use of the Internet by users. It is not allowed to induce users to click on the content of advertisements by any fraudulent means, or to attach advertisements or advertising links in the emails without permission. On 24 March 2023, the State Administration for Market Regulation promulgated the Measures for Administration of Internet Advertising (《互聯網廣告管理辦法》) (the "Internet Advertising Measures"), which replaced the Interim Internet Advertising Measures, and came into effect as of 1 May 2023. Pursuant to the Internet Advertising Measures, Internet advertisers are prohibited from publishing advertisements of prescription drugs on the Internet. Besides, Internet advertisers are prohibited from publishing advertisements for medical treatment, drugs, medical devices, health food

and formula food for special medical purposes in disguised form by way of introducing knowledge on health or health maintenance. When introducing knowledge on health or health maintenance, the address, contact information, shopping links and other contents of sellers or service providers of relevant medical treatment, drugs, medical devices, health food, or formula food for special medical purposes shall not be presented on the same page or together with other contents.

Pursuant to the Interim Administrative Measures for Censorship of Advertisements for Drugs, Medical Devices, Dietary Supplements and Foods for Special Medical Purpose (《藥品、醫療器械、保健食品、特殊醫學用途配方食品廣告審查管理暫行辦法》), which were promulgated by the State Administration for Market Regulation on 24 December 2019, effective on 1 March 2020, an enterprise seeking to advertise its drugs, medical devices, dietary supplement or food for special medical purpose must apply for an advertisement approval number. The validity period of the advertisement approval number concerning a drug, medical device, dietary supplement or food for special medical purpose shall be consistent with that of the registration certificate or record-filing certificate or the production licence of the product, whichever is the shortest. Where no validity period is set forth in the registration certificate, record-filing certificate or the production licence of the product, the advertisement approval number shall be valid for two years. The content of an approved advertisement may not be altered without prior approval. Where any alteration to the advertisement is needed, a new advertisement approval shall be obtained.

Regulations Relating to Food Safety

In accordance with the Food Safety Law of the PRC (《中華人民共和國食品安全法》) (the "**Food Safety Law**"), promulgated on 28 February 2009 and latest amended on 29 April 2021, and the Implementation Regulations of the Food Safety Law' of the PRC (《中華人民共和國食品安全法實施條例》), issued on 20 July 2009 and latest amended on 11 October 2019 and effective on 1 December 2019, with the purpose of guaranteeing food safety and safe guarding the health and life safety of the public, the PRC sets up a system of the supervision, monitoring and appraisal on the food safety risks, compulsory adoption of food safety standards. To engage in food production, sale or catering services, the business operators shall obtain a licence in accordance with the laws and regulations. Furthermore, the State Council implements strict supervision and administration for special categories of foods such as healthcare food, special formula foods for medical purposes and infant formula.

Administrative Measures for Food Operation Licencing (《食品經營許可管理辦法》) promulgated by CFDA on 31 August 2015 and amended on 17 November 2017, regulates the food operation licencing activities, strengthens supervision and management of food operation, and ensures food safety. Food operation operators shall obtain the food operation licence for each business venue where they engage in food operation activities. The food operation licence is valid for five years.

Regulations Relating to Anti-Monopoly

The Anti-Monopoly Law of the PRC (《中華人民共和國反壟斷法》), as promulgated by the SCNPC in 2007, prohibits monopolistic conduct such as entering into monopoly agreements, abuse of dominant market position and concentration of undertakings that have the effect of eliminating or restricting competition. On 24 June 2022, the SCNPC promulgated the Anti-monopoly Law of the PRC (Amended in 2022) (《中華人民共和國反壟斷法 (2022年修正) 》) (the "**Amended Anti-monopoly Law**"), which took effect on 1 August 2022.

Pursuant to the Amended Anti-Monopoly Law, competing business operators may not enter into monopoly agreements that eliminate or restrict competition, such as by boycotting transactions, fixing or changing the price of commodities, limiting the output of commodities, or fixing the price of commodities for resale to third parties, among other actions, unless the agreement will satisfy the exemptions under the Amended Anti-monopoly Law, such as improving technologies, increasing the efficiency and competitiveness of small and medium-sized undertakings, or safeguarding legitimate interests in cross-border trade and economic cooperation with foreign counterparts. Violations of the Amended Anti-Monopoly Law may be subject to an order to cease the relevant activities, and confiscation of illegal gains and fines ranging from 1% to 10% of sales revenues for the previous year, if the monopoly agreement has been concluded and performed, or fines of up to RMB3,000,000, if the intended monopoly agreement has not been performed, and the legal representative, person chiefly in charge and directly liable personnel who are personally accountable for conclusion of the monopoly agreement may be subject to a fine of up to RMB1,000,000. On 26 June 2019, the State Administration for Market Regulation further issued the Interim Provisions on the Prohibitions of Monopoly Agreements (《禁止壟斷協議暫行規定》) which took effect on 1 September 2019 and was last amended on 24 March 2022, superseding certain anti-monopoly rules and regulations. On 10 March 2023, the State Administration for Market Regulation issued the Provisions on the Prohibitions of Monopoly Agreements (《禁止壟斷協議規定》), which came into effect on 15 April 2023, to get those provisions aligned with the Amended Anti-Monopoly Law.

