REGULATIONS RELATING TO HEALTHCARE SERVICES

General Policies

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

Pursuant to the Opinions on Promoting the Development of "Internet Plus Health Care" 《國務院辦公廳關於促進"互聯網+醫療健康"發展的意見》 issued by the General Office of the State Council on April 25, 2018, medical institutions are encouraged to apply the Internet and other information technologies to expand the space and content of medical services, and to develop an online-offline integrated medical service model covering stages before, during and after diagnosis. In addition, Internet hospital are permitted to develop on the basis of medical institutions. Medical institutions may adopt Internet hospital as the second name and, on the basis of physical hospitals, provide safe and customized medical services by applying Internet technology. Moreover, medical institutions are allowed to provide online follow-up diagnosis services to patients with some common diseases and chronic diseases. After reviewing documents of the medical records and profiles of patients, doctors are allowed to prescribe online for some common diseases and chronic diseases.

Pursuant to the Circular on Launching the Pilot Program of "Internet Plus Nursing Services" (《國家衛生健康委辦公廳關於開展"互聯網+護理服務"試點工作的通知》) promulgated by the General Office of NHC on January 22, 2019, provinces including Zhejiang are designated as pilot areas, and the local health administrations of which may designate physical medical institutions that have obtained the Practicing License for Medical Institutions and are capable of providing certain relevant services to provide "Internet Plus Nursing Services" in reliance of Internet information technology platform. The Circular on Further Launching the Pilot Program of "Internet Plus Nursing Services" (《國家衛生健康委辦公廳關於進一步推進"互聯網+護理服務"試點工作的通知》), promulgated by the General Office of NHC on December 8, 2020, extends the pilot period to December 2021.

Guiding Opinions on Actively Promoting the Payment with Medical Insurance for "Internet Plus" Medical Services (《國家醫療保障局關於積極推進"互聯網+"醫療服務醫保支付工作的指導意見》), promulgated by National Healthcare Security Administration on October 24, 2020, aim to steadily expand the payment scope of medical insurance funds, on the basis of the regulated development of "Internet Plus" medical services and the improvement of medical insurance management and payment capacity. The processing of "Internet Plus" prescriptions for follow-up medical treatment is encouraged. On February 28, 2020, National Healthcare Security Administration and the NHC jointly issued the Guiding Opinions on Providing "Internet Plus" Medical Insurance Services during the Period of Prevention and Control of the COVID-19 Pandemic (《國家醫保局、國家衛生健康委關於推進新冠肺炎疫情防控期間開展"互聯網+"醫保服務的指導意見》), pursuant to which eligible "Internet Plus" medical service charges may be included into the payment scope of medical insurance funds during the period of prevention and control of the COVID-19 Pandemic.

Pursuant to The 13th Five-year Plan for Health and Wellness (《「十三五」衛生與健康規劃》) (the "Plan"), promulgated by the State Council on December 27, 2016, which aims to strengthen the informatization of healthcare and medical industry and fully implement "Internet Plus" medical and healthcare services for the benefit of the people. The Plan also encourages the establishment of regional online medical service platform and enhances the flow of high-quality healthcare resources to mid-west areas of the PRC as well as the rural areas. On July 17, 2018, the National Health Commission (the "NHC") and the National Administration of Traditional Chinese Medicine jointly promulgated three documents, including the Measures for the Administration of Internet Diagnosis and Treatment (Trial) (《互聯網診療管理辦法(試行)》), the Measures for the Administration of Internet Hospital (Trial) (《互聯網醫院管理辦法(試行)》) and the Rules for the Administration of Telemedicine Services (Trial) (《遠程醫療服務管理規範(試行)》). Pursuant to the Measures for the Administration of Internet Hospital (Trial), "Internet hospital" include: (a) Internet hospital adopted as the second name of physical medical institutions, and (b) Internet hospital that are independently established on the basis of physical medical institutions.

Internet Hospital

According to the Measures for the Administration of Internet Hospital (Trial), to apply for establishing an Internet hospital, it is required to submit an application to the competent government authority which the physical medical institution that supports such Internet hospital registers with. Once the application is approved, if such Internet hospital is the second name of a physical medical institution, its original medical institution establishment approval letter will be added a legend indicating such second name; and if such Internet hospital is independently established on the basis of a physical medical institution, an approval for establishment of medical institution will be granted.

The health administrative department of the State Council and the competent departments of traditional Chinese medicine shall be responsible for the supervision and administration of the Internet hospital nationwide, and the local health administrative departments at all levels (including the competent departments of traditional Chinese medicine) shall be responsible for the supervision and management of Internet hospital within their respective jurisdictions. In addition, health administrative department at provincial level shall set up provincial Internet medical service supervision platform, which connects to platforms of Internet hospitals. Through such supervision platform, health administrative department at provincial level may supervise the Internet hospitals, jointly with the registration authorities, focusing on certain aspects including personnel, prescription, medical activities, protection of patient privacy and information security.

In terms of practicing rules on Internet hospital, the Measures for the Administration of Internet Hospital (Trial) provides that where a third-party institution jointly establishes an Internet hospital on the basis of a physical medical institution, it shall provide the physical medical institution with professional personnel including physicians and pharmacists, and information technology services. Such third-party institution and the physical medical institution shall specify rights and obligations between parties on areas including medical

services, information security, and privacy protection through agreements. Moreover, Internet hospital shall adopt information security protection measures for Level 3 information system in accordance with relevant information security laws and regulations, including completion of filings with local public security authorities. Doctors can provide follow-up diagnosis services through Internet hospital only for patients that have been diagnosed with certain common diseases or chronic diseases, unless the patients are in physical hospitals and the doctors in the physical hospital invites other doctors to provide diagnosis services through Internet hospital. The operation of Internet hospital shall also comply with Administrative Regulations on Medical Institutions (《醫療機構管理條例》) and Implementation Measures of the Administrative Regulations on Medical Institutions (《醫療機構管理條例實施細則》). Additionally, the Basic Standards for Internet Hospital (Trial) (《互聯網醫院基本標準(試行)》) as attached to the Measures for the Administration of Internet Hospital (Trial) sets forth specific requirements for diagnosis and treatment items, departments, personnel, buildings and device and equipment, and internal rules and systems of Internet hospital.

