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## REGULATORY OVERVIEW

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### OVERVIEW OF LAWS AND REGULATIONS IN THE PRC

This section summarizes the principal PRC laws, rules and regulations that are relevant to our business.

#### Regulatory Authorities

The regulatory authorities of the drug industry in the PRC include: the National Medical Products Administration (國家藥品監督管理局) (the “NMPA”), the National Health Commission of the PRC (中華人民共和國國家衛生健康委員會) (the “NHC”) and the National Healthcare Security Administration (國家醫療保障局) (the “NHSA”).

The NMPA is an authority under the State Administration for Market Regulation (國家市場監督管理總局) (the “SAMR”) and is the primary regulator for medical products. It is primarily responsible for the supervising and managing drugs, medical devices and cosmetics, including drafting of relevant regulations and policies; undertaking standard management, registration regulation, quality management and post-market risk management for drugs, medical devices and cosmetics; and organizing and guiding the supervision and inspection of drugs, medical devices and cosmetics; undertaking management of qualifications for licensed pharmacists.

The NHC is primary national regulator for public health. It is primarily responsible for drafting national health policies, supervising and regulating public health, healthcare services, and health emergency systems, coordinating the reform of medical and health system, organizing the formulation of national drug policies and national essential medicine system, launching an early warning mechanism for the monitoring of the use and clinical comprehensive evaluation of medicine as well as the drug shortage, giving suggestions on the pricing policy of national essential medicine, and regulating the operation of medical institutions and practicing of medical personnel.

The NHSA is an authority directly under the State Council responsible for the management of the healthcare security system. It is primarily responsible for drafting and implementing policies and standards on medical insurance, maternity insurance and medical assistance; supervising and administering the healthcare security funds; organizing the formulation a uniform medical insurance catalogue and payment standards on drugs, medical disposables and healthcare services; and formulating and supervising the implementation of the bidding and tendering policies for drugs and medical disposables.

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## REGULATORY OVERVIEW

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### Laws and Regulations in Relation to Drug Manufacturer

#### *Drug Manufacturing Permit*

Pursuant to the Drug Administration Law of the PRC (《中華人民共和國藥品管理法》) (the “Drug Administration Law”) promulgated by the Standing Committee of the National People’s Congress (the “SCNPC”) in September 1984 and lastly amended in August 2019 and came into effect in December 2019, the state adopts an industry entry permit system for drug manufacturers. The conduct of drug manufacturing activities shall be approved and granted with a Drug Manufacturing License (《藥品生產許可證》) by the drug regulatory authority of the people’s government at provincial, autonomous regional or municipal level. The Drug Manufacturing License shall indicate the validity period and the scope of production, and shall be reviewed for renewing upon expiration.

#### *Good Manufacturing Practices*

Prior to December 1, 2019, establishment of a new drug manufacturer, construction of new production premise for a drug manufacturer or production of new dosage form are required to submit application for good manufacturing practice certification (GMP certification) with the drug regulatory authority in accordance with relevant provisions. If the Good Manufacturing Practices are satisfied, a GMP certificate will be issued. Pursuant to the Announcement on the Relevant Issues Concerning the Implementation of the Drug Administration Law of the PRC (《關於貫徹實施〈中華人民共和國藥品管理法〉有關事項的公告》), promulgated by the NMPA on November 29, 2019, and the Drug Administration Law, the GMP and Good Supply Practice (GSP) certifications have been cancelled, applications for GMP and GSP certifications are no longer accepted, and GMP and GSP certificates are no longer issued. When engaging in drug manufacturing activities, a manufacturer shall comply with the GMP and establish a sound GMP management system, to ensure that the entire process of drug manufacturing maintain to meet the statutory requirements, and meet the GMP requirements enacted by the drug regulatory authority under the State Council in accordance with the law. The legal representative of and principal person in charge of a drug manufacturer are fully responsible for the drug manufacturing activities of the enterprise.

The Good Manufacturing Practices (《藥品生產質量管理規範》), promulgated by the Ministry of Health of the PRC (the “MOH”, now known as the NHC) in March 1988, newly amended in January 2011 and came into effect in March 1, 2011, provided guidance for the quality management, organization and staffing, production premises and facilities, equipments, material and products, recognition and inspection, documentation maintenance, manufacture management, quality control and quality assurance, contractual manufacture and contractual inspection for the products, product delivery and recalls of a manufacturer in a systematical manner.

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## REGULATORY OVERVIEW

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### Laws and Regulations in Relation to New Drugs

#### *Application for New Drug Registration*

Drug registration refers to an approval process where the NMPA conducts review of the safety, efficacy and quality controllability of the drugs intended for marketing according to the application for drug registration made by an applicant, and decides whether to approve the application. Drug registration applications include new drug application, generic drug application, imported drug registration application and supplementary application, as well as re-registration application. Pursuant to the provisions of the Measures for the Administration of Drug Registration (2020) (《藥品註冊管理辦法》(2020)), promulgated by the SAMR in January 22, 2020 and came into effect in July 1, 2020, the Measures for the Administration of Drug Registration (2020) shall apply to the development, registration, supervision and management activities carried out in the territory of the PRC for marketing of drugs. In accordance with the Measures for the Administration of Drug Registration (2020), drugs registration refers to activities that a drug registration applicant files an application and other supplementary applications for clinical drug trial, approval for drug marketing, and re-registration, among others, under the legal procedures and according to the relevant requirements, and that the medical products administrative department examines the safety, effectiveness, and quality controllability based on the laws and regulations, and the existing scientific cognitions, to decide whether to agree with the activities applied for. A drug registration certificate shall be valid for five years. During the validity period, a holder of a drug registration certificate shall continue to ensure the safety, effectiveness and quality controllability of the marketed drug, and apply for re-registration of the drug six months prior to the expiry of the validity period.

#### *Non-clinical Research and Animal Testing*

The non-clinical safety assessment of drugs for marketing approval shall be conducted in accordance with the Good Laboratory Practices for Non-clinical Laboratory Studies (《藥物非臨床研究質量管理規範》) promulgated by the SFDA in August 2003 and latest amended by CFDA in July 2017 and came into effect on September 1, 2017. The SFDA promulgated the Administrative Measures for the Certification of Good Laboratory Practices for Non-clinical Laboratory Studies (《藥物非臨床研究質量管理規範認證管理辦法》) in April 2007, which specifies the requirements for institutions applying for Good Laboratory Practice (GLP) certification of non-clinical laboratory studies. On January 19, 2023, the NMPA amended the Administrative Measures for the Certification of Good Laboratory Practices for Non-clinical Laboratory Studies (《藥物非臨床研究質量管理規範認證管理辦法》), which is expected to come into effect on July 1, 2023.

According to the Regulations for the Administration of Affairs Concerning Experimental Animals (《實驗動物管理條例》) promulgated by the State Science and Technology Commission in November 1988 and lastly amended in March 2017 by the State Council, the Administration Measures on Good Practice of Experimental Animals (《實驗動物質量管理辦法》) jointly promulgated by the State Science and Technology Commission and the State

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## REGULATORY OVERVIEW

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Bureau of Quality and Technical Supervision in December 1997, and the Administrative Measures on the Certificate for Experimental Animals (Trial) (《實驗動物許可證管理辦法(試行)》) promulgated by the Ministry of Science and Technology and other regulatory authorities in December 2001 and came into effect in January 2002, performing conservation, breeding, production, supply, transportation and related commercial operations of experimental animals and related products requires a Certificate for Production of Laboratory Animals. A Certificate for Production of Laboratory Animals shall be valid for five years, and the holder shall apply for renewal six months prior to the expiry of the validity period.

### *Application for Clinical Trial*

After completing the preclinical studies, the applicant must obtain approval for clinical trials of drugs from the NMPA before the conduction of new clinical drug trials. According to the Decision on Adjusting the Approval Procedures of Certain Administrative Approval Items for Drugs (《關於調整部分藥品行政審批事項審批程序的決定》) promulgated by the CFDA on March 17, 2017 and came into effect on May 1, 2017, the decision on the approval of clinical trials of drugs enacted by the CFDA can be made by the Center for Drug Evaluation (the "CDE") from May 1, 2017. Pursuant to the Drug Administration Law, the dossier on a new drug research and development, including the manufacturing method, quality specifications, results of pharmacological and toxicological tests and the related data and the samples, shall, in accordance with the regulations of the drug regulatory authority under the State Council be truthfully submitted to the said department for approval before clinical drug trial is conducted. The drug regulatory authority of under State Council shall decide whether to approve the clinical trial application and notify the decision to the clinical trial applicant within 60 business days from the date of accepting the clinical trial application. If the drug regulatory authority under the State Council fails to do so, the clinical trial application shall be deemed as approval, and if the bioequivalence test is conducted, it is required to report it to the drug regulatory authority under State Council for filing.

Before conducting the clinical trial, the applicant shall file a series of detailed documents with the NMPA. According to the Announcement on Drug Clinical Trial Information Platform (《關於藥物臨床試驗信息平台的公告》), which came into effect in September 2013, and the Standard for the Management of Drug Clinical Trial Registration and Information Disclosure (Trial) (《藥物臨床試驗登記與信息公示管理規範(試行)》), all clinical trials approved by the CFDA and conducted in the PRC shall complete the clinical trial registration and information disclosure on the Drug Clinical Trial Information Platform. The applicant must complete the initial registration of the trial within one month after obtaining the approval of the clinical trial to obtain the unique registration number of the trial; and complete the subsequent data registration before the first patient is enrolled and submit it for the first time for disclosure.