In addition, as required by the Amended Anti-Monopoly Law, a business operator with a dominant market position may not abuse its dominant market position to conduct acts, such as selling commodities at unfairly high prices or buying commodities at unfairly low prices, selling products at prices below cost without any justifiable cause, and refusing to trade with a trading party without any justifiable cause. Sanctions for violation of the prohibition on the abuse of dominant market position include an order to cease the relevant activities, confiscation of the illegal gains and fines (from 1% to 10% of sales revenues from the previous year). On 26 June 2019, the State Administration for Market Regulation issued the Interim Provisions on the Prohibitions of Acts of Abuse of Dominant Market Positions (《禁止濫用市場支配地位行為暫行規定》), which took effect on 1 September 2019 and was last amended on 24 March 2022, to further prevent and prohibit the abuse of dominant market positions. On 10 March 2023, the State Administration for Market Regulation issued the Provisions on the Prohibitions of Acts of Abuse of Dominant Market Positions (《禁止濫用市場支配地位行為規定》), which came into effect on 15 April 2023, to get those provisions aligned with the Amended Anti-Monopoly Law.

Furthermore, where a concentration of undertakings reaches the declaration threshold stipulated by the State Council, a declaration must be approved by the anti-monopoly authority before the parties implement the concentration. Concentration refers to (i) a merger of undertakings; (ii) acquiring control over other undertakings by acquiring equities or assets; or (iii) acquisition of control over, or the possibility of exercising decisive influence on, an undertaking by contract or by any other means. If business operators fail to comply with the mandatory declaration requirement, the anti-monopoly authority is empowered to terminate and/or unwind the transaction, dispose of relevant assets and shares or businesses within certain periods, and impose fines up to 10% of sales revenues for the previous year, if the concentration has or may have the effect of eliminating or restricting competition, or fines of up to RMB5,000,000, if the concentration has no effect of eliminating or restricting competition.

On 11 September 2020, the Anti-Monopoly Commission of the State Council issued Anti-Monopoly Compliance Guideline for Operators (《經營者反壟斷合規指南》), which requires operators to establish anti-monopoly compliance management systems under the Amended Anti-Monopoly Law to manage anti-monopoly compliance risks. On 7 February 2021, the Anti-Monopoly Committee of the State Council promulgated the Anti-Monopoly Guidelines for the Internet Platform Economy Sector (《國務院反壟斷委員會關於平臺經濟領域的反壟斷指南》), aiming to provide guidelines for supervising and prohibiting monopolistic conduct in connection with the internet platform business operations and further elaborate on the factors for recognising such monopolistic conduct in the internet platform industry as well as concentration filing procedures for business operators, including those involving variable interest entities. Pursuant to these guidelines, the methods of an internet platform collecting or using the privacy information of internet users may also be one of the factors to be considered for analysing and recognising monopolistic conducts in the internet platform industry. For example, whether the relevant business operator compulsorily collects unnecessary user information may be considered to analyse whether there is a bundled sale or additional unreasonable trading condition, which is one of the behaviours constituting abuse of dominant market position. In addition, factors including, among others, providing differentiated transaction prices or other transaction conditions for consumers with different payment ability based on consumption preferences and usage habits analysed using big data and algorithms is also one of the behaviours constituting abuse of dominant market position. Furthermore, whether the relevant business operators are required to "choose one" among the internet platform and its competitive platforms may be considered to analyse whether such internet platform operator with dominant market position abuses its dominant market position and excludes or restricts market competition. As these guidelines were only issued recently, there are still substantial uncertainties as to their interpretation and implementation in practise. Our PRC Legal Adviser is of the view that, as of the Latest Practicable Date, there have not been any material non-compliance incidents occurring on us discovered in relation to the business operation in all material respects under the PRC Anti-Monopoly laws, including the Anti-Monopoly Guidelines for the Internet Platform Economy Sector promulgated by the Anti-Monopoly Committee of the State Council (《國務院反壟斷委員會關於平臺經濟領域的反壟斷指南》). In light of the foregoing, our Directors are of the view that the guidelines do not have impact on our business operation in material respects. Taking into account the above, as well as based on the independent due diligence conducted by the Sole Sponsor, nothing has come to the Sole Sponsor's attention that would cause the Sole Sponsor to disagree with the Directors' view.