On February 8, 2022, the NHC and the State Administration of Traditional Chinese Medicine jointly published the Implementation Rules for Supervision of Internet Diagnosis and Treatment (the "Implementation Rules") (《互聯網診療監管細則》), which aim to provide clearer regulatory guidance for Internet diagnosis and treatment under existing regulations including the Measures for the Administration of Internet Diagnosis and Treatment (Trial) (《互聯網診療管理辦法(試行)》) and the Measures for the Administration of Internet Hospital (Trial) (《互聯網醫院管理辦法(試行)》). The Implementation Rules specify requirements on supervision over aspects including medical institutions, medical practitioners, operations, quality and safety of Internet diagnosis and treatment services. For example, (i) provincial health administrations shall set up Internet medical service supervision platforms to supervise local medical institutions providing Internet diagnosis and treatment services, and such medical institutions shall upload certain information such as the Practice License for Medical Institution to the platform; and (ii) Internet hospital adopted as the second name of a physical medical institution shall be examined by local health administration concurrently with the examination of the physical medical institution, and Internet hospital that is independently established on the basis of physical medical institution shall be examined annually by local health administration. In addition, some requirements under the Implementation Rules are not applicable to us as we do not use AI technology to provide consultation services.

Pursuant to the Notice on Effectively Conducting the Internet Medical Service (《浙江省衛生健康委辦公室關於做好互聯網醫療服務工作的通知》) promulgated by the General Office of Zhejiang Health Commission on January 11, 2019, the Internet hospital and the medical institution which is qualified for the online diagnosis may carry out Internet medical service through Zhejiang Internet hospital platform, a unified platform set up by Zhejiang Health Commission. Physical medical institution which establishes an online medical service platform on its own or through cooperation with a third-party institution, shall set up data interface with the Zhejiang Internet hospital platform.

On October 16, 2019, the Health Commission of Liaoning Province promulgated the Announcement on Matters Concerning Launching the Internet Medical Service Supervision Platform of Liaoning Province (《遼寧省互聯網醫療服務監管平台上線運行公告》) (the "Liaoning Announcement"), which details the requirements of data connection and information security of Internet hospital. Pursuant to the Liaoning Announcement, each Internet hospital in Liaoning shall connect to the provincial supervision platform on Internet medical service and ensure the accuracy and completeness of the healthcare service data uploading to the Provincial Supervision Platform. The Internet Hospital shall strictly comply with the relevant laws and regulations in the PRC on information security and confidentiality of medical data, and appropriately store patients' information, and shall not illegally trade or disclose patients' information.

Medical Institutions

According to the Administrative Regulations on Medical Institutions (Revised in 2016), hospitals, health centers, sanatoriums, out-patient departments, clinics, health clinics, health posts (rooms) and first aid stations are medical institutions. The health administrative departments of the local people's governments at or above the county level shall be responsible for the supervision and administration of the medical institutions within their respective administrative regions. The establishment of medical institutions by entities or individuals shall be subject to the examination and approval of the health administrative department of the local people's governments at or above the county level and obtain the approval for establishment of medical institutions. Furthermore, the practice of medical institutions shall complete the registration and obtain Practicing License for Medical Institution (醫療機構執業許可證). Where the practicing is without authorization or obtaining the Practicing License for Medical Institution, the health administrative department of the people's government at or above the county level must cease its practicing activities and confiscate the illegal incomes, medicines and medical devices in accordance with the law, and it can be imposed fines less than RMB10,000 in light of the circumstances. Medical institutions must conduct medical diagnosis and treatment activities in accordance with registered and approved subjects and shall not employ non-medical technical personnel in medical and health technical work. The Practicing License for Medical Institution is subject to periodic examinations and verifications by registration authorities pursuant to the Administrative Measures for Verification of Medical Institutions (For Trial Implementation) (《醫療機構校驗管理辦法(試行)》).

License for Radiotherapy

According to Administrative Measures on the Radiotherapy (《放射診療管理規定》), which was promulgated by the MOH on January 24, 2006 and amended on January 19, 2016 by NHFPC, medical institutions engaged in the radio diagnosis and radiotherapy shall have conditions corresponding to the radiological diagnosis and treatment services. Prior to carrying out radiodiagnosis and radiotherapy, medical institutions shall submit relevant materials, including but not limited to the Practicing License for Medical Institution or the approval for establishment of medical institutions, the list of radiodiagnosis and radiotherapy equipment and apply for the License for Radiotherapy (放射診療許可證) issued by the competent public

health administrative authorities. Medical institutions shall be respectively equipped with the corresponding equipment in carrying out different kinds of radiodiagnosis and radiotherapy. After obtaining the License for Radiotherapy, medical institutions shall undertake registration of the relevant diagnosis and treatment items with health administrative and registration authorities, which issued the Practicing License for Medical Institution. The License for Radiotherapy and the Practicing License for Medical Institution shall be verified at the same time.

Radiation Safety License

According to Regulations on the Safety and Protection of Radioisotopes and Radiation emitting Devices (《放射性同位素與射線裝置安全和防護條例》), which was promulgated by the State Council on September 14, 2005 and last amended on March 2, 2019, and Measures for Administration of the Safety Licensing of Radioactive Isotopes and Radioactive Equipment (《放射性同位素與射線裝置安全許可管理辦法》), which was promulgated by the State Environment Protection Administration on January 18, 2006, last amended on January 4, 2021 by the Ministry of Environmental Protection and Ministry of Ecology and Environment respectively, any entity conducts activities of production, sale, and use of radioactive isotopes and radial equipment within the territory of PRC shall obtain the Radiation Safety Licenses (輻射安全許可證).

Medical Insurance and Medical Liability Insurance for Urban Employees

According to the Interim Measures for the Administration of Medical Insurance Designated Medical Institutions and the Provision of Basic Medical Insurance for Urban Employees (《城鎮職工基本醫療保險定點醫療機構管理暫行辦法》), which was promulgated by the Ministry of Labor and Social Security on May 11, 1999, to provide medical services to urban employees with basic medical insurance, medical institutions shall obtain the license for qualifying as a designated medical institution. However, pursuant to the Decision of the State Council on Canceling the First Batch of 62 Items Subject to Administrative Examination and Approval of Local Governments Designated by the Central Government (《國務院關於第一批取消62項中央指定地方實施行政審批事項的決定》), which was promulgated by the State Council on October 11, 2015 and the Guiding Opinions of the Ministry of Human Resources and Social Security on Improving the Management of Designated Medical Institutions and Pharmacies of Basic Medical Insurance through Agreements (《人力資源和社會保障部關於完善基本醫療保險定點醫藥機構協議管理的指導意見》) promulgated on December 2, 2015, the license for qualifying as a designated medical institution to provide medical service to urban employees with basic medical insurance was cancelled. Agencies and the medical institutions should strictly comply with the stipulations in the service agreement and perform the agreement seriously. The defaulting party shall be held liable to the violations of the agreement.