After obtaining clinical trial approval, the applicant shall choose institutions qualified for clinical trials of the drug to conduct clinical trials. Pursuant to the Administrative Regulations for Drug Clinical Trial Institutions (《藥物臨床試驗機構管理規定》), which came into effect in December 2019, if engaging in drug development activities and conducting clinical trials of drugs (including bioequivalence test conducted after filing) approved by the NMPA within the

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## REGULATORY OVERVIEW

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territory PRC, they shall be conducted in the Drug Clinical Trial Institutions. Drug clinical trial institutions shall be subject to filing administration. Institutions that only engage in analysis of biological samples related to drug clinical trials shall not be subject to filing. The national drug regulatory authority is responsible for setting up a filing management information platform for drug clinical trial institutions for registration, filing and operation management of drug clinical trial institutions, as well as the entry, sharing and disclosure of information on supervision and inspection of the drug regulatory authority and competent healthcare authority.

### *Clinical Trial*

In compliance with the Measures for the Administration of Drug Registration (《藥品註冊管理辦法》), clinical trials are divided into Phase 1, Phase 2, Phase 3, Phase 4 and bioequivalence trial:

A clinical drug trial to be carried out shall be examined and approved by the ethics committee. The management of drugs used in a clinical drug trial shall satisfy the relevant requirements of the GCP. A sponsor approved to carry out clinical drug trial shall, before carrying out subsequent clinical drug trial by stages, develop corresponding plan for clinical drug trial, carry out clinical drug trial upon examination and with consent of the ethics committee, and submit corresponding plan for clinical drug trial and supporting materials on the website of the CDE.

Clinical trials shall be conducted for the application of new drug registration and shall be implemented in accordance with the Good Clinical Practice for Drug Trials (《藥物臨床試驗質量管理規範》), promulgated by the NMPA and NHC and came into effect on July 1, 2020. The Good Clinical Practice for Drug Trials stipulates the criteria for the entire procedure of the clinical trial including pre-clinical trial preparation and the necessary conditions, protection of testees' rights and interests, trial protocols, duties of researchers, duties of sponsors, duties of monitors, trial record and report, data management and statistical analysis, administration of drug products for trial, guarantee for quality, polycentric trials, with reference to the internationally recognized principles.

According to the Announcement of the National Medical Products Administration on Adjusting the Review and Approval Procedures for Drug Clinical Trials (《國家藥品監督管理局關於調整藥物臨床試驗審評審批程序的公告》), if a new drug clinical trial has been approved to be carried out, after the completion of Phase 1 and Phase 2 clinical trials and before the implementation of Phase 3 clinical trials, the applicant shall submit an application for a communication meeting to the CDE to discuss with the CDE on key technical issues including the design of the phase 3 clinical trial design. The applicant can also apply for communication on key technical issues at different stages of clinical research and development.

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## REGULATORY OVERVIEW

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### *New Drug Application*

Pursuant to the Measures for the Administration of Drug Registration (《藥品註冊管理辦法》), after completing the pharmaceutical research, pharmacological and toxicological research, clinical drug trial, and other researches supporting the marketing registration of a drug, determining the quality standards, completing the verification of commercial large-scale production process, and making sound preparation for the acceptance of drug registration inspection and examination, an applicant shall file an application for drug marketing authorization, and submit relevant research materials in accordance with the requirements of the application materials. After the formal examination of the application materials, an application that satisfies the requirements shall be accepted. Where a generic drug, in vitro diagnostic reagent managed as a drug, or any other eligible circumstance assessed by an applicant to be unnecessary or impossible for conducting clinical drug trial and meeting the conditions for exempting clinical drug trial, the applicant may directly file an application for drug marketing authorization. The technical guiding principles and relevant specific requirements for exempting clinical drug trial shall be developed and announced by the CDE.

The CDE shall organize pharmaceutical, medical and other technical personnel to evaluate the accepted applications for drug marketing authorization as required. Where the comprehensive evaluation conclusion is adopted, the drug shall be approved for marketing, and a drug registration certificate shall be issued. If the comprehensive evaluation conclusion is not adopted, a disapproval decision shall be made. A drug registration certificate shall specify the drug approval number, holder, manufacturer and other information. An over-the-counter (OTC) drug registration certificate shall also indicate the type of OTC drug.

Drug registration inspection means the inspection activities carried out for the development sites and production sites for verifying the authenticity and consistency of the application materials and the commercial production conditions for marketing of drugs, and examining the compliance of drug development, and data reliability, among others, and the extended examination activities carried out for manufacturers, suppliers, or other entrusted institutions of chemical active pharmaceutical ingredients (“APIs”), auxiliary materials, and packaging materials and containers in direct contact with drugs involved in the application for drug registration, if necessary.

The CDE shall decide whether to carry out on-site inspection of drug registration development based on risks, according to the degree of drug innovation and the previous acceptance of inspection by drug research institutions.

The CDE shall decide whether to launch production site inspection for drug registration based on risks according to the factors such as variety, process, facility, and previous acceptance of inspection for which an application is filed for registration. For innovative drugs, new modified drugs and biological products, production site inspection for drug registration and pre-marketing examination for management standards for drug production quality shall be

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## REGULATORY OVERVIEW

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conducted. For generic drugs, production site inspection for drug registration and pre-marketing examination for management standards for drug production quality shall be conducted based on the risks, according to whether a drug production license for the corresponding production scope has been obtained and whether a variety of the same dosage form has been marketed.

After an application for drug registration is accepted, the CDE shall conduct preliminary examination within 40 days of acceptance, notify the CDE of organizing inspection and provide the relevant materials required for inspection, where production site inspection for drug registration is required, and concurrently notify the applicant and the medical products administrative department of the province, autonomous region, or municipality in the place where the applicant or production enterprise is located. In principle, the Center for Inspection shall complete the inspection work 40 days prior to the expiry of the time limit for inspection, and report the inspection information, inspection results and other relevant materials to the CDE.

Drug registration examination shall include standard review and sample examination. Standard review means the laboratory assessment of the scientificity of the items set in the standards for the drug for which the applicant applies, the feasibility of the test methods, and the rationality of quality control indicators, among others. Sample examination means the laboratory examination carried out for samples according to the application of the applicant or the drug quality standards verified by the CDE.

The review period for an application for drug marketing authorization shall be 200 days. Within this 200 days period, the review period for the procedures for prioritized review and approval shall be 130 days, and the review period for the procedures for prioritized review and approval for clinically and urgently needed overseas-marketed drug for a rare disease shall be 70 days.

The following duration shall be excluded from the relevant work period: (i) time taken for the applicant to provide supplementary materials, to make correction upon examination as well as to verify manufacturing process, quality standards and literature in accordance with the requirements; (ii) delay in examination or inspection due to reason of the applicant, time taken for organizing expert advisory meetings; (iii) the suspended duration in the event of suspension of review and approval procedures pursuant to the provisions of laws and regulations; and (iv) time taken for overseas examination where such overseas examination is activated.

### ***Reform of Evaluation and Approval System for Drugs***

In August 2015, the State Council promulgated the Opinions on the Reform of Evaluation and Approval System for Drugs and Medical Devices and Equipment (《關於改革藥品醫療器械審評審批制度的意見》) (the “Reform Opinions”), which provides a framework for reforming the evaluation and approval system for drugs and indicates enhancing the standard of approval for drug registration and accelerating the evaluation and approval process for innovative drugs.

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## REGULATORY OVERVIEW

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In November 2015, the CFDA promulgated the Announcement on Certain Policies for Drug Registration, Evaluation and Approval (《關於藥品註冊審評審批若干政策的公告》) (the “Certain Policies Announcement”), which further clarifies the measures and policies on simplifying and accelerating the approval process on the basis of the Reform Opinions.

Pursuant to the Decision on Adjusting the Approval Procedures of Certain Administrative Approval Items for Drugs (《關於調整部分藥品行政審批事項審批程序的決定》) promulgated by the CFDA in March 2017 and came into effect in May 2017, the clinical trial approval decisions on drugs (including domestic and imported) can be directly made by the CDE in the name of the CFDA; decisions on approval of drug supplementary applications (including domestic and imported); decisions on approval of re-registration of imported drugs.

The Evaluation and Approval Procedures for Breakthrough Therapeutic Drugs (Trial) (《突破性治療藥物審評工作程序(試行)》), the Evaluation and Approval Procedures for Conditionally Approved Drugs (Trial) (《藥品附條件批准上市申請審評審批工作程序(試行)》) and The Preferential Evaluation and Approval Procedures for Drug Marketing Authorization (Trial) (《藥品上市許可優先審評審批工作程序(試行)》) promulgated by the NMPA in July 2020 and came into effect in July 2020, replace the Opinions on Implementing Priority Review and Approval to Encourage Drug Innovation (《關於鼓勵藥品創新實行優先審評審批的意見》) promulgated by the CFDA in December 2017 and came into effect in December 2017, which further clarified the Accelerating Registration Procedures for Drugs.