Regulations Relating to Anti-Unfair Competition

According to the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) promulgated by the SCNPC on 2 September 1993 and most recently amended on 23 April 2019, operators are prohibited from engaging in unfair competition activities including market confusion, commercial bribery, misleading false publicity, infringement on trade secrets, illegitimate premium sales, etc. Any operator in violation of the Anti-Unfair Competition Law may be ordered to cease illegal activities, eliminate the adverse effect thereof or compensate for the damages caused to any other party. The competent authorities may also confiscate any illegal gains or impose fines on these operators.

On 17 August 2021, the State Administration for Market Regulation issued a discussion draft of Provisions on the Prohibition of Unfair Competition on the Internet (《禁止網絡不正當競爭行為規定(公開徵求意見稿)》), under which business operators should not hijack traffic by using data or algorithms or influencing users' choices, or use technical means to illegally capture or use other business

operators' data. Furthermore, business operators are not allowed to (i) fabricate or spread misleading information to damage the reputation of competitors, or (ii) employ marketing practises such as fake reviews or use coupons or "red envelopes" to entice positive ratings.

Regulations Relating to Algorithms

On 17 September 2021, the CAC, together with certain other governmental authorities, jointly issued the Guidelines on Strengthening the Comprehensive Regulation of Algorithm for Internet Information Services (《關於加強互聯網信息服務算法綜合治理的指導意見》), which provide that, daily monitoring of data use, application scenarios and effects of algorithms shall be carried out by the relevant regulators, and security assessments of algorithm shall be conducted by the relevant regulators, and an algorithm filing system shall be established and classified security management of algorithms shall be promoted.

On 31 December 2021, the CAC and certain other PRC governmental authorities promulgated the Provisions on the Administration of Algorithm Recommendation for Internet Information Services (《互聯網信息服務算法推薦管理規定》), which took effect on 1 March 2022. These provisions require that algorithmic recommendation service providers shall inform users in a conspicuous manner of their provision of algorithmic recommendation services, and publicise the basic principles, purposes, and main operating mechanisms of algorithmic recommendation services in an appropriate manner. Where algorithm recommendation service providers sell goods or provide services to consumers, they shall protect consumers' rights to fair transactions, and shall not use algorithms to implement unreasonably differential treatment in transaction prices and other transaction conditions based on consumers' preferences, transaction habits, and other characteristics and other illegal acts.

Regulations Relating to Intellectual Property

Patent

Patents in the PRC are principally protected under the Patent Law of the PRC (《中華人民共和國專利法》). The Chinese patent system adopts a first-to-file principle. To be patentable, an invention or a utility model must meet three criteria: novelty, inventiveness and practicability. The duration of a patent right is either 10 years, 15 years or 20 years from the date of application, depending on the type of patent right.

Copyright

Copyrights in the PRC, including software copyrights, are principally protected under the Copyright Law of the PRC (《中華人民共和國著作權法》) and related rules and regulations. Under the Copyright Law of the PRC, the term of protection for software copyrights is 50 years. The Regulation on the Protection of the Right to Communicate Works to the Public over Information Networks (《信息網絡傳播權保護條例》), as last amended on 30 January 2013, provides specific rules on fair use, statutory licence, and a safe harbour for use of copyrights and copyright management technology and specifies the liabilities of various entities for violations, including copyright holders, libraries and internet service providers.

The Computer Software Copyright Registration Measures (《計算機軟件著作權登記辦法》), promulgated by the National Copyright Administration on 20 February 2002, regulate registrations of software copyrights, exclusive licencing contracts for software copyrights and assignment agreements.

The National Copyright Administration administers software copyright registration and the Copyright Protection Centre of China is designated as the software registration authority. The Copyright Protection Centre of China grants registration certificates to the computer software copyrights applicants which meet the relevant requirements.

Trademark

Registered trademarks are protected under the Trademark Law of the PRC (《中華人民共和國商標法》) and related rules and regulations. Trademarks are registered with the Trademark office of National Intellectual Property Administration under the State Administration for Market Regulation, formerly the Trademark Office of the State Administration of Industry and Commerce. Where registration is sought for a trademark that is identical or similar to another trademark which has already been registered or given preliminary examination and approval for use in the same or similar category of commodities or services, the application for registration of this trademark may be rejected. Trademark registrations are effective for a renewable ten-year period, unless otherwise revoked.