Patient Diagnosis Service

According to the Measures for the Administration of Internet Diagnosis and Treatment (Trial), Internet diagnosis and treatment activities shall be provided by the medical institutions that have obtained a "Practicing License for Medical Institution", and the Internet-based diagnosis services provided by a medical institution shall be consistent with its diagnosis subjects. Physicians and nurses carrying out Internet diagnosis and treatment activities shall be able to be found in the national electronic registration system of physicians and nurses. A medical institution shall conduct electronic real-name verification for the medical staff members carrying out Internet diagnosis and treatment activities.

According to the Measures for the Administration of Internet Hospital (Trial), Internet hospital must inform the patients of the risks and obtain their consents. When a patient receives medical treatment in a physical medical institution and the physician receiving such patient invites other physicians to hold group consultation of physicians through the Internet hospital, the physicians attending the group consultation may issue diagnosis opinions and a prescription; and when a patient does not receive medical treatment in a physical medical institution, a physician may only provide subsequent visits for a patient of some common diseases and chronic diseases through the Internet hospital. Internet hospital may provide contract signing service for family doctors. When a patient's condition changes or there are other circumstances under which online diagnosis and treatment services are inappropriate, the physician shall direct the patient to receive medical treatment in a physical medical institution. Internet diagnosis and treatment activities shall not be carried out for any patient receiving initial diagnosis.

According to the Interim Provisions of Management of Physical Examination (《健康體檢管理暫行規定》), which was promulgated by the MOH on August 5, 2009 and came into effect on September 1, 2009, the registration authority shall examine and assess the medical institutions, if the medical institution is eligible for conducting physical examination, permission shall be issued and registration shall be added to remarks column of the counterpart of the Practicing License for Medical Institution.

Medical Practitioners

On June 26, 1998, the Standing Committee of the National People's Congress (the "SCNPC") issued the Law on Licensed Medical Practitioners of the People's Republic of China (the "Licensed Medical Practitioners Law") (《中華人民共和國執業醫師法》), effective on May 1, 1999, and amended on August 27, 2009. According to the Licensed Medical Practitioners Law, when taking medical, preventive or healthcare measures and when signing relevant medical certificate, the licensed medical practitioners shall conduct diagnosis and investigation personally and fill out the medical files without delay as required. No medical practitioners may conceal, forge or destroy any medical files or the relevant data. The Licensed Medical Practitioners Law was repealed by the Law on Doctors of the PRC (中華人民共和國醫師法), which was issued by the SCNPC on 20 August 2021 and came into effective on 1 March 2022.

On November 5, 2014, the National Health and Family Planning Commission of PRC (the "NHFPC", currently known as the NHC), the National Development and Reform Commission (the "NDRC"), the Ministry of Human Resources and Social Security, the State Administration of Traditional Chinese Medicine, and the China Insurance Regulatory Commission (currently known as the National Administration of Financial Regulation), jointly issued Several Opinions on Promoting and Standardizing Multi-Place Practice of Physicians (《推進和規範醫師多點執業的若干意見》), which puts forward to simplify the registration procedure of the multiple place practice and proposes the feasibility of exploring the "record management". According to Administrative Measures for the Registration of Medical Practitioners (《醫師執業註冊管理辦法》), promulgated by the NHFPC on February 28, 2017, effective on April 1, 2017, medical practitioners shall obtain the Practice Certificate for Medical Practitioners (醫師執業證書) to practice upon registration. Person who fails to obtain the Practice Certificate for Medical Practitioners shall not engage in medical treatment, prevention and healthcare activities. A medical practitioner who practices for multiple institutions at the same place of practice shall determine one institution as the main practicing institution where he or she practices, and apply for registration to the administrative department of health and family planning approving the practice of such institution; and, for other institutions where the medical practitioner is to practice, respectively apply for recordation to the administrative health and family planning authority approving the practice of such institution, indicating the names of the institutions where he or she is to practice. If a medical practitioner practices in an additional institution not at the registered place of practice, he or she shall apply for registering such addition to the administrative health and family planning authority approving the practice of such institution.

According to Administrative Measures for the Nurse Practice Registration (《護士執業註冊管理辦法》), nurses may undertake nursing work at the registered place of practice after obtaining the Practice Certificate for Nurses upon practice registration. Furthermore, pursuant to Implementing Measures of Zhejiang Province for the Regional Registration of Nurses (《浙江省護士區域註冊實施辦法》), when a nurse practices in any medical institution within the administrative region of Zhejiang Province, the practice registration is valid in the whole province, and the nurse may practice in several medical institutions within the administrative region of Zhejiang Province upon filing with government authorities.

Prescription Management

For the purpose of regulating the administration of prescriptions, the Measures for the Administration of Prescriptions (《處方管理辦法》) (the "Measures") was released by the MOH on February 14, 2007 and as effective from May 1, 2007. Under the Measures, a certified medical practitioner shall obtain the corresponding prescription right at the registered practice place and the certified medical practitioner shall issue prescriptions according to the requirements of medical treatment, disease prevention, healthcare, and subject to the treatment standards and drug instructions.

REGULATIONS RELATING TO INTERNET PHARMACEUTICAL TRANSACTION SERVICES

According to Interim Provisions on the Examination and Approval of Internet Pharmaceutical Transaction Services (《互聯網藥品交易服務審批暫行規定》), promulgated by the China Food and Drug Administration (the "CFDA", now known as National Medical Productions Administration, or the "NMPA") on September 29, 2005 and effective since December 1, 2005, the enterprises engaging in the internet pharmaceutical transaction service shall be subject to examination and acceptance, and obtain the Qualification Certificate for Providing Internet Pharmaceutical Transaction Services (互聯網藥品交易服務機構資格證書). The CFDA is in charge of examination and approval of the services provided for Internet pharmaceutical transactions among drug manufacture enterprises, drug distribution enterprises and medical institutions, and the drug administrative departments at provincial level shall conduct the examination and approval of the Internet pharmaceutical transaction services provided by drug manufacture enterprises and drug wholesales enterprises to third-party enterprises through their own websites, as well as by enterprises to individual consumers. After obtaining the Qualification Certificate for Providing Internet Pharmaceutical Transaction Services, the applicant shall obtain the permit for operation of telecommunications services as required by the Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》) (the "Internet Measures"), or file with competent authorities. According to the Decision on the Cancelation of the Third Batch of Items Subject to Administrative Permission by Local Governments Designated by the Central Government (《國務院關於第三批取消中央指定地方實施行政許可事項的決定》), promulgated by the State Council on January 12, 2017, except for the examination and approval of third-party platform, all the examination and approval of Internet pharmaceutical transaction service enterprises conducted by drug administrative departments at provincial level have been cancelled. According to the Decision on the Cancellation of Various Items Subject to Administrative Permission (《國務院關於取消一批行政許可事項的決定》) by the State Council, on September 22, 2017, the CFDA no longer accepts applications for examination and approval of Internet pharmaceutical transaction service enterprises engaging the business as the third party platform.