### ***Regulations of Biosimilars***

In February 2015, the CFDA released the Technical Guidelines for R&D and Evaluation of Biosimilars (《生物類似藥研發與評價技術指導原則》) (the “Biosimilar Guidelines”), which outline the regulatory framework for biosimilars in China and provide the basic principles for the evaluation and management of biosimilars. It sets forth the definition of biosimilars and reference drugs, the requirements in relation to the selection of reference drugs, the basic principles for the technical review, the criteria for comparability, and the conditions under which extrapolations of indications would be permissible. According to the Biosimilar Guidelines, biosimilars refer to therapeutic biological products that are similar to approved and registered reference drugs in terms of quality, safety and efficacy. The R&D and marketing of biosimilars need to comply with the relevant regulations of the PRC Drug Administration Law (《中華人民共和國藥品管理法》) and the Administrative Measures for Drug Registration (《藥品註冊管理辦法》). After completion of preclinical studies, the applicant is required to propose an application for a clinical trial, and after receiving the approval to conduct a clinical trial, the applicant should complete the clinical trial in accordance with the clinical trial protocol. The applicant shall submit an application for a marketing authorization after completion of the clinical trials and related preparations.

According to the Administrative Measures for Drug Registration (《藥品註冊管理辦法》), drug registration shall be subject to registration and administration by categories, namely Chinese medicine, chemical medicine and biological products etc. Biological product registration shall be categorized in accordance with biological product innovative medicine,



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## REGULATORY OVERVIEW

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biological product improved new medicine, marketed biological products (including biosimilar), etc. In order to cooperate with the implementation of the Administrative Measures for Drug Registration, the NMPA formulated the Registration Classification of Biological Products and Requirements for Application Materials (《生物製品註冊分類及申報資料要求》), and the Registration Classification of Biological Products part came into effect on July 1, 2020 while the Requirements for Application Materials part came into effect on October 1, 2020. According to the Registration Classification of Biological Products and Requirements for Application Materials, the biosimilars are classified as category 3.3.

On February 10, 2021, the NMPA issued the Technical Guidelines for Similarity Evaluation and Indication Extrapolation of Biosimilars (《生物類似藥相似性評價和適應症外推技術指導原則》) to further standardize the development and evaluation of biosimilars, which came into effect on the same day. According to the Technical Guidelines for similarity evaluation and indication extrapolation of Biosimilars, “similarity” refers to a drug candidate that is overall similar to a reference drug that is approved for registration and that does not present clinically meaningful differences in quality, safety, and efficacy, and “Indication Extrapolation” refers to a drug candidate that is overall similar to the reference drug when directly aligned to clinical trials showing that the candidate is clinically similar to the reference drug in at least one indication. It may then be possible to extrapolate scientific arguments for indication related study data and information in support of its use for other indications not directly studied as approved in China for the reference drug. The similarity evaluation of biosimilars should be carried out comprehensively from the perspective of pharmaceutical, non-clinical and clinical studies to determine the overall similarity, and should be carried out at different stages of biopharmaceutical studies.

The Technical Guidance for Clinical Pharmacology Studies of Biosimilars (《生物類似藥臨床藥理學研究技術指導原則》) issued by the CDE in February 2022 provides further guidance recommendations for clinical pharmacology studies of biosimilars in the framework of The Biosimilar Guidelines and the Technical Guidelines for Similarity Evaluation and Indication Extrapolation of Biosimilars, in which it is clear whether the candidate and reference drugs have similarity in clinical pharmacology needs to be evaluated based on statistical methods; currently, the average bioequivalence statistical approach is generally recommended for the comparison of PK and PD parameters.

With respect to the application and approval process for imported biosimilars developed overseas, according to the Administrative Measures for Drug Registration (《藥品註冊管理辦法》), the application for registration of drugs produced overseas shall be filed in accordance with the requirements for the detailed classification and the corresponding application materials.

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## REGULATORY OVERVIEW

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### *Marketing Authorization Holder System*

Pursuant to the Drug Administration Law and the Administrative Measures for Drug Registration, the state implements the drug marketing authorization holder system for drug management. After obtaining a drug registration certificate, an applicant shall be the drug marketing authorization holder. During the validity period, a holder of a drug registration certificate shall continue to ensure the safety, effectiveness and quality controllability of the marketed drug, and apply for re-registration of the drug six months prior to the expiry of the validity period.

The drug marketing authorization holder shall proactively carry out post-marketing research on drugs, further confirm the safety, effectiveness and quality controllability of drugs, and strengthen the continuous management of marketed drugs. Where a drug registration certificate and its annex require the marketing authorization holder to carry out relevant research work after the drug is marketed, the marketing authorization holder shall complete the research within the prescribed time limit and file a supplementary application, undergo recordation formalities or report as required. After a drug is approved for marketing, the marketing authorization holder shall continue to conduct research on drug safety and effectiveness, undergo recordation formalities in a timely manner or file a supplementary application for revising the instructions according to the relevant data, and continuously update and improve the instructions and labels. According to the duties, the medical products administrative department may require the marketing authorization holder to revise the instructions and labels based on the monitoring of adverse drug reactions and the post-marketing reevaluation results of the drug.

The marketing authorization holder shall apply for re-registration six months prior to the expiry of the validity period of the drug registration certificate. An application for re-registration of a domestically produced drug shall be filed by the marketing authorization holder with the medical products administrative department of the province, autonomous region, or municipality directly under the Central Government, and an application for re-registration of a drug produced overseas shall be filed by the marketing authorization holder with the Center for Drug Evaluation.

### *Transfer of Drug Marketing Authorisation*

Pursuant to the PRC Drug Administration Law (《中華人民共和國藥品管理法》), upon approval by the drug administrative department of the State Council, a drug marketing authorisation holder may transfer its drug marketing authorisation. The transferee shall possess the quality management, risk control and liability compensation competence to ensure drug safety, effectiveness and quality controllability, and perform the obligations of the drug marketing permit holder.

According to the Administrative Measures for Drug Registration (《藥品註冊管理辦法》), transfer of drug marketing authorisation by the holder shall declare by way of supplementary application, and implement upon approval.

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## REGULATORY OVERVIEW

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Pursuant to the Administrative Measures for Drug Post-marketing Changes (for Trial Implementation) (《藥品上市後變更管理辦法(試行)》), drug post-marketing changes shall not have any adverse impact on the safety, effectiveness and quality controllability of drugs. In the case of an application for the change to a drug holder, the production site, prescription, production techniques and quality standards of the drugs shall be consistent with those of the original drugs. In the case of any change, after the change of the holder has been approved, the holder after the change shall conduct full study, evaluation and necessary verification and shall implement or report such changes upon approval or filing as required.

In the case of an application for the change of a holder of domestically manufactured drugs, the transferee shall, after obtaining the drug manufacturing permit for the corresponding production scope, submit a supplementary application to the CDE. In particular, in the case of an application for the change of a holder of narcotic drugs or psychotropic drugs, the transferee shall also meet the requirements for the quantity and layout of the designated manufacturers of narcotic drugs and psychotropic drugs as determined by the NMPA.

The CDE shall make a decision on whether to approve the change within the prescribed time limit. If the change is approved, the CDE shall issue a supplementary drug application notice with the drug approval number and the valid period of the certificate remains unchanged. The CDE shall also send a copy thereof to the provincial drug regulatory authority at the place where the transferor, the transferee and the manufacturer are located.

The holder after the change shall have a production quality management system that meets the requirements specified in the GMP, undertake the obligations for the management of the drug in the whole life cycle, complete the continuous research work of the drug, ensure that the existing technical requirements are met after the drug is manufactured and marketed, and emphasis the situation of the transferred drug in its initial annual report.

The transferred drug may be sold on the market after passing the inspection for compliance with the GMP and fulfilling the product release requirements.

The provincial drug regulatory authority at the place where the transferee is located shall focus on strengthening the supervision and inspection of the transferred drugs and timely incorporate such supervision and inspection into the daily supervision plan.

### *Gathering, Collection and Filing of Human Genetic Resources*

The Interim Measures for the Management of Human Genetic Resources set out rules for the protection and use of human genetic resources in China. Pursuant to the Service Guide for Administrative Licensing of Gathering, Collection, Deal, Export and Exit Approval of Human Genetic Resources of Human genetic resources (《人類遺傳資源採集、收集、買賣、出口、出境審批行政許可事項服務指南》) promulgated by the Ministry of Science and Technology in July 2015 and the Notice on the Implementation of the Administrative License for the Gathering, Collection, Deal, Export and Exit of Human Genetic Resources (《關於實施人類遺傳資源採集、收集、買賣、出口、出境行政許可的通知》) promulgated by the Ministry of

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## REGULATORY OVERVIEW

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Science and Technology in August 2015, foreign investment sponsors who gather and collect human genetic resources through clinical trials should file a record with the China Human Genetic Resources Management Office through an online system. The Ministry of Science and Technology promulgated the Notice on Optimizing the Administrative Examination and Approval Process of Human Genetic Resources (《關於優化人類遺傳資源行政審批流程的通告》) in October 2017 and came into effect in December 2017, which has simplified the approval process for the gathering and collection of human genetic resources for the listing of drugs in China.