Domain Name

Domain names are protected under the Administrative Measures on Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT on 24 August 2017 and effective as of 1 November 2017. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and applicants become domain name holders upon successful registration.

Regulations Relating to Employment and Social Welfare

Pursuant to the Labour Law of the PRC (《中華人民共和國勞動法》) and the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》), employers must execute written labour contracts with full-time employees. All employers must comply with local minimum wage standards. Violations of the Labour Contract Law of the PRC and the Labour Law of the PRC may result in the imposition of fines and other administrative and criminal liability in the case of serious violations.

Enterprises in China are required by PRC laws and regulations to participate in certain employee benefit plans, including social insurance funds, namely a pension plan, a medical insurance plan, an unemployment insurance plan, a work-related injury insurance plan and a maternity insurance plan, and a housing provident fund, and contribute to the plans or funds in amounts equal to certain percentages of salaries, including bonuses and allowances, of the employees as specified by the local government from time to time at locations where they operate their businesses or where they are located. According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) which was promulgated by the SCNPC on 28 October 2010 and became effective on 1 July 2011 and as amended on 29 December 2018, an employer that fails to make social insurance contributions may be ordered to pay the required contributions within a stipulated time limit and be subject to a daily 0.05% late fee since the payment is due. If the employer still fails to rectify the failure to make social insurance contributions within the stipulated deadline, it may be subject to a fine ranging from one to three times of the amount overdue. In accordance with the Interim Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) promulgated by the State Council on 22 January 1999, and amended on 24 March 2019, social insurance premiums that should be paid by employees will be withheld and paid by the employer. An employer that fails to withhold and pay the social insurance premiums may be ordered to withhold and pay the required contributions within a prescribed time limit and be subject to a daily 0.2% late fee since the payment is due.

According to the Regulations on Management of Housing Fund (《住房公積金管理條例》) which was promulgated by the State Council on 3 April 1999 and became effective on 3 April 1999 and as amended on 24 March 2019, an employer that fails to make housing fund contributions may be ordered to rectify the noncompliance and pay the required contributions within a stipulated time limit; otherwise, an application may be made to a local court for compulsory enforcement.

Regulations relating to Leasing

Pursuant to the Law of the PRC on Administration of Urban Real Estate (《中華人民共和國城市房地產管理法》), 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 lessee are also required to register the lease with the real estate administration department. If the lessor and lessee fail to go through the registration procedures, both lessor and lessee may be subject to fines.

According to the Civil Code, the lessee may sublease the leased premises to a third party, subject to the consent of the lessor. Where the lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease contract if the lessee subleases the premises without the consent of the lessor. In addition, if the lessor transfers the premises, the lease contract between the lessee and the lessor will still remain valid. Where the mortgaged property has been leased and the possession thereof has been transferred before the creation of mortgage, the original lease relations shall not be affected by the mortgage.

Regulations Relating to Foreign Exchange and Dividend Distribution

Regulations Relating to Foreign Currency Exchange

The principal regulations governing foreign currency exchange in the PRC are the Foreign Exchange Administration Regulations of the PRC (《中國人民共和國外匯管理條例》), which was last amended in 2008. Under PRC foreign exchange regulations, payments of current account items, such as profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. By contrast, approval from or registration with appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of the PRC to pay capital account items, such as direct investments, repayment of foreign currency-denominated loans, repatriation of investments and investments in securities outside of the PRC.

In 2012, SAFE promulgated the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment (《關于進一步改進和調整直接投資外匯管理政策的通知》), which substantially amends and simplifies the foreign exchange procedure. Pursuant to this circular, the opening of various special purpose foreign exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts and guarantee accounts, the reinvestment of Renminbi proceeds derived by foreign investors in the PRC, and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders no longer require the approval or verification of SAFE, and multiple capital accounts for the same entity may be opened in different provinces, which was not possible previously. In 2013, SAFE specified that the administration by SAFE or its local branches over direct investment by foreign investors in the PRC must be conducted by way of registration and banks must process foreign exchange business relating to

the direct investment in the PRC based on the registration information provided by SAFE and its branches. In February 2015, SAFE issued the Circular on Further Simplifying and Improving the Policies for Foreign Exchange Administration for Direct Investment (《關于進一步簡化和改進直接投資外匯管理政策的通知》)(the "**SAFE Circular 13**"), which took effect on 1 June 2015. Instead of applying for approvals regarding foreign exchange registrations of foreign direct investment and overseas direct investment from SAFE, entities and individuals may apply for such foreign exchange registrations from qualified banks. The qualified banks, under the supervision of SAFE, may directly review the applications and conduct the registration.