In August 2019, the SCNPC promulgated the new Drug Administration Law of the PRC (《中華人民共和國藥品管理法》), which, among others, provides that online pharmaceutical transaction platform providers shall file with the drug administration of the people's government of the province, autonomous region or municipality directly under the Central Government where it is located, in accordance with the regulations issued by NMPA. The Regulations for the Implementation of the Drug Administration Law (《藥品管理法實施條例》), promulgated by the State Council in August 2002, last amended in March 2019, provides that, among others, the administrative measures for Internet pharmaceutical transaction services shall be formulated by the NMPA together with other relevant departments under the State Council.

In August 2022, NMPA published the Measures for the Supervision and Administration of Online Pharmaceutical Transactions (《藥品網絡銷售監督管理辦法》) which provide explicit guidance for online pharmaceutical transaction platform providers like us.

REGULATIONS RELATING TO ONLINE PHARMACEUTICAL INFORMATION SERVICES

According to the Measures Regarding the Administration of Pharmaceutical Information Service over the Internet (《互聯網藥品信息服務管理辦法》), promulgated by State Food and Drug Administration (the "SFDA", currently known as the NMPA) on July 8, 2004 and amended on November 17, 2017, the Internet pharmaceutical information service refers to the activities of providing pharmaceutical information (including information of medical devices) to users through the Internet, and where any website intends to provide Internet pharmaceutical information services, it shall, prior to applying for an operation permit from or filing with the competent telecom authorities, file an application with the provincial drug administration for a Qualification Certificate for Providing Internet Pharmaceutical Information Services. Pursuant to the Measures Regarding the Administration of Pharmaceutical Information Service over the Internet, the Internet pharmaceutical information services are classified into two categories, namely, for-profit services and non-for-profit services. For-profit service refers to activities which provide online users with paid pharmaceutical information and other services, while non-for-profit service refers to activities which provide online users with public and shared pharmaceutical information and other services free of charge. The information relating to pharmaceuticals shall be accurate and scientific in nature, and their provision shall comply with the relevant laws and regulations. No product information of stupefacient, psychotropic drugs, medicinal toxic drugs, radiopharmaceutical, detoxification drugs and pharmaceutics made by medical institutions shall be distributed on the website. In addition, advertisements relating to pharmaceuticals (including medical devices) shall be approved by the NMPA or its competent branches, and such advertisements shall specify the approval document number.

REGULATIONS RELATING TO MEDICAL DEVICES

Production and Operation of Medical Devices

In the PRC, medical devices are classified into three different categories, Class I, Class II and Class III, based on the invasiveness of and risks associated with each medical device. Pursuant to the Regulations on Supervision and Administration of Medical Devices (《醫療器械監督管理條例》) (the "Medical Devices Regulation") promulgated by the State Council on January 4, 2000, last amended on February 9, 2021, which came into effect on June 1, 2021, Class I medical devices are required to be filed with government authorities, while Class II and Class III devices are required to complete registration procedures. The revised Medical Devices Regulation further classifies the producer and operator of Class II and Class III medical devices as the Registrant Entity, while the producer and operator of Class I medical devices as the Recordation Entity.

To engage in production of Class I medical devices, manufacturers shall file the production with the local branches of NMPA. To engage in production of Class II or III medical devices, manufacturers shall apply for the Medical Device Production License (醫療器械生產許可證) to the NMPA or its local branches. To engage in the operation of Class II medical devices, an operating enterprise shall make a record-filing with the competent local NMPA. To engage in the operation of Class III medical devices, an operating enterprise shall apply for the Medical Device Operation License (醫療器械經營許可證).

In the event that a business operator distributes Class III medical devices without a Medical Device Operation License or distributes Class II or Class III medical devices that are not registered with the NMPA or its local branches, or a manufacturer produces Class II or Class III medical devices without a Medical Device Production License or produces Class II or Class III medical devices that are not registered with the NMPA or its local branches, the competent drug administration may impose fines, confiscate illegal proceeds, such illegally produced or operated medical devices, and tools, equipment and other materials that are used for the illegal production or operation, and, in serious circumstances, the business operation of such operator will be suspended, and the Medical Device Operation License may be revoked, and any new application for a medical device permit filed by the relevant liable person or the business operator will not be accepted within ten years.

The Measures on the Supervision and Administration of the Business Operations of Medical Devices (《醫療器械經營監督管理辦法》) (the "Measures on Medical Devices"), which was promulgated by CFDA on July 30, 2014 and last amended on March 10, 2022, applies to any business activities of medical devices conducted within the territory of the PRC as well as the supervision and administration thereof. Pursuant to the Measures on Medical Devices, CFDA shall be responsible for the supervision and administration of nationwide business operations concerning medical devices.

Online Sales of Medical Devices

On December 20, 2017, the CFDA promulgated the Administration and Supervision Measures of Online Sales of Medical Devices (《醫療器械網絡銷售監督管理辦法》) (the "Online Medical Devices Sales Measures"), which became effective on March 1, 2018. According to the Online Medical Devices Sales Measures, enterprises engaged in online sales of medical devices must be medical device manufacture and operation enterprises with medical devices production licenses or operation licenses or have been filed for record in accordance with laws and regulations, unless such licenses or record-filing is not required by laws and regulations. Pursuant to the Online Medical Devices Sales Measures, enterprises engaged in online sales of medical devices through its own website, and third-party platforms providing online medical devices transaction services shall both obtain the Qualification Certificate for Internet Pharmaceutical Information Services. Either enterprises engaging in online sales of medical devices or enterprises as third-party platforms providing medical devices online transaction services shall take technical measures to ensure the data and materials of medical devices sales online are authentic, completed and retrospective, for example, the records of sales information of medical devices shall be kept for two years after the valid period of the medical devices, and for no less than five years in case of no valid period, or be kept permanently if such medical devices are implanted medical devices. For the enterprises engaged in online sales of medical devices, such enterprises shall display its medical device production and operation license or record-filing certificate on visible place on its homepage, and the information of the medical devices published on the website shall be consistent with the related contents registered or filed for record; in addition, the business scope of such enterprise shall not exceed the scope of its production and operation license or the scope filed for record. For the enterprises as third-party platform providing medical devices online transaction services, such enterprises shall be filed for record with the local provincial drug administration, and shall verify the materials submitted by any enterprise applying for entering the platform.