Pursuant to the Regulations on the Management of Human Genetic Resources of the People’s Republic of China (《中華人民共和國人類遺傳資源管理條例》) promulgated by the State Council in May 2019 and came into effect on July 1, 2019, the state supports the rational use of human genetic resources for scientific research, development of the biomedical industry, improvement of diagnosis and treatment technology, improvement of China’s ability to guarantee biosafety and improvement of the level of people’s health. Foreign organizations, individuals and institutions established or actually controlled by them shall not gather or preserve Chinese genetic resources in China, or provide Chinese genetic resources to foreign countries. In addition, the gathering, preservation, utilization and external provision of Chinese genetic resources shall conform to ethical principles and conduct ethical review in accordance with relevant regulations.

On October 17, 2020, SCNPC promulgated Biosecurity Law of the PRC (《中華人民共和國生物安全法》), taking effect from April 15, 2021. The Biosecurity Law establishes a comprehensive legislative framework for the pre-existing regulations in such areas as epidemic control of infectious diseases for humans, animals and plants; research, development, and application of biology technology; biosecurity management of pathogenic microbe laboratories; security management of human genetic resources and biological resources; countermeasures for microbial resistance; and prevention of bioterrorism and defending threats of biological weapons. As per the Biosecurity Law, the research and development activities of high-risk and medium-risk biotechnology shall be carried out by a legal person organization established within the territory of China, upon obtaining the approval or record-filing. The establishment of a pathogenic microorganism laboratory shall be subject to approval or record-filing requirements in accordance with the law. In addition, (i) collecting human genetic resources of important genetic families or specific areas in China, or collecting human genetic resources of which the types and quantities are subject to provisions of the competent department of science and technology under the State Council, (ii) preserving China’s human genetic resources, (iii) using China’s human genetic resources to carry out international scientific research cooperation, or (iv) transporting, mailing, and carrying China’s human genetic resource materials out of the country shall subject to approval of the competent department of science and technology.

The Ministry of Science and Technology promulgated the Implementation Rules for the Administrative Regulation on Human Genetic Resources (Exposure Draft) (《人類遺傳資源管理條例實施細則(徵求意見稿)》) for public comments on March 21, 2022. The aforementioned exposure draft has refined the Administrative Regulations on Human Genetic Resources of the

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## REGULATORY OVERVIEW

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People’s Republic of China, including but not limited to refining the definition of “human genetic resources information”, improving the identification standard of “foreign entities”, adjusting the scope of application of collection licensing, adjusting and improving the approval procedures for international cooperative scientific research and administrative supervision rules. As of the Latest Practicable Date, it has no legal effect.

### ***Good Clinical Practice Certification and Compliance with the Good Clinical Practice (GCP)***

To improve the quality of clinical trials, the NMPA and NHC promulgated the Good Clinical Practice for Drug Trials (《藥物臨床試驗質量管理規範》) (the “GCP”) in April 2020 and came into effect on July 1, 2020, which aims to ensure that the clinical trials of drugs are standardized and the results are scientific and reliable, protecting the rights and safety of human subjects. Pursuant to the Opinions on Deepening the Reform of the Evaluation and Approval Systems and Encouraging Innovation of Drugs and Medical Devices (《關於深化審評審批制度改革鼓勵藥品醫療器械創新的意見》) promulgated by the general offices of the Chinese Communist Party Central Committee and the State Council in October 2017, the qualification of clinical trial institutions shall be subject to record management. Clinical trials should follow GCP and protocols approved by the ethics committee of each research center. Pursuant to the Administrative Regulations for Drug Clinical Trial Institutions (《藥物臨床試驗機構管理規定》) promulgated by the NMPA and NHC and came into effect in December 2019, if engaging in drug development activities and conducting clinical trials of drugs (including bioequivalence test conducted after filing) approved by the NMPA within the territory PRC, they shall be conducted in the Drug Clinical Trial Institutions. Drug clinical trial institutions shall be subject to filing administration. Institutions that only engage in analysis of biological samples related to drug clinical trials shall not be subject to filing. The national drug regulatory authority is responsible for setting up a filing management information platform for drug clinical trial institution for registration and filing and operation management of drug clinical trial institutions, as well as the entry, sharing and disclosure of information on supervision and inspection of the drug regulatory authority and competent healthcare authority.

### **Other Laws and Regulations in Relation to Medical Industry**

#### ***Basic Medical Insurance Policy***

Pursuant to the Decision on the Establishment of the Urban Employee Basic Medical Insurance Programme (《關於建立城鎮職工基本醫療保險制度的決定》) promulgated by the State Council on December 14, 1998 and the Tentative Measures for the Administration of the Scope of Medical Insurance Coverage for Pharmaceutical Products for Urban Employee (《城鎮職工基本醫療保險用藥範圍管理暫行辦法》) promulgated by the National Development and Reform Commission (the “NDRC”), the SDA and other authorities, came into effect on May 12, 1999, all employers in cities and towns, including enterprises (state-owned enterprises, collective enterprises, foreign-invested enterprises, private enterprises, etc.), institutions, public institutions, social organizations, private non-enterprise units and their employees are required to participate in basic medical insurance. Pursuant to the Guiding Opinions on the Pilot of Basic Medical Insurance for Urban Residents (《關於開展城鎮居民基本醫療保險試點

## REGULATORY OVERVIEW

的指導意見》) promulgated by the State Council on July 10, 2007, urban residents (not urban employees) in the pilot areas can voluntarily participate in the basic medical insurance for urban residents. Pursuant to the Opinions of the State Council on the Integration of the Basic Medical Insurance System for Urban and Rural Residents (《國務院關於整合城鄉居民基本醫療保險制度的意見》) promulgated by the State Council on January 3, 2016, a unified basic medical insurance system for urban and rural residents was established, including the existing urban residents' medical insurance and all the insured personnel of New Rural Cooperative Medical System, covering all urban and rural residents except those who should be covered by the employee's basic medical insurance.

### *Medical Insurance Catalogue*

Pursuant to the Tentative Measures for the Administration of the Scope of Medical Insurance Coverage for Pharmaceutical Products for Urban Employee (《城鎮職工基本醫療保險用藥範圍管理暫行辦法》), the scope of medical insurance coverage for pharmaceutical products needs to be managed through the formulation of the Medical Insurance Catalogue. A pharmaceutical product listed in the Medical Insurance Catalogue must be clinically needed, safe, effective, reasonably priced, easy to use, available in sufficient quantity, and must meet the following requirements: it is set forth in the Pharmacopoeia of the PRC (current edition) (《中華人民共和國藥典》(現行版)); it meets the standards promulgated by the NMPA; and if imported, it is approved by the NMPA for import. According to the Opinions of the NHSA and the Ministry of Finance on Establishing a List-Based System for Healthcare Security Benefits (《國家醫保局、財政部關於建立醫療保障待遇清單制度的意見》), which came into effect in January, 2021, all provinces shall implement the NRDL in a strict manner, and shall not have the discretion to formulate the catalogue or increase the drugs in any form, or adjust the scope of limited payment unless explicitly stipulated. After several adjustments, the currently effective one is the National Insurance Drug List for Basic Medical Insurance, Work-related Injury Insurance and Maternity Insurance (2022) (《國家基本醫療保險、工傷保險和生育保險藥品目錄(2022年)》) came into effective since January 13, 2023.

### *Drug Price*

Pursuant to the Drug Administration Law, for drug products with market-regulated prices in accordance with the law, the drug marketing authorization holder, the drug manufacturer, the drug distributor and medical institution shall determine the price pursuant to the principles of fairness, reasonableness, integrity and trustworthiness as well as quality for value in order to supply drug users with reasonably priced drug products; and shall comply with the requirements relating to drug price administration promulgated by the State Council's pricing authorities, determine and clearly mark the retail prices of drug products. Pursuant to the Notice on Issuing Opinions on Promoting Drug Price Reform (《關於印發〈推進藥品價格改革意見〉的通知》) jointly promulgated by NDRC, NHC, the Ministry of Human Resources and Social Security, Ministry of Industry and Information Technology, the Ministry of Finance, the MOFCOM and the CFDA on May 4, 2015. From June 1, 2015, except for narcotic drugs and first-class psychotropic drugs, the price of drugs set by the government will be cancelled.

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## REGULATORY OVERVIEW

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### *Advertising of Pharmaceutical Products and Insert Sheet, Labels and Packaging of Pharmaceutical Products*

Pursuant to the Interim Administrative Measures for the Review of Advertisements for Drugs, Medical Devices, Health Food and Formula Food for Special Medical Purposes (《藥品、醫療器械、保健食品、特殊醫學用途配方食品廣告審查管理暫行辦法》), which promulgated by SAMR and came into effect on March 1, 2020, advertisements for drugs, medical devices, health food and formula food for special medical purposes shall be true and legitimate, and shall not contain any false or misleading contents. Holders of registration certificates or filing certificates of drugs, medical devices, health food and formula food for special medical purposes as well as the production enterprises and operating enterprises authorized by such holders of certificates shall be applicants for advertising (the “applicants”). Applicants may entrust agents to apply for the review of advertisements for drugs, medical devices, health food and formula food for special medical purposes. Applicants may submit their applications at the acceptance windows of advertisement review authorities, or may submit their applications for advertisements for drugs, medical devices, health food and formula food for special medical purposes via letters, faxes, e-mails or e-government platforms. The advertisement review authorities shall review the materials submitted by the applicant and shall complete the review within ten working days from the date of acceptance. After review, for that advertisements that are in line with laws, administrative regulations and these Measures, approval decisions of review shall be made and advertisement approval numbers shall be issued. The validity period of the advertisement approval number for drugs, medical devices, health food and formula food for special medical purposes shall be consistent with the shortest validity period of the product registration certificate, filing certificate or production license. If no valid period is prescribed in the product registration certificate, filing certificate or production license, the valid period of the advertisement approval number shall be two years.