In March 2015, SAFE promulgated the Circular Concerning Reform of the Administrative Approaches to the Settlement of Foreign Capital of Foreign-invested 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 "**SAFE Circular 19**"), which expands a pilot reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises nationwide. SAFE Circular 19 replaced both the Circular on Issues Relating to the Improvement of Business Operations with Respect to the Administration of Foreign Exchange Capital Payment and Settlement of Foreign-invested Enterprises (《關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知》)(the "**SAFE Circular 142**"), and the Circular on Issues concerning the Pilot Reform of the Administrative Approach Regarding the Settlement of the Foreign Exchange Capitals of Foreign-invested Enterprises in Certain Areas (《關於在部分地區開展外商投資企業外匯資本金結匯管理方式改革試點有關問題的通知》). SAFE Circular 19 allows all foreign-invested enterprises established in the PRC to settle their foreign exchange capital on a discretionary basis according to the actual needs of their business operation, provides the procedures for foreign invested companies to use Renminbi converted from foreign currency-denominated capital for equity investments and removes certain other restrictions that had been provided in SAFE Circular 142. However, SAFE Circular 19 continues to prohibit foreign-invested enterprises from, among other things, using Renminbi funds converted from their foreign exchange capital for expenditure beyond their business scope and providing entrusted loans or repaying loans between non-financial enterprises. SAFE promulgated the Circular on Reforming and Standardising the Foreign Exchange Settlement Management Policy of Capital Account (《關於改革和規範資本項目結匯管理政策的通知》)(the "**SAFE Circular 16**") effective in June 2016, which reiterates some of the rules set forth in SAFE Circular 19. SAFE Circular 16 provides that discretionary foreign exchange settlement applies to foreign exchange capital, foreign debt offering proceeds and remitted foreign listing proceeds, and the corresponding Renminbi capital converted from foreign exchange may be used to extend loans to related parties or repay inter-company loans (including advances by third parties). However, there are substantial uncertainties with respect to SAFE Circular 16's interpretation and implementation in practise.

In January 2017, SAFE promulgated the Circular on Further Improving Reform of Foreign Exchange Administration and Optimising Genuineness and Compliance Verification (《關于進一步推進外匯管理改革完善真實合規性審核的通知》)(the "**SAFE Circular 3**"), which stipulates several capital control measures with respect to the outbound remittance of profits from domestic entities to offshore entities, including (i) banks must check whether the transaction is genuine by reviewing board resolutions regarding profit distribution, original copies of tax filing records and audited financial statements, and (ii) domestic entities must retain income to account for previous years' losses before remitting any profits. Moreover, pursuant to SAFE Circular 3, domestic entities must explain in detail the sources of capital and how the capital will be used, and provide board resolutions, contracts and other proof as a part of the registration procedure for outbound investment.

On 23 October 2019, SAFE promulgated the Circular on Further Promoting the Cross-border Trade and Investment Facilitation (《關於進一步促進跨境貿易投資便利化的通知》), which permits non-investment foreign-invested enterprises to use their capital funds to make equity investments in the PRC, with genuine investment projects and in compliance with effective foreign investment restrictions and other applicable laws. However, there are still substantial uncertainties as to its interpretation and implementations in practise.

According to the Circular on Optimising Foreign Exchange Administration to Support the Development of Foreign-related Business (《關於優化外匯管理支持涉外業務發展的通知》) promulgated and effective on 10 April 2020 by the SAFE, the reform of facilitating the payments of incomes under the capital accounts shall be promoted nationwide. Under the prerequisite of ensuring true and compliant use of funds and compliance and complying with the prevailing administrative provisions on use of income from capital projects, enterprises which satisfy the criteria are allowed to use income under the capital account, such as capital funds, foreign debt and overseas listing, etc., for domestic payment, without the need to provide proof materials for veracity to the bank beforehand for each transaction.

Regulations Relating to Dividend Distribution

The principal regulations governing distribution of dividends of foreign-invested enterprises is the Company Law. Under this laws and its regulations, foreign-invested enterprises in China may pay dividends only out of their accumulated after-tax profits, if any, determined in accordance with China's accounting standards and regulations. In addition, a PRC company, including a foreign- invested enterprise in China, is required to allocate at least 10% of its accumulated profits each year, if any, to fund certain reserve funds until these reserves have reached 50% of the registered capital of the enterprise. A PRC company may, at its discretion, allocate a portion of its after-tax profits based on China accounting standards to staff welfare and bonus funds. These reserves are not distributable as cash dividends.