Deployment and Use of Large-scale Medical Equipment

According to the Administrative Measures on the Deployment and Use of Large-scale Medical Equipment (Trial) (《大型醫用設備配置與使用管理辦法(試行)》) jointly promulgated by the NHC and NMPA on May 22, 2018,the large-scale medical equipment are administered pursuant to the catalogue promulgated by the NHC. Large-scale Medical Equipment are divided into Category A and Category B in the catalog. The large-scale medical equipment of Category A shall be allocated and managed by the NHC and issued with License for Deployment of Large-scale Medical Equipment, while the large-scale medical equipment of Category B shall be allocated and managed by provincial health administrative departments and issued with License for Deployment of Large-scale Medical Equipment. The NHC and provincial health administrative departments shall respectively formulate the implementing rules for the allocation licensing management of Category A and Category B large-scale medical equipment.

REGULATIONS ON ENVIRONMENTAL PROTECTION RELATED TO MEDICAL INSTITUTIONS

Environmental Protection Law of PRC and Environmental Impact Assessment Law of the PRC

Pursuant 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, amended on April 24, 2014, the waste discharge licensing system has been implemented in the PRC and entities that discharge medical sewage to water bodies directly or indirectly shall obtain a waste discharge license. Furthermore, installations for the prevention and control of pollution at a construction project must be designed, built and commissioned together with the principal part of the project. Pollutant-discharging enterprises, public institutions and other manufacturers and operators shall adopt measures to prevent and treat waste gas, wastewater, waste residue, medical waste, radioactive substances and other pollution and hazards caused by environmental pollution generated in manufacturing, construction or other activities.

Pursuant to 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, last amended on December 29, 2018, the State implements administration by classification on the environmental impact of construction projects according to the level of impact on the environment. The construction entity shall prepare an environmental impact report, or an environmental impact form or complete an environmental impact registration form (the "Environmental Impact Assessment Documents") for reporting and filing purpose. If the Environmental Impact Assessment Documents of a construction project have not been reviewed by the approving authority in accordance with the law or have not been granted approval after the review, the construction entity is prohibited from commencing construction works.

Regulations on the Management of Medical Waste and the Implementation Measures of the Management of Medical Waste

According to the Regulations on the Management of Medical Waste (《醫療廢物管理條例》), which was promulgated by the State Council on June 16, 2003 and amended on January 8, 2011, and the Implementation Measures of the Management of Medical Waste (《醫療衛生機構醫療廢物管理辦法》), which was promulgated by the MOH on October 15, 2003 and came into effect on the same day, medical or health institution shall register medical wastes, manage medical wastes under classification and undertake management of duplicate forms for transfer of hazardous waste in accordance with the Catalogue of Classified Medical Wastes (《醫療廢物分類目錄》), and deliver medical wastes to an entity for centralized disposal of medical wastes and licensed by a relevant environment protection administrative department for dispose. Sewage generated by any health institution and excretion of its patients or suspected patients of infectious diseases shall be sterilized in strict accordance with the relevant provisions, and shall not be discharged into sewage disposal systems until the discharging standards are met.

REGULATIONS RELATING TO INTERNET SECURITY

Internet information in China is regulated and restricted from a national security standpoint.

The SCNPC, has enacted the Decisions on Maintaining Internet Security (《關於維護互聯網安全的決定》) on December 28, 2000, amended on August 27, 2009, which may subject violators to criminal punishment in China for any effort to: (i) gain improper entry into a computer or system of strategic importance; (ii) disseminate politically disruptive information; (iii) leak state secrets; (iv) spread false commercial information; or (v) infringe intellectual property rights. The Ministry of Public Security of the PRC has promulgated the Administration Measures on the Security Protection of Computer Information Network with International Connections (《計算機信息網絡國際聯網安全保護管理辦法》) on December 16, 1997 and the State Council of the PRC has amended it on January 8, 2011 to prohibit use of the Internet in ways which, among other things, result in a leakage of state secrets or infringement of the legitimate rights and interests of the state, the society, the community or the citizens. If an Internet information service provider violates these measures, the Ministry of Public Security and the local security bureaus may, when necessary, suggest the issuing or approving government agency to revoke its operating license and shut down its websites.

On November 7, 2016, the SCNPC promulgated the Cyber Security Law of the PRC, or the Cyber Security Law (《網絡安全法》), which became effective on June 1, 2017. The Cyber Security Law requires network operators to comply with laws and regulations and fulfill their obligations to safeguard security of the network when conducting business and providing services. The Cyber Security Law further requires network operators to take all necessary measures in accordance with applicable laws, regulations and compulsory national requirements to safeguard the safe and stable operation of the networks, respond to cyber security incidents effectively, prevent illegal and criminal activities, and maintain the integrity,