Pursuant to the Measures for the Administration of the Insert Sheets and Labels of Drugs (《藥品說明書和標籤管理規定》), which promulgated by SFDA and came effective on June 1, 2006, the insert sheets and labels of drugs should be reviewed and approved by the SFDA. A drug insert sheet should include the important scientific data, conclusions and information concerning drug safety and efficacy in order to direct the safe and rational use of drugs. The inner label of a drug should bear such information as the drug’s name, indication or function, strength, dose and usage, production date, batch number, expiry date and drug manufacturer, and the outer label of a drug should indicate such information as the drug’s name, ingredients, description, indication or function, strength, dose and usage, adverse reaction, contraindications, precautions, storage, production date, batch number, expiry date, approval number and drug manufacturer. Pursuant to the Measures for The Administration of Pharmaceutical Packaging (《藥品包裝管理辦法》) which came effective on September 1, 1988, pharmaceutical packaging must comply with the national and professional standards. If no national or professional standards are available, the enterprise can formulate its standards and put into implementation after obtaining the approval of the food and drug administration and bureau of standards at provincial level. The enterprise shall reapply with the relevant authorities if it needs to change its packaging standard. Drugs that without packing standards must not be sold or traded (except for drugs for the military).

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## REGULATORY OVERVIEW

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### *Drug Technology Transfer*

Drug technology transfer refers to the transfer of drug production technology by the owner to a drug manufacturer as the transferee and the application for drug registration by the drug manufacturer as the transferee pursuant to the laws and regulations in relation to drug technology transfer. The standardization of the registration process of drug technology transfer, which includes application for, evaluation, review, approval and supervision of drug technology transfer registration, is regulated by the Administrative Measures for Drug Registration and the Administrative Regulation for Technology Transfer Registration of Drugs (《藥品技術轉讓註冊管理規定》) promulgated by the SFDA on August 19, 2009. According to the above regulations, drug technology transfer includes new drug technology transfer and drug production technology transfer. An application for drug technology transfer must be submitted to the provincial drug regulatory authority, and the SFDA will ultimately make an approval decision based on the comprehensive opinions of the drug review center. Eligible applications will receive a letter of approval and a drug approval number for the supplementary application.

### **Laws and Regulations in Relation to Administration of Pathogenic Microorganism Laboratories**

According to the Regulations on the Bio-safety Management of Pathogenic Microbe Laboratories (《病原微生物實驗室生物安全管理條例》) promulgated by State Council and latest amended in March 2018, the pathogenic microorganism laboratories are classified into Level 1, Level 2, Level 3 and Level 4 in accordance with its biosafety level for pathogenic microorganisms and the national standards for the bio-safety. Laboratories at Bio-safety Level 1 and Level 2 are forbidden to conduct experimental activities relating to any highly pathogenic microbes. Laboratories at Bio-safety Level 3 and Level 4 shall meet certain requirements to conduct experimental activities relating to any highly pathogenic microbes. Newly building, rebuilding or expanding of Bio-safety Level 1 or Level 2 laboratories shall file with the relevant health administrative department or veterinary administrative department in the municipal people’s government of the place where it is built. The laboratories of Bio-safety Level 3 and Level 4 shall be subject to the state accreditation for laboratories. Laboratories passing accreditation will be granted with Certificates for Bio-safety Laboratories at corresponding level. The certificate will be effective for five years.

### **Regulations in Relation to Intellectual Property**

#### *Patent*

Patents in the PRC are mainly protected by the Patent Law of the PRC (《中華人民共和國專利法》) (the “Patent Law”), which was promulgated by the SCNPC on March 12, 1984 and latest amended on October 17, 2020 and came into effect on June 1, 2021, and the Implementation Rules of the Patent Law of the PRC (《中華人民共和國專利法實施細則》) (the “Implementation Rules”), promulgated by the State Council on June 15, 2001 and latest amended on January 9, 2010 and came into effect on February 1, 2010. The Patent Law and



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## REGULATORY OVERVIEW

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The Implementation Rules provide for three types of patents, namely “invention,” “utility model” and “design.” “Invention” refers to any new technical solution relating to a product, a process or improvement thereof; “utility model” refers to any new technical solution relating to the shape, structure, or their combination, of a product, which is suitable for practical use; and “design” refers to any new design of the shape, pattern, color or the combination of any two of them, of a product, which creates an aesthetic feeling and is suitable for industrial application. The duration of a patent right for “invention” is 20 years; the duration of a patent right for “utility model” is ten years; and the duration of a patent right for “design” is 15 years, all of which duration are from the date of application. According to the Patent Law, for the purpose of public health, the patent administrative department of the State Council may grant mandatory licensing for patented drugs manufactured and exported to countries or regions which comply with the provisions of the relevant international treaty participated by the PRC.

The newly amended Patent Law introduces patent extensions to patents of new drugs that launched in the PRC, and stipulates that the Patent Administration Department under the State Council shall, upon request of the patentee, extend the patent term of relevant invention patents of the new drug that is approved to be listed on the market in China, to compensate for the time spent for the review and examination and approval of the listing of a new drug on the market. The compensated extension shall not exceed five years, and the total valid patent term after the new drug is approved for the market shall not exceed 14 years. Such newly adopted patent term extension rule benefits the Company through providing longer protection terms of patents applied or registered in the PRC and related to our product candidates. This rule needs to be further elaborated by the competent authority, and the benefits we could enjoy are subject to the relevant clarifications and explanations.

### *Trademarks*

Registered trademarks in the PRC are mainly protected by the Trademark Law of the PRC (《中華人民共和國商標法》), which was promulgated by the SCNPC on August 23, 1982 and latest amended on April 23, 2019 and came into effect on November 1, 2019, and the Implementation Rules of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》), which were promulgated by the State Council on August 3, 2002 and latest amended on April 29, 2014 and came into effect on May 1, 2014. The Trademark Office is responsible for the registration and administration of trademarks throughout China and grants a term of ten years to registered trademarks. When it is necessary to continue using the registered trademark upon expiration of period of validity, a trademark registrant shall make an application for renewal within 12 months before the expiration in accordance with the requirements. If such an application cannot be filed within that period, an extension period of six months may be granted. The period of validity for each renewal of registration shall be ten years as of the next day of the previous period of validity. If the formalities for renewal have not been handled upon expiration of period of validity, the registered trademarks will be deregistered.

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## REGULATORY OVERVIEW

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### *Domain Names*

Domain names are regulated under the Administrative Measures on the Internet Domain Names (《互聯網域名管理辦法》) issued by the MIIT, on August 24, 2017 and effective from November 1, 2017. The MIIT is the main regulatory authority responsible for the administration of PRC internet domain names. Domain names registrations are handled through domain name service agencies established under the relevant regulations, and the applicants become domain name holders upon successful registration.

### **Regulations in Relation to Foreign Direct Investment**

Since January 1, 2020, the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the “Foreign Investment Law”) promulgated by the National People’s Congress (the “NPC”) has come into effect. The Law of the PRC on Sino-Foreign Equity Joint Ventures and the Law of the PRC on Wholly Foreign-Owned and Law of the PRC on Sino-Foreign Cooperative Joint Ventures abolished at the same time. Since then, the Foreign Investment Law has become the basic law regulating foreign-invested enterprises wholly or partially invested by foreign investors. While the organization form, institutional framework and standard of conduct of foreign-invested enterprises shall be subject to the provisions of the Company Law of the PRC and other laws. The PRC government will implement the management system of pre-entry national treatment and the Negative List for foreign investment and abolished the original approval and filing administration system for the establishment and change of foreign-invested enterprises. Pre-entry national treatment refers to the treatment accorded to foreign investors and their investments at the stage of investment entry which is no less favourable than the treatment accorded to domestic investors and their investments. Negative List refers to a special administrative measure for the entry of foreign investment in specific sectors as imposed by the PRC. The PRC accords national treatment to foreign investment outside of the Negative List. The current Negative List is the Special Management Measures (Negative List) for the Access of Foreign Investment (2021 Revision) (《外商投資准入特別管理措施(負面清單)(2021年版)》) issued by the NDRC and the MOFCOM on December 27, 2021, which lists the special management measures for foreign investment access for industries regulated by the Negative List, such as equity requirements and senior management requirements. While strengthening investment promotion and protection, the Foreign Investment Law further regulates foreign investment management and proposes the establishment of a foreign investment information reporting system that replaces the original foreign investment enterprise approval and filing system of the MOFCOM. The foreign investment information reporting is subject to the Foreign Investment Information Reporting Method (《外商投資信息報告辦法》) jointly developed by the MOFCOM and the State Administration for Market Regulation, which came into effect on January 1, 2020. According to the Foreign Investment Information Reporting Method, the MOFCOM is responsible for coordinating and guiding the reporting of foreign investment information nationwide. The competent commercial department of the local people’s government at or above the county level, as well as the relevant agencies of the Pilot Free Trade Zone and the National Economic and Technological Development Zone, are responsible for reporting information on foreign investment in the region. Foreign investors who directly or indirectly carry out investment

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## REGULATORY OVERVIEW

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activities in China shall submit investment information to the competent commercial department through the enterprise registration system and the National Enterprise Credit Information Publicity System and the reporting methods include initial reports, change reports, cancellation reports, and annual reports. Foreign investors who establish foreign invested enterprises in China or acquire domestic non-foreign-invested enterprises through equity merger and acquisition shall submit initial reports through the enterprise registration system when applying for the registration of the establishment of foreign-invested enterprises or applying for the registration of the change of the acquired enterprises. If the change in the information of initial reports involves registration or filing of the change of enterprises, foreign-invested enterprises shall submit change reports through the enterprise registration system when applying for the registration or filing of change of enterprises. If the change in the information of initial reports does not involve registration or filing of the change of enterprises, foreign-invested enterprises shall submit change reports through the enterprise registration system within 20 working days after the change. Foreign-invested listed companies may report information on changes in investors and their shareholdings only when the cumulative change in the foreign investors’ shareholding ratio exceeds 5% or the foreign parties’ shareholding or relative holding status have changed.