Regulations Relating to Foreign Exchange Registration of Overseas Investment by PRC Residents

In 2014, SAFE issued the Circular on Foreign Exchange Administration of Overseas Investments and Financing and Round-Trip Investments by Domestic Residents via Special Purpose Vehicles (《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》) (the "**SAFE Circular 37**"). SAFE Circular 37 regulates foreign exchange matters in relation to the use of special purpose vehicles by PRC residents or entities to seek offshore investment and financing or conduct round trip investment in the PRC. Under SAFE Circular 37, a "special purpose vehicle" refers to an offshore entity established or controlled, directly or indirectly, by PRC residents or entities for the purpose of seeking offshore financing or making offshore investment, using legitimate onshore or offshore assets or interests, while "round trip investment" refers to direct investment in the PRC by PRC residents or entities through special purpose vehicles, namely, establishing foreign-invested enterprises to obtain ownership, control rights and management rights. SAFE Circular 37 provides that, before making a contribution into a special purpose vehicle, PRC residents or entities are required to complete foreign exchange registration with SAFE or its local branch.

In 2015, SAFE Circular 13 amended SAFE Circular 37 by requiring PRC residents or entities to register with qualified banks rather than SAFE or its local branch in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or

financing. PRC residents or entities who had contributed legitimate onshore or offshore interests or assets to special purpose vehicles but had not registered as required before the implementation of SAFE Circular 37 must register their ownership interests or control in the special purpose vehicles with qualified banks. An amendment to the registration is required if there is a material change with respect to the special purpose vehicle registered, such as any change of basic information (including change of the PRC residents, name and operation term), increases or decreases in investment amount, transfers or exchanges of shares, and mergers or divisions. Failure to comply with SAFE registration requirements described above, or making misrepresentations or failing to disclose the control of the foreign-invested enterprise that is established through round-trip investment, may result in restrictions being imposed on the foreign exchange activities of the relevant foreign- invested enterprise, including payment of dividends and other distributions, such as proceeds from any reduction in capital, share transfer or liquidation, to its offshore parent or affiliate, and the capital inflow from the offshore parent, and may also subject relevant PRC residents or entities to penalties under PRC foreign exchange administration regulations.

Regulation Relating to Stock Incentive Plans

SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Administration over Involvement of Domestic Individuals in Equity Incentive Plans of Overseas Listed Companies (《關於境內個人參與境外上市公司股權激勵計畫外匯管理有關問題的通知》) in February 2012. Pursuant to this circular and other relevant rules and regulations, PRC residents who participate in a stock incentive plan in an overseas publicly listed company are required to register with SAFE or its local branches and complete certain other procedures. Participants in a stock incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas publicly listed company or another qualified institution selected by the PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive plan on behalf of the participants.

In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan or the PRC agent or any other material changes. The PRC agent must apply to SAFE or its local branches on behalf of the PRC residents who have the right to exercise the employee share options for an annual quota for the payment of foreign currencies in connection with the PRC residents' exercise of the employee share options. The foreign exchange proceeds received by the PRC residents from the sale of shares under the stock incentive plans granted and dividends distributed by the overseas listed companies must be remitted into the bank accounts in the PRC opened by the PRC agents before distribution to such PRC residents.

Regulations Relating to Taxation

Enterprise Income Tax

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), which was promulgated by the National People's Congress on 16 March 2007, took effect on 1 January 2008 and was last amended on 29 December 2018, and its implementing rules, enterprises are classified into resident enterprises and non-resident enterprises. PRC resident enterprises typically pay an enterprise income tax at the rate of 25% while non-PRC resident enterprises without any branches in the PRC should pay an enterprise income tax in connection with their income from the PRC at the tax rate of 10%. The Enterprise Income Tax Law and its implementation rules permit certain High and

New Technologies Enterprises to enjoy a reduced 15% enterprise income tax rate subject to these enterprises meeting certain qualification criteria.

The Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (《關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) promulgated by the State Administration of Taxation, on 22 April 2009, taking effect on 1 January 2008, and last amended on 29 December 2017, sets out the standards and procedures for determining whether the "de facto management body" of an enterprise registered outside of mainland China and controlled by mainland Chinese enterprises or mainland Chinese enterprise groups is located within mainland China. On 27 July 2011, the State Administration of Taxation issued a trial version of the Administrative Measures for Enterprise Income Tax of Chinese-Controlled Offshore Incorporated Resident Enterprises (《境外注册中資控股居民企業所得税管理辦法 (試行)》), which took effect on 1 September 2011 and was last amended in June 2018, to clarify certain issues in the areas of resident status determination, post-determination administration and competent tax authorities' procedures. The PRC Enterprise Income Tax Law and the implementation rules provide that an income tax rate of 10% will normally be applicable to dividends payable to investors that are "non-resident enterprises," and gains derived by such investors, which (a) do not have an establishment or place of business in the PRC or (b) have an establishment or place of business in the PRC, but the relevant income is not effectively connected with the establishment or place of business to the extent such dividends and gains are derived from sources within the PRC. Such income tax on the dividends may be reduced pursuant to a tax treaty between the PRC and other jurisdictions. Pursuant to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income (《內地和香港特別行政區關于對所得避免雙重徵税和防止偷漏税的安排》), promulgated by the State Administration of Taxation on 21 August 2006, and other applicable PRC Laws, if a Hong Kong resident enterprise is the beneficial owner of the dividends and is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5% upon receiving approval from in-charge tax authority. However, based on the Notice on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties (《關於執行税收協定股息條款有關問題的通知》) promulgated by the State Administration of Taxation and taking effect on 20 February 2009, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment. The State Administration of Taxation promulgated the Notice on Issues Concerning "Beneficial Owners" in Tax Treaties (《國家税務總局關于税收協定中"受益所有人"有關問題的公告》) in February 2018, which took effect in April 2018 and provided that in determining whether a non-resident enterprise has the status as a beneficial owner, comprehensive analysis shall be conducted based on the factors listed therein and the actual circumstances of the specific case shall be taken into consideration.

Value-added Tax

According to the Provisional Regulations on Value-added Tax (《增值税暫行條例》) promulgated by the State Council on 13 December 1993 and last amended on 19 November 2017, and the Implementing Rules of the Provisional Regulations on Value-added Tax (《增值税暫行條例實施細則》) promulgated by the Ministry of Finance on 25 December 1993 and last amended on 28 October 2011, all taxpayers selling goods, providing processing, repairing or replacement services or importing

goods within the PRC shall pay VAT. On 4 April 2018, the Ministry of Finance and the State Administration of Taxation issued the Circular on Adjustment of VAT Rates (《關於調整增值稅稅率的通知》), which took effect on 1 May 2018. According to the abovementioned circular, the taxable goods previously subject to VAT rates of 17% and 11% respectively became subject to lower VAT rates of 16% and 10% respectively starting from 1 May 2018. Furthermore, according to the Announcement on Relevant Policies for Deepening VAT Reform (《關於深化增值稅改革有關政策的公告》) jointly promulgated by the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs, which took effect on 1 April 2019, the taxable goods previously subject to VAT rates of 16% and 10% respectively became subject to lower VAT rates of 13% and 9% respectively starting from 1 April 2019.

Regulations Relating to M&A Rules and Overseas Listings

On 8 August 2006, six PRC regulatory agencies including the MOFCOM and the CSRC adopted the M&A Rules, which took effect on 8 September 2006 and were amended on 22 June 2009. Pursuant to the M&A Rules, the approval of the MOFCOM must be obtained if overseas companies established or controlled by PRC enterprises or residents acquire domestic companies affiliated with such PRC enterprises or residents. In addition, the M&A Rules require offshore special purpose vehicles formed for overseas listing purposes through acquisitions of PRC domestic companies and controlled by PRC enterprises or residents to obtain the approval of the CSRC prior to publicly listing their securities on an overseas stock exchange.

Furthermore, certain PRC regulatory authorities issued Opinions on Strictly Cracking Down on Illegal Securities Activities (《關於依法從嚴打擊證券違法活動的意見》), which were available to the public on 6 July 2021 and emphasised the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies, and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies, and provided that the Special Provisions of the State Council on Overseas Offering and Listing by Those Companies Limited by Shares will be revised and therefore the duties of domestic industry competent authorities and regulatory authorities will be clarified.

On 17 February 2023, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Overseas Listing Trial Measures**”), and relevant five guidelines, which came into effect as of 31 March 2023. According to the Overseas Listing Trial Measures, PRC domestic enterprises that seek to **[REDACTED]** and list securities in overseas markets, either in direct or indirect means (the “**Overseas [REDACTED] and Listing**”), are required to fulfil the filing procedure with the CSRC and submit filing reports, legal opinions, and other relevant documents.