confidentiality and usability of network data. On September 14, 2022, the CAC published the Decision of Amending PRC Cybersecurity Law (Draft for Comments) (關於修改《網絡安全法》的決定(徵求意見稿)) (the "Draft Amendment to PRC Cybersecurity Law"), which, among other things, aggravated legal liabilities for violations of cybersecurity obligations and critical information infrastructure operators' obligations. The Draft Amendment to PRC Cybersecurity Law was released for public comment only, and its respective provisions and anticipated adoption or effective date may be subject to change with substantial uncertainty. On June 22, 2007, the Ministry of Public Security, the National Administration of State Secrets Protection, the State Cipher Code Administration and the Information Office of the State Council (repealed) promulgated the Administrative Measures for the Graded Protection of Information Security (信息安全等級保護管理辦法) (the "Measures for the Graded Protection"), effective from June 22, 2007, pursuant to which, graded protection of the state information security shall follow the principle of "independent grading and independent protection". The entities operating the information systems shall determine the security protection grade of the information system pursuant to the Measures for the Graded Protection and the Guidelines for Grading of Classified Protection of Cyber Security (網絡安全等級保護定級指南) (the "Guidelines for Grading"), and report the grade to the relevant department for examination and approval. For an information system determined to be Grade II or above, its operator shall make the record filing with relevant public security departments. Pursuant to the Guidelines for Grading, the grading of the classified protection of the information systems are determined based on two elements, namely what can be affected and how serious the consequences would be, if the information systems are damaged. The Guidelines for Grading stipulate the procedures of the grading and specify the methods to grade the information system, including how to determine what can be affected and the degree of impact. In consistent with the provisions set out in the Guidelines for Grading, the Measures for the Graded Protection stipulate that the security protection grade of an information system may be classified into the following five grades: (i) the Grade I information system, the destruction of which will cause damage to the legitimate rights and interests of citizens, legal persons and other organizations, but will cause no damage to national security, social order or public interests; (ii) the Grade II information system, the destruction of which will cause material damage to the legitimate rights and interests of citizens, legal persons and other organizations or cause damage to social order and public interests, but will not cause damage to national security; (iii) the Grade III information system, the destruction of which will cause material damage to social order and public interests or will cause damage to national security; (iv) the Grade IV information system, the destruction of which will cause particularly material damage to social order and public interests or will cause material damage to national security; and (v) the Grade V information system, the destruction of which will cause particularly material damage to national security. The entities operating information systems shall protect information systems pursuant to the Measures for the Graded Protection and the relevant technical standards and the state departments in charge of the supervision and administration of information security shall supervise and administer the graded protection work conducted by such entities. After the security protection grade of an information system is determined, its operator shall, in accordance with the norms for the administration of the graded protection of state information security and the relevant technical standards, use information technology products that conform to the relevant state provisions and satisfy the requirements on the protection grade

for the security construction or reconstruction of the information system. In the process of constructing an information system, its operator shall synchronously construct the information security facilities that satisfy the requirements of the protection grade of the information system pursuant to certain technical standards. The entities operating an information system shall also formulate a security management system satisfying the requirements of the protection grade of the information system. After the information system is completed, the operators shall choose an assessment agency to conduct assessment on the security grade status of the information system on a regular basis and also shall conduct self-inspections on the security status of the information system and the implementation of the security protection system and relevant measures on a regular basis.

On November 14, 2021, the CAC publicly solicited comments on the Draft CAC Regulations on Internet Data Security. The Draft CAC Regulations on Internet Data Security covers a wide range of Internet data security issues, including the supervision and management of data security in the PRC, and applies to the situations using networks to carry out data processing activities. It sets out general guidelines covering subjects including protection of personal information, security of important data, security management of cross-border data transfer, obligations of internet platform operators, supervision and management, and legal liabilities of Internet data security. In particular, it requires a data processor to apply to the CAC for cybersecurity review if its listing in Hong Kong affects or may affect national security. As of the date of this document, the Draft CAC Regulations on Internet Data Security had not come into effect and the public comment period of the Draft CAC Regulations on Internet Data Security ended on December 13, 2021.

On December 28, 2021, the CAC announced the Cybersecurity Review Measures, effective from February 15, 2022. Pursuant to the Cybersecurity Review Measures, besides the procurement of network products and services by critical information infrastructure operators, any data processing activities by network platform operators that affects or may affect national security shall be subject to the cybersecurity review as well. In accordance with the Cybersecurity Review Measures, operators mastering personal information of more than one million users must apply to the Cybersecurity Review Office for cybersecurity review when listing abroad (國外上市).

Our PRC Legal Advisor, after reviewing relevant materials provided by us and based on our confirmation on certain facts relating to our operation, is of the view that as of the Latest Practicable Date, the measures taken by us in terms of Internet security, data security and personal information protection are not in violation of the Draft CAC Regulations on Internet Data Security in all material aspects, assuming such regulation is implemented in its current form. Therefore, our Directors do not foresee any material impediment to comply with the Draft CAC Regulations on Internet Data Security in all material aspects, assuming such regulation is implemented in its current form.

On February 7, 2022, our PRC Legal Advisor made a telephone consultation with the China Cybersecurity Review Technology and Certification Center, which is delegated by the CAC to accept applications for cybersecurity review. During the consultation, our PRC Legal Advisor informed the staff regarding our proposed [**REDACTED**] plan and the staff confirmed that currently we need not to apply for the cybersecurity review. As of the Latest Practicable Date, we had not received any notice from competent government authorities indicating that we had been or might be identified as critical information infrastructure operators, which is one of the conditions that may lead to the active application for cybersecurity review pursuant to the Cybersecurity Review Measures; in addition, we had not received any notice from competent government authorities requiring us to actively apply for the cybersecurity review, nor had us been fined, investigated or imposed any other regulatory measures due to failure to actively make such application. Further, our PRC Legal Advisor did not identify those factors expressly set out in Article 10 of the Cybersecurity Review Measures in our business operation in the PRC or would likely to be triggered by the [**REDACTED**], after its due diligence conducted on our Internet security, data security and personal information protection, as of the Latest Practicable Date. Based on the foregoing, our PRC Legal Advisor is of the view that as of the Latest Practicable Date, pursuant to the current effective PRC laws and regulations, the [**REDACTED**] and our current business operations in the PRC do not trigger active application for cybersecurity review as expressly required in the Cybersecurity Review Measures, however, substantial uncertainties still exist with respect to the evolving regulatory regime. See "Risk Factors – Risks Relating to Our Business and Industry – The improper use, disclosure or storage of data over our cloud hospital platforms could harm our reputation as well as have a material adverse effect on our business, financial condition, results of operations and prospects." Based on the foregoing, our Directors not foresee the Draft CAC Regulations on Internet Data Security and Cybersecurity Review Measures would have a material adverse impact on our business operations or the [**REDACTED**], assuming Draft CAC Regulations on Internet Data Security is implemented in its current form.

In response to the regulatory requirements, we have implemented comprehensive measures to ensure continuous regulatory compliance and we will continue to pay close attention to the legislations and regulatory developments in data security and comply with the latest regulatory requirements. There had been no material incident of data or personal information leakage, infringement of data protection and privacy laws and regulations or investigation or other legal proceeding against us that will materially and adversely affect our business operations.

REGULATIONS RELATING TO PERSONAL INFORMATION OR DATA PROTECTION

In December 2011, the Ministry of Industry and Information Technology (the "MIIT") issued Several Provisions on Regulating the Market Order of Internet Information Services (《規範互聯網信息服務市場秩序若干規定》), which provides that an Internet information service provider may not collect any user's personal information or provide any such information to third parties without such user's consent. Pursuant to the Several Provisions on Regulating the Market Order of Internet Information Services, Internet information service

providers are required to, among others, (i) expressly inform the users of the method, content and purpose of the collection and processing of such users' personal information and may only collect such information necessary for the provision of its services; and (ii) properly maintain the users' personal information, and in case of any leak or possible leak of a user's personal information, online lending service providers must take immediate remedial measures and, in severe circumstances, make an immediate report to the telecommunications regulatory authority.