### *Regulations on Overseas Investment*

Pursuant to the Administrative Measures for Outbound Investment (《境外投資管理辦法》) (Order No. 3 [2014] of the MOFCOM, effective on October 6, 2014) promulgated by the MOFCOM, the MOFCOM and provincial competent commerce departments shall carry out administration either by record-filing or approval, depending on different circumstances of outbound investment by enterprises. Outbound investment by enterprises that involves sensitive countries and regions or sensitive industries shall be subject to administration by approval. Outbound investment by enterprises that falls under any other circumstances shall be subject to administration by record-filing.

Pursuant to the Administrative Measures for Outbound Investment by Enterprises (《企業境外投資管理辦法》) (Order No. 11 of the NDRC, effective on March 1, 2018), a domestic enterprise (the “investor”) making an outbound investment shall obtain approval, conduct record-filing or other procedures applicable to outbound investment projects (the “Projects”), reporting relevant information, and cooperating with the supervision and inspection. Sensitive Projects carried out by Investors directly or through overseas enterprises controlled by them shall be subject to approval; non-sensitive Projects directly carried out by Investors, namely, non-sensitive projects involving investors’ direct contribution of assets or rights and interests or provision of financing or guarantee shall be subject to record-filing. The aforementioned “sensitive project” means a project involving a sensitive country or region or a sensitive industry. The NDRC promulgated the Catalogue of Sensitive Sectors for Outbound Investment (2018 Edition) (《境外投資敏感行業目錄(2018年版)》), effective on March 1, 2018 to list the current sensitive industries in detail. As of the Latest Practicable Date, we do not have any “sensitive Project” involving a sensitive country or region or a sensitive industry.

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## REGULATORY OVERVIEW

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### Regulations in Relation to Product Liability

The Product Quality Law of the PRC (《中華人民共和國產品質量法》), promulgated by the SCNPC on February 22, 1993 and latest amended on December 29, 2018 (the “Product Quality Law”), is the principal governing law relating to the supervision and administration of product quality. According to the Product Quality Law, manufacturers shall be liable for the quality of products produced by them and sellers shall take measures to ensure the quality of the products sold by them. A manufacturer shall be liable to compensate for any bodily injuries or damage to property other than the defective product itself resulting from the defects in the product, unless the manufacturer is able to prove that: (1) the product has never been circulated; (2) the defects causing injuries or damage did not exist at the time when the product was circulated; or (3) the science and technology at the time when the product was circulated were at a level incapable of detecting the defects. A seller shall be liable to compensate for any bodily injuries or damage to property of others caused by the defects in the product if such defects are attributable to the seller. A seller shall pay compensation if it fails to indicate neither the manufacturer nor the supplier of the defective product. A person who is injured or whose property is damaged by the defects in the product may claim for compensation from the manufacturer or the seller.

Pursuant to the PRC Civil Code (《中華人民共和國民法典》) promulgated by the NPC on May 28, 2020 and coming into effect on January 1, 2021, where a patient suffers damage due to defects in drugs, he may seek compensation from the drug marketing authorization holder, producer or also from the medical institution. Where the patient seeks compensation from the medical institution, the medical institution, after it has made the compensation, shall have the right to recover the compensation from the liable drug marketing authorization holder.

The Law of the PRC on the Protection of the Rights and Interests of Consumers (《中華人民共和國消費者權益保護法》) was promulgated on October 31, 1993 and latest amended on October 25, 2013 and came into effect on March 15, 2014 to protect consumers’ rights when they purchase or use goods and accept services. All business operators must comply with this law when they manufacture or sell goods and/or provide services to customers. All business operators must pay high attention to protecting customers’ privacy and must strictly keep confidential any consumer information they obtain during their business operations.

### Regulations in Relation to Production Safety

The Production Safety Law of the PRC (《中華人民共和國安全生產法》), promulgated by the SCNPC on June 29, 2002 and latest amended on June 10, 2021 and came into effect on September 1, 2021, is the basic law for governing production safety. It provides that, any entity whose production safety conditions do not meet the requirements may not engage in production and business operation activities. The production and business operation entities shall educate and train employees regarding production safety so as to ensure that the employees have the necessary knowledge of production safety, are familiar with the relevant regulations and rules for safe production and the rules for safe operation, master the skills of safe operation in their own positions, understand the emergency measures, and know their own rights and duties in

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## REGULATORY OVERVIEW

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terms of production safety. Employees who fail the education and training programmes on production safety may not commence working in their positions. Safety facilities of new building, rebuilding or expanding project (the “construction project”) shall be designed, constructed and put into operation simultaneously with the main body of the project. Investment in safety facilities shall be included in the budget of the construction project.

### **Regulations in Relation to Environmental Protection**

According to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), promulgated by the SCNPC on December 26, 1989 and latest amended on April 24, 2014 and came into effect on January 1, 2015, the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》), promulgated by the SCNPC on October 28, 2002 and latest amended on December 29, 2018, and the Administrative Regulations on the Environmental Protection of Construction Project (《建設項目環境保護管理條例》), promulgated by the State Council on November 29, 1998 and latest amended on July 16, 2017 and came into effect on October 1, 2017, enterprises which plan to construct projects shall engage qualified professionals to provide the assessment reports, assessment form, or registration form on the environmental impact of such projects. The assessment reports, assessment form, or registration form shall be filed with or approved by the relevant environmental protection bureau prior to the commencement of any construction work.

According to the Administrative Measures on Pollutant Emission Permits (Trial) (《排污許可管理辦法(試行)》), promulgated by the Ministry of Environmental Protection on January 10, 2018 and latest amended on August 22, 2019, enterprises, institutions and other producers and operators (the “**pollutant discharge enterprises**”) that have been included in the Classification Management List for Fixed Source Pollution Permits shall apply for and obtain a discharge permit in accordance with the prescribed time limit. According to the Classification Management List for Fixed Source Pollution Permits (2019 Edition) (《固定污染源排污許可分類管理名錄(2019年版)》), the manufacturing of biological drugs and products falls into the classification management scope for fixed source pollution permits.

### **Regulations in Relation to Prevention and Control of Occupational Diseases**

The Prevention and Control of Occupational Diseases Law of the PRC (《中華人民共和國職業病防治法》), which was promulgated by the SCNPC on October 27, 2001 and latest amended on December 29, 2018 (the “Prevention and Control of Occupational Diseases Law”), is the basic law for the prevention and control of occupational diseases. According to the Prevention and Control of Occupational Diseases Law, budget for facilities for the prevention and control of occupational diseases of a construction project shall be included in the budget of the project and those facilities shall be designed, constructed and put into operation simultaneously with the main body of the project. The entity that takes charge of the project should carry out the assessment of the effectiveness of measures for the prevention and control of occupational diseases before the final acceptance of the construction project. In addition, employers shall take required administrative measures to prevent and control occupational diseases in work.

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## REGULATORY OVERVIEW

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### Regulations in Relation to Import and Export of Goods

According to the Provisions of the PRC on the Administration of Recordation of Customs Declaration Entities (《中華人民共和國海關報關單位備案管理規定》), promulgated by the General Administration of Customs of the PRC on November 19, 2021, which came into effect on January 1, 2022, where the consignee or consignor of imported or exported goods or a customs declaration enterprise applies for recordation, it shall obtain the qualification of market entities; particularly where the consignee or consignor of imported or exported goods applies for recordation, it shall be filed as a foreign trade business. Where the consignee or consignor of imported or exported goods or a customs declaration enterprise has undergone the formalities of recordation for customs declaration entities, branches that meet the requirements of the preceding paragraph may also apply for recordation for customs declaration entities.

### Regulations in Relation to Overseas Securities Offering and Listing by Domestic Companies

On December 24, 2021, the CSRC released the Administrative Provisions of the State Council on the Overseas Offering and Listing of Securities by Domestic Companies (Draft for Comments) (《國務院關於境內企業境外發行證券和上市的管理規定(徵求意見稿)》) (the “Draft Listing Administrative Provisions”) and the Administrative Measures for the Recordation of Overseas Offering and Listing of Securities by Domestic Companies (Draft for Comments) (《境內企業境外發行證券和上市備案管理辦法(徵求意見稿)》) (the “Draft Listing Measures”, together with the Draft Listing Administrative Provisions, the “New Draft Overseas Listing Rules”), both of which had a comment period that expired on January 23, 2022.