Under the Overseas Listing Trial Measures, a filing-based regulatory regime shall be applied to both “direct overseas **[REDACTED]** and listing” and “indirect overseas **[REDACTED]** and listing” of PRC domestic companies. The “indirect overseas **[REDACTED]** and listing” of PRC domestic companies refers to such securities **[REDACTED]** and listing in an overseas market made in the name of an offshore entity, but based on the underlying equity, assets, earnings or other similar rights of a domestic company which operates its main business domestically. If the issuer meets the following conditions, the **[REDACTED]** and listing shall be determined as an indirect overseas **[REDACTED]** and listing by a PRC domestic company: (i) the total assets, net assets, revenues or profits of the domestic operating entity or entities 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; (ii) most of the senior managers in charge of business operation and management of the issuer are Chinese citizens or have domicile in China, and its main places of business are located in China or main business activities are conducted in China. Domestic companies that seek to **[REDACTED]** and list securities in overseas markets shall fulfil the filing procedure with the CSRC, and, among others, shall strictly comply with laws and regulations and relevant provisions concerning national security in spheres of foreign investment, cybersecurity, and data security, and earnestly fulfil their obligations to protect national security.

The Overseas Listing Trial Measures provide that an overseas **[REDACTED]** and listing is prohibited under any of the following circumstances: (i) if the intended securities **[REDACTED]** and listing falls under specific clauses in national laws and regulations and relevant provisions prohibiting such financing activities; (ii) if the intended securities **[REDACTED]** and listing in overseas market may constitute a threat to or endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) if, in recent three years, the domestic company or its controlling shareholders and actual controllers have committed corruption, bribery, embezzlement, misappropriation of property, or other criminal offences disruptive to the order of the socialist market economy; (iv) if the domestic company is currently under judicial investigations for suspicion of criminal offences or under investigations for suspicion of major violations; or (v) if there are material ownership disputes over the equities of the domestic company held by the domestic company's controlling shareholders or the shareholders whose actions are controlled by the controlling shareholders or actual controllers.

The Overseas Listing Trial Measures and relevant five guidelines require that where an issuer makes an application for **[REDACTED]** and listing in an overseas market, the filing entity shall submit to the CSRC filing documents, which include but are not limited to those specified below, within three working days after such application is submitted: (i) filing reports and associated undertakings; (ii) regulatory opinions, filings or approval and related documents issued by competent industry authorities (where applicable); (iii) opinions issued by competent authorities under the State Council on security assessment and review of the issuer (where applicable); (iv) legal opinions provided by a domestic law firm; and (v) a **[REDACTED]** or listing documents. For violations of these provisions or measures thereof, the CSRC and other competent authorities under the State Council may impose administrative regulatory measures on the issuer and securities companies, securities service institutions and relevant practitioners providing corresponding services in China, such as order for correction, regulatory talks and warning letters, proportionate to the severity of the violations.

The Overseas Listing Trial Measures also set forth the issuer's reporting obligations in the event of occurrence of material events (the "**Material Events**") after the Overseas **[REDACTED]** and Listing. In the event of the occurrence of any of the following Material Events, the issuer shall make a detailed report to the CSRC within three working days after the occurrence and public announcement of the relevant event: (i) change in controlling rights; (ii) being subject to investigation, punishment or other measures by overseas securities regulatory authorities or the relevant authorities; (iii) changing listing status or changing the listing board; or (iv) voluntary or compulsory termination of listing. Besides, if any material change in the principal business and operation of the issuer after its Overseas **[REDACTED]** and Listing makes the issuer no longer within the scope of record-filing, the issuer shall submit a special report and a legal opinion issued by a PRC domestic law firm to the CSRC within three working days after the occurrence of the relevant change to provide an explanation of the relevant situation.

According to the Notice on Arrangements for Record Filing Administration of Overseas Offering and Listing of Domestic Enterprises (《關於境內企業境外發行上市備案管理安排的通知》) and the relevant replies by the officials from CSRC which are both promulgated with the Overseas Listing Trial Measures simultaneously, the PRC domestic companies that have already been listed overseas or meet all of the following conditions shall be deemed as existing issuers (存量企業) (the "**Existing Issuers**") : (1) before the effective date of the Overseas Listing Trial Measures (i.e. 31 March 2023), the PRC domestic company's application for its indirect Overseas **[REDACTED]** and Listing has been approved by the relevant overseas regulatory authorities or securities exchanges (for example, a listing hearing has been passed by the Stock Exchange) and do not need to re-obtain the approval from the relevant overseas regulatory authorities or securities exchanges for their indirect overseas **[REDACTED]** and listing prior to the effective date of the Overseas Listing Trial Measures (i.e. 31 March 2023) and do not need to re-perform the regulatory procedures for **[REDACTED]** and listing with the overseas regulatory authorities or overseas stock exchanges (for example, a new listing hearing is required by the Stock Exchange); and (2) the PRC domestic enterprise completes the Overseas **[REDACTED]** and Listing on or prior to 30 September 2023. The Existing Issuers are not required to complete the filling procedures immediately, and they shall be required to file with the CSRC when subsequent matters such as refinancing are involved.