Pursuant to the Decision on Strengthening the Protection of Online Information (《關於加強網絡信息保護的決定》), issued by the SCNPC in December 2012, and the Order for the Protection of Telecommunication and Internet User Personal Information (《電信和互聯網用戶個人信息保護規定》), issued by the MIIT in July 2013, any collection and use of any user personal information must be subject to the consent of the user, and abide to the applicable law, rationality and necessity of the business and fall within the specified purposes, methods and scopes in the applicable laws.

In addition, pursuant to Cyber Security Law of the PRC, the "personal information" refers to all kinds of information recorded by electronic or otherwise that can be used to independently identify or be combined with other information to identify individuals' personal information including but not limited to: individuals' names, dates of birth, ID numbers, biologically identified personal information, addresses and telephone numbers, etc. The Cyber Security Law also provides that: (i) to collect and use personal information, network operators shall follow the principles of legitimacy, rightfulness and necessity, disclose rules of data collection and use, clearly express the purposes, means and scope of collecting and using the information, and obtain the consent of the persons whose data is gathered; (ii) network operators shall neither gather personal information unrelated to the services they provide, nor gather or use personal information in violation of the provisions of laws and administrative regulations or the scopes of consent given by the persons whose data is gathered; and shall dispose of personal information they have saved in accordance with the provisions of laws and administrative regulations and agreements reached with users; (iii) network operators shall not divulge, tamper with or damage the personal information they have collected, and shall not provide the personal information to others without the consent of the persons whose data is collected. However, if the information has been processed and cannot be recovered and thus it is impossible to match such information with specific persons, such circumstance is an exception. Furthermore, under the Cyber Security Law, network operators of key information infrastructure shall store the personal information and important data collected and produced during their operations in the PRC, within the territory of the PRC. On August 22, 2019, the Cyberspace Administration of China (the "CAC") issued the Provisions on the Cyber Protection of Children's Personal Information (《兒童個人信息網絡保護規定》), which became effective on October 1, 2019 and apply to the collection, storage, use, transfer and disclosure of the personal information of the minors under the age of 14, or the Children, via the Internet. On March 6, 2020, the PRC Standardization Administration promulgated the Information Security Technology – Personal Information Security Guidelines (信息安全技術-個人信息安全規範) (the "Personal Information Security Guidelines"), which became effective on October 1, 2020 and replaced the former Personal Information Security Guidelines

promulgated in 2017. The Personal Information Security Guidelines are not laws but voluntary national standards widely cited by regulatory authorities as reference in their enforcement activities. Pursuant to the Personal Information Security Guidelines, after collecting the personal information, the controller of the personal information shall immediately conduct the data de-identification, implement the technical and administrative measures to store separately the de-identified data and the data which may be used to recover the identity of the persons.

Pursuant to the Ninth Amendment to the Criminal Law (《刑法修正案(九)》), issued by the SCNPC in August 2015, which became effective in November 2015, any Internet service provider that fails to fulfill its obligations related to Internet information security administration as required under applicable laws and refuses to rectify upon orders shall be subject to criminal penalty. In addition, Interpretations of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues Concerning the Application of Law in the Handling of Criminal Cases Involving Infringement of Personal Information (《關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋》), issued on May 8, 2017 and effective as of June 1, 2017, clarified certain standards for the conviction and sentencing of the criminals in relation to personal information infringement. In addition, on May 28, 2020, the National People's Congress adopted the Civil Code of the PRC (《中華人民共和國民法典》) (the "Civil Code"), which came into effect on January 1, 2021. Pursuant to the Civil Code, the personal information of a natural person shall be protected by the law. Any organization or individual shall legally obtain such personal information of others when necessary and ensure the safety of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase or sell, provide or make public personal information of others.

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

On June 21, 2016, the General Office of the State Council promulgated the Guiding Opinions on Promoting and Regulating the Application and Development of Healthcare Big Data (國務院辦公廳關於促進和規範健康醫療大數據應用發展的指導意見), which stipulates that the big data on health and medical treatment is a significant fundamental strategic resource and the State is to promote the sharing and disclosure of big data resources on health and medical treatment, encourage medical and health institutions to promote the collection and storage of big data on health and medical treatment, enhance application support and technical support for operation and maintenance, unblock the data resource sharing channels, accelerate the construction and perfection of an underlying database focusing on electronic health records, electronic medical records, and electronic prescriptions of residents, deepen the application of big data on health and medical treatment in all respects, and a mechanism for sharing healthcare big data among various governmental authorities, including health authorities, shall be established. The Data Security Law promulgated by the SCNPC on June 10, 2021 stipulates the measures to support and promote data security and development, to establish and optimise the national data security management system, and to clarify organisations' and individuals' responsibilities in data security. The Data Security Law established a tiered data protection system in terms of their importance to economic development as well as the potential damages to national security, public interests and the legitimate rights of individuals and entities by any illegal data activities. Data categorised as "important data", which was not defined under the Data Security Law but will be determined by local regulators in a form of "important data catalogue", shall be treated with higher level of protection. While it focuses largely on data protection from a national security and sovereignty perspective, and provides mostly generic provisions without specific operational rules and implementing mechanisms, the Data Security Law does require processors of important data to appoint a "data security officer" and a "management department" to take charge of the data security responsibilities. In addition, processors of important data are required to periodically evaluate the risk of its data activities and send risk assessment report to relevant supervising authorities. The Data Security Law became effective from September 1, 2021. "Important data catalogues" are yet to be issued by local regulators.

The Personal Data Protection Law of the PRC (中華人民共和國個人信息保護法) (the "The Personal Data Protection Law"), released by the NPC in August 2021 and effective from November 1, 2021, stipulates the scope of personal information and establishes rules for processing personal information onshore and offshore. The Personal Data Protection Law proposes a slew of specific personal information protection requirements, including but not limited to more specific inform and consent requirements in various contexts, strengthened and classified obligations of personal information processors, and more limitations and rules on process of personal information.

Accompanied with the promulgation of series of laws and regulations related to Internet security and data protection, administrations including MIIT and CAC imposed measures on batches of Apps for their encroach on the rights and interests of users in violation of applicable laws and regulations in recent years, and with higher frequency in 2020 and 2021. These measures including order of rectification and order for temporary removal from App stores. Illegal collection of personal information, forced, frequent and excessive access by Apps and illegal use of personal information are the top reasons for rectification and suspension of Apps.