On February 17, 2023, after a year-long market consultation of the New Draft Overseas Listing Rules, the CSRC released the Trial Administrative Measures for 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 “Trial Measures”), together with five interpretative guidelines thereof, which had become effective on March 31, 2023 (the “Implementation Date”). The Trial Measures, upon the Implementation Date, had comprehensively improved and reformed the prior regulatory regime for overseas offering and listing of PRC domestic companies’ securities, and had regulated both direct and indirect overseas offering and listing of PRC domestic companies’ securities by adopting a filing-based regulatory regime. According to the Trial Measures, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to fulfill the filing procedure with the CSRC within three (3) working days after submitting the listing application documents to the overseas supervisory authorities and report relevant information.

On the same date, the CSRC also released the Notice on the Arrangements for the Filing Management of Overseas Listing of Domestic Companies (《關於境內企業境外發行上市備案管理安排的通知》), which stipulated that prior to the Implementation Date, the CSRC would carry on its works on a normal basis pursuant to relevant regulations for the accepted applications for administrative approval for the overseas securities listing, under which circumstance if such companies could not obtain administrative approval prior to the Implementation Date, these companies shall complete the filing procedures with the CSRC.

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## REGULATORY OVERVIEW

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### Regulations in Relation to the “Full Circulation” of H-Share

On November 14, 2019, CSRC announced the Guidelines for the “Full Circulation” Program for Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請“全流通”業務指引》) (the “Guidelines for the ‘Full Circulation’”). According to the Guidelines for the “Full Circulation”, “Full circulation” means listing and circulating on the Stock Exchange of the domestic unlisted shares of an H-share listed company, including unlisted Domestic Shares held by domestic shareholders prior to overseas listing, unlisted Domestic Shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders. Shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment and industry regulation are met, and the corresponding H-share listed company may be entrusted to file the said application for “Full Circulation”. Pursuant to Article 18 of the Overseas Listing Measures, which came into effect on March 31, 2023, for a domestic enterprise seeking direct overseas listing, shareholders holding such enterprise’s domestic unlisted shares who apply for the conversion of its domestic unlisted shares into overseas listed shares shall comply with the relevant provisions of the CSRC and entrust such domestic enterprise to file with the CSRC. After domestic unlisted shares are listed and circulated on the Stock Exchange, they may not be transferred back to China.

On December 31, 2019, CSDC and Shenzhen Stock Exchange (the “SZSE”) jointly announced the Measures for Implementation of H-share “Full Circulation” Business (《H股“全流通”業務實施細則》) (“Measures for Implementation”). The businesses of cross-border conversion registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, services of nominal holders, etc. in relation to the H-share “Full Circulation” business, are subject to the Measures for Implementation. Where there is no provision in the Measures for Implementation, it shall be handled with reference to other business rules of the CSDC and China Securities Depository and Clearing (Hong Kong) Company Limited (the “CSDC (Hong Kong)”) and SZSE.

In order to fully promote the reform of H-shares “Full Circulation” and clarify the business arrangement and procedures for the relevant shares’ registration, custody, settlement and delivery, CSDC has promulgated the Circular on Issuing the Guide to the Program for Full Circulation of H-shares (《關於發佈〈H股“全流通”業務指南〉的通知》) in February 2020, which specifies the business preparation, account arrangement, cross-border share transfer registration and overseas centralized custody, etc.

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## REGULATORY OVERVIEW

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### Regulations in Relation to Employment and Social Securities

Pursuant to the Labor Law of the PRC (《中華人民共和國勞動法》), promulgated by the SCNPC on July 5, 1994 and latest amended on December 29, 2018 and the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), promulgated by the SCNPC on June 29, 2007 and latest amended on December 28, 2012 and came into effect on July 1, 2013, employers shall execute written labor contracts with full-time employees. All employers shall comply with local minimum wage standards. Employers shall establish a comprehensive management system to protect the rights of their employees, including a system governing occupational health and safety to provide employees with occupational training to prevent occupational injury, and employers are required to truthfully inform prospective employees of the job description, working conditions, working location, occupational hazards, and status of safe production as well as remuneration and other conditions.

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 October 28, 2010 and latest amended on December 29, 2018, and the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》), which was amended by the State Council on March 24, 2019, employers and/or employees are required to contribute to a number of social security funds, including funds for basic pension insurance, employment insurance, basic medical insurance, occupational injury insurance, maternity leave insurance, and to housing provident funds. These payments are made to local administrative authorities and employers who fail to contribute may be fined and ordered to rectify within a stipulated time limit.

### OVERVIEW OF LAWS AND REGULATIONS IN THE UNITED STATES

This section summarizes the principal laws and regulations in the United States that are relevant to our business.

#### Laws and Regulations in Relation to New Drug

##### *U.S. Government Regulation of Drug and Biological Products*

In the United States, the FDA regulates drugs under the FDCA and its implementing regulations, and biologics under the FDCA and the Public Health Service Act (the “PHSA”) and their implementing regulations. Both drugs and biologics also are subject to other federal, state and local statutes and regulations, such as those related to competition. The process of obtaining regulatory approvals and the subsequent compliance with appropriate federal, state, and local statutes and regulations requires the expenditure of substantial time and financial resources. Failure to comply with the applicable U.S. requirements at any time during the product development process, approval process or following approval may subject an applicant to administrative actions or judicial sanctions. These actions and sanctions could include, among other actions, the FDA’s refusal to approve pending applications, withdrawal of an approval, license revocation, a clinical hold, untitled or warning letters, voluntary or mandatory product recalls or market withdrawals, product seizures, total or partial suspension



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## REGULATORY OVERVIEW

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of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement and civil or criminal fines or penalties. Any agency or judicial enforcement action could have a material adverse effect on our business, the market acceptance of our products and our reputation.

Once a product candidate is identified for development, it enters preclinical testing, which includes laboratory evaluations of product chemistry, toxicity, formulation and stability, as well as animal studies. Preclinical testing is conducted in accordance with FDA’s Good Laboratory Practice regulations. A sponsor of an IND must submit the results of the preclinical tests, manufacturing information, analytical data, the clinical trial protocol, and any available clinical data or literature to the FDA. The IND automatically becomes effective 30 days after receipt by the FDA, unless the FDA raises concerns or questions and places the trial on a clinical hold within that 30-day period. FDA may also impose clinical holds or partial clinical holds at any time during clinical trials due to safety concerns or non-compliance.

All clinical trials, which involve the administration of the investigational product to humans, must be conducted under the supervision of one or more qualified investigators in accordance with Good Clinical Practice regulations, including the requirement that all research subjects provide informed consent in writing before their participation in any clinical trial. Further, an Institutional Review Board (the “IRB”), must review and approve the plan for any clinical trial before it commences at any institution, and the IRB must conduct continuing review and reapprove the study at least annually. Each new clinical protocol and any amendments to the protocol must be submitted for FDA review, and to the IRBs for approval. An IRB can suspend or terminate approval of a clinical trial at its institution if the trial is not being conducted in accordance with the IRB’s requirements or if the product has been associated with unexpected serious harm to subjects.

Clinical trials generally are conducted in three sequential phases, known as Phase I, Phase II and Phase III, and may overlap.

- Phase I clinical trials generally involve a small number of healthy volunteers or disease-affected patients who are initially exposed to a single dose and then multiple doses of the product candidate. The primary purpose of these clinical trials is to assess the metabolism, pharmacologic action, side effect tolerability and safety of the product candidate.
- Phase II clinical trials involve studies in disease-affected patients to evaluate proof of concept and/or determine the dose required to produce the desired benefits. At the same time, safety and further PK and PD information is collected, possible adverse effects and safety risks are identified and a preliminary evaluation of efficacy is conducted.

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## REGULATORY OVERVIEW

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- Phase III clinical trials generally involve a large number of patients at multiple sites and are designed to provide the data necessary to demonstrate the effectiveness of the product for its intended use, its safety in use and to establish the overall benefit/risk relationship of the product and provide an adequate basis for product labeling.

Specifically for oncology drugs and biologics, in August 2018, the FDA, together with other US competent authorities, introduced a draft guidance paper “*Expansion Cohorts: Use in First-In-Human Clinical Trials to Expedite Development of Oncology Drugs and Biologics Guidance for Industry*” (the “Guidance”), which was formally adopted in March 2022. This guidance paper acknowledges a new clinical trial design, which the FDA calls the first-in-human (“FIH”) multiple expansion cohort trial. These are trial designs that have a single protocol with an initial dose escalation phase for the initial determination of a tolerated dose and multiple concurrently accruing expansion cohorts with assessments that are more typical of phase 2 trials (i.e., to estimate anti-tumor activity). The new trial design is intended to efficiently expedite the clinical development of oncology drugs, including biological products, through multiple expansion cohort trial designs.

Progress reports detailing the results of the clinical trials must be submitted at least annually to the FDA. Safety reports must be submitted to the FDA and the investigators 15 calendar days after the trial sponsor determines that the information qualifies for reporting. The sponsor also must notify FDA of any unexpected fatal or life-threatening suspected adverse reaction as soon as possible but in no case later than 7 calendar days after the sponsor’s initial receipt of the information. Sponsors of clinical trials of FDA-regulated products, including drugs, are required to register and disclose certain clinical trial information, which is publicly available at [www.clinicaltrials.gov](http://www.clinicaltrials.gov).

Concurrent with clinical trials, companies usually complete additional animal studies and must also finalize a process for manufacturing the product in commercial quantities in accordance with cGMP requirements. The process of obtaining regulatory approvals and compliance with appropriate federal, state, local and foreign statutes and regulations require the expenditure of substantial time and financial resources. Failure to comply with the applicable U.S. requirements may subject an applicant to administrative or judicial sanctions.

### ***U.S. Review and Approval Processes***

The results of product development, preclinical studies and clinical trials, along with descriptions of the manufacturing process, analytical tests conducted on the product, proposed labeling and other relevant information, are submitted to the FDA as part of an NDA or BLA. Unless deferred or waived, NDAs or BLAs, or supplements must contain data adequate to assess the safety and effectiveness of the product for the claimed indications in all relevant pediatric subpopulations and to support dosing and administration for each pediatric subpopulation for which the product is safe and effective. The submission of an NDA or a BLA is subject to the payment of a substantial user fee and an annual prescription drug product program fee.

## REGULATORY OVERVIEW

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Within 60 days of its receipt, the FDA reviews the NDA/BLA to ensure that it is sufficiently complete for substantive review before it accepts the NDA/BLA for filing. After accepting the NDA/BLA filing, the FDA begins an in-depth substantive review to determine, among other things, whether a product is safe and effective for its intended use. The FDA also evaluates whether the product’s manufacturing is cGMP-compliant to assure the product’s identity, strength, quality and purity. Before approving the NDA/BLA, the FDA typically will inspect whether the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the product within required specifications. The FDA may refer the NDA/BLA to an advisory committee, a panel of experts, for review whether the application should be approved and under what conditions and considers such recommendations when making decisions.

The FDA may refuse to approve the NDA/BLA if the applicable regulatory criteria are not satisfied or may require additional clinical data or other data and information. The FDA will issue a complete response letter describing all of the specific deficiencies that the FDA identified in the NDA/BLA that must be satisfactorily addressed before it can be approved. The deficiencies identified may be minor, for example, requiring labeling changes, or major, for example, requiring additional clinical trials. Additionally, the complete response letter may include recommended actions that the applicant might take to place the application in a condition for approval. The applicant may either resubmit the NDA/BLA, addressing all of the deficiencies identified in the letter, or withdraw the application or request an opportunity for a hearing.

The regulatory approval may be limited to specific diseases and dosages or the indications for use may otherwise be limited, which could restrict the commercial value of the product. Further, the FDA may require that certain contraindications, warnings or precautions be included in the product labeling. In addition, the FDA may require post-approval studies, including phase IV clinical trials, to further assess a product’s safety and effectiveness after NDA/BLA approval and may require testing and surveillance programs to monitor the safety of approved products that have been commercialized.

In the United States, products composed of components that would normally be regulated by different centers at the FDA are known as combination products. Typically, the FDA’s Office of Combination Products assigns a combination product to a specific Agency Center as the lead reviewer. The FDA determines which Center will lead a product’s review based upon the product’s primary mode of action. Depending on the type of combination product, its approval, clearance or licensure may usually be obtained through the submission of a single marketing application. However, the FDA sometimes will require separate marketing applications for individual constituent parts of the combination product which may require additional time, effort, and information. Even when a single marketing application is required for a combination product, the relevant Centers may participate in the review. An applicant will also need to discuss with the Agency how to apply certain premarket requirements and post-marketing regulatory requirements, including conduct of clinical trials, adverse event reporting and good manufacturing practices, to their combination product.

## REGULATORY OVERVIEW

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### *Expedited Development and Review Programs*

#### *Breakthrough Designation*

Another program available for sponsors is the breakthrough therapy designation. A drug or biologic may be eligible for designation as a breakthrough therapy if the product is intended, alone or in combination with one or more other drugs or biologics, to treat a serious or life-threatening condition and preliminary clinical evidence indicates that the product may demonstrate substantial improvement over currently approved therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. A sponsor may request that a product be designated as a breakthrough therapy concurrently with, or at any time after, the submission of an IND, and the FDA must determine if the candidate qualifies for such designation within 60 days of receipt of the request. If so designated, the FDA shall act to expedite the development and review of the product’s marketing application, including by meeting with the sponsor throughout the product’s development, providing timely advice to the sponsor to ensure that the development program to gather preclinical and clinical data is as efficient as practicable.

#### *Post-Marketing Requirements*

Following approval of a new product, the manufacturer and the approved product are subject to continuing regulation by the FDA, including, among other things, monitoring and record-keeping activities, reporting of adverse experiences, complying with promotion and advertising requirements, which include restrictions on promoting products for unapproved uses or patient populations (known as “off-label use”) and limitations on industry-sponsored scientific and educational activities. Although physicians may prescribe legally available products for off-label uses, manufacturers may not market or promote such uses. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant liability, including investigation by federal and state authorities. Prescription drug promotional materials must be submitted to the FDA in conjunction with their first use or first publication. Further, if there are any modifications to the drug or biologic, including changes in indications, labeling or manufacturing processes or facilities, the applicant may be required to submit and obtain FDA approval of a new NDA/BLA or NDA/BLA supplement, which may require the development of additional data or preclinical studies and clinical trials. The FDA may also place other conditions on approvals including the requirement for a risk evaluation and mitigation strategy (“REMS”), to assure the safe use of the product. If the FDA concludes a REMS is needed, the sponsor of the NDA/BLA must submit a proposed REMS. The FDA will not approve the NDA/BLA without an approved REMS, if required. A REMS could include medication guides, physician communication plans or elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. Any of these limitations on approval or marketing could restrict the commercial promotion, distribution, prescription or dispensing of products. Product approvals may be withdrawn for non-compliance with regulatory standards or if problems occur following initial marketing.

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## REGULATORY OVERVIEW

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Manufacturers and other entities involved in the manufacture and distribution of approved drugs or biologics are required to register their establishments with the FDA and certain state agencies, and are subject to periodic unannounced inspections by the FDA and certain state agencies for compliance with cGMP requirements and other laws. Accordingly, manufacturers must continue to expend time, money and effort in the area of production and quality control to maintain cGMP compliance. The discovery of violative conditions, including failure to conform to cGMP regulations, could result in enforcement actions, and the discovery of problems with a product after approval may result in restrictions on a product, manufacturer or holder of an approved NDA/BLA, including recall.

Once an approval is granted, the FDA may issue enforcement letters or withdraw the approval of the product if compliance with regulatory requirements and standards is not maintained or if problems occur after the drug or biologic reaches the market. Corrective action could delay drug or biologic distribution and require significant time and financial expenditures. Later discovery of previously unknown problems with a drug or biologic, including AEs of unanticipated severity or frequency, or with manufacturing processes, or failure to comply with regulatory requirements, may result in revisions to the approved labeling to add new safety information; imposition of post-market studies or clinical trials to assess new safety risks; or imposition of distribution or other restrictions under a REMS program. Other potential consequences include, among other things:

- restrictions on the marketing or manufacturing of the drug or biologic, suspension of the approval, complete withdrawal of the drug from the market or product recalls;
- fines, warning letters or holds on post-approval clinical trials;
- refusal of the FDA to approve applications or supplements to approved applications, or suspension or revocation of drug or biologic approvals; drug or biologic seizure or detention, or refusal to permit the import or export of drugs; or
- injunctions or the imposition of civil or criminal penalties.

### *Patent Term Restoration and Marketing Exclusivity*

After approval, owners of relevant drug or biological product patents may apply for up to a five-year patent extension to restore a portion of patent term lost during product development and FDA review of an NDA or a BLA if approval of the application is the first permitted commercial marketing or use of a biologic containing the active ingredient under the Drug Price Competition and Patent Term Restoration Act of 1984, referred to as the Hatch-Waxman Act. The allowable patent term extension is calculated as one-half of the product’s testing phase, which is the time between IND and NDA/BLA submission, and all of the review phase, which is the time between NDA/BLA submission and approval, up to a maximum of five years. The time can be shortened if the FDA determines that the applicant did not pursue approval with due diligence. The total patent term after the extension may not exceed more than 14 years from the date of FDA approval of the product. Only one patent

## REGULATORY OVERVIEW

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claiming each approved product is eligible for restoration, only those claims covering the approved product, a method for using it, or a method for manufacturing it may be extended, and the patent holder must apply for restoration within 60 days of approval. The USPTO, in consultation with the FDA, reviews and approves the application for patent term restoration. For patents that might expire during the application phase, the patent owner may request an interim patent extension. An interim patent extension increases the patent term by one year and may be renewed up to four times. For each interim patent extension granted, the post-approval patent extension is reduced by one year. The director of the USPTO must determine that approval of the drug candidate covered by the patent for which a patent extension is being sought is likely. Interim patent extensions are not available for a drug candidate for which an NDA or a BLA has not been submitted.