Our PRC legal advisor is of the view that these administrative measures indicate a trend of stricter supervision and administration on Internet and data security compliance from government agencies, which may impose higher level of compliance requirement on Internet and data security of the Group, on the one hand, and implement the newly promulgated laws and regulations under the regime of Cyber Security Law and Data Security Law and to some extent, provide a clearer guidance to the Group for continued compliance with legal requirements on Internet and data security, on the other hand.

REGULATIONS RELATING TO FOREIGN INVESTMENT

Foreign Investment Law and its Implementation Rules

Investment activities in the PRC by foreign investors are principally governed by the Catalog of Industries for Encouraging Foreign Investment (鼓勵外商投資產業目錄) (the "Encouraging Catalog"), and the Special Management Measures (Negative List) for the Access of Foreign Investment (《外商投資准入特別管理措施(負面清單)》) (the "Negative List"), which were promulgated and are amended from time to time by the Ministry of Commerce of the PRC (the "MOFCOM") and NDRC. The Encouraging Catalog and the Negative List lay out the basic framework for foreign investment in the PRC, classifying businesses into three categories with regard to foreign investment: "encouraged", "restricted" and "prohibited". Industries not listed in the Encouraging Catalog and the Negative List are generally deemed as falling into a fourth category "permitted". The NDRC and MOFCOM promulgated the Catalog of Industries for Encouraging Foreign Investment (2022 Version) (《鼓勵外商投資產業目錄(2022年版)》) (the "2022 Encouraging Catalog"), on October 26, 2022 with effect from January 1, 2023, and the Special Management Measures (Negative List) for the Access of Foreign Investment (2021 Version) (《外商投資准入特別管理措施(負面清單)(2021年版)》) (the "2021 Negative List"), on December 27, 2021, to replace the previous encouraging catalog and negative list thereunder.

Pursuant to the 2021 Negative List, a domestic enterprise engaged in activities in any field prohibited from foreign investment under the 2021 Negative List shall be subject to review and approval by the relevant competent authorities for overseas listing and trading of shares, and any overseas investor in the enterprise shall not participate in the operation and management of the enterprise, and the equity ratio of overseas investors in the enterprise shall be governed mutatis mutandis by the relevant regulations on the management of domestic securities investments made by overseas investors.

On March 15, 2019, the NPC promulgated the Foreign Investment Law (《外商投資法》) (the "FIL"), which came into effect on January 1, 2020 and replaced the trio of laws regulating foreign investment in the PRC, namely, the PRC Equity Joint Venture Law (《中華人民共和國中外合資經營企業法》), the Wholly Foreign-Owned Enterprise Law (《中華人民共和國外資企業法》) and the PRC Cooperative Joint Venture Law (《中華人民共和國中外合作經營企業法》). The FIL, by means of legislation, establishes the basic framework for the access, promotion, protection and administration of foreign investment in view of investment protection and fair competition.

According to the FIL, foreign investment shall enjoy pre-entry national treatment, except for those foreign invested entities that operate in industries deemed to be either "restricted" or "prohibited" in the "negative list." The FIL provides that foreign invested entities operating in foreign "restricted" or "prohibited" industries will require entry clearance and other approvals. The FIL does not comment on the concept of "de facto control" or contractual arrangements with consolidated affiliated entities, however, it has a catch-all provision under definition of "foreign investment" to include investments made by foreign investors in China through means stipulated by laws or administrative regulations or other methods prescribed by the State Council. Therefore, it still leaves leeway for future laws, administrative regulations or provisions to provide for contractual arrangements as a form of foreign investment. In addition, a foreign investment information reporting system shall be established, and foreign investors or foreign-funded enterprises shall submit the investment information to competent departments for commerce through the enterprise registration system and the enterprise credit information publicity system.

Furthermore, the FIL provides that foreign invested enterprises established according to the existing laws regulating foreign investment may maintain their structure and corporate governance within five years after the implementing of the FIL, which means that foreign invested enterprises may be required to adjust the structure and corporate governance in accordance with the current PRC Company Law (《中華人民共和國公司法》) and other laws and regulations governing the corporate governance.

On December 26, 2019, the State Council promulgated the Implementation Rules to the PRC Foreign Investment Law (《中華人民共和國外商投資法實施條例》), which became effective on January 1, 2020. The implementation rules further clarified that the state encourages and promotes foreign investment, protects the lawful rights and interests of foreign investors, regulates foreign investment administration, continues to optimize foreign investment environment, and advances a higher-level opening.

Along with the implementation of FIL and its Implementation Rules, the MOFCOM and State Administration for Market Regulation jointly promulgated the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》) (the "Foreign Investment Reporting Measures") on December 30, 2019. The Foreign Investment Reporting Measures came into effect on January 1, 2020 and replaced the Interim Administrative Measures for the Record-filing of the Establishment and Modification of Foreign-investment Enterprise. Under the Foreign Investment Reporting Measures, the requirement of record-filing with or approval from the MOFCOM or its local branches is replaced with a reporting requirement, regardless of whether such foreign investment is subject to PRC government's special entry administration measures. Pursuant to the Foreign Investment Reporting Measures, foreign investors or foreign-invested enterprises shall report relevant information to the MOFCOM or its local branches through the online enterprise registration system when the foreign investment takes place or the reported information changes.

Restrictions on Foreign Investment in Medical Institutions

According to Provisions on Guiding the Orientation of Foreign Investment (《指導外商投資方向規定》) (Order No. 346 of the State Council) ("**the Foreign Investment Orientation Provisions**"), which was promulgated by the State Council on February 11, 2002 and came into effect on April 1, 2002, projects with foreign investment shall fall into four categories, namely, encouraged, permitted, restricted and prohibited. The encouraged, restricted and prohibited projects with foreign investment shall be listed in the Catalog of Industries for Guiding Foreign Investment (《外商投資產業指導目錄》) which may be revised and promulgated by the relevant departments of the State Council from time to time, while any project not listed in the catalog is deemed to be a permitted project for foreign investment. Pursuant to the Catalog of Industries for Guiding Foreign Investment (2011 version) (《2011年外商投資產業指導目錄》) (the "2011 Catalog") which was promulgated on December 24, 2011 and came into effect on January 30, 2012, medical institutions are not listed in restricted or prohibited category.

However, the Catalog of Industries for Guiding Foreign Investment (2015 version) (《2015年外商投資產業指導目錄》) which took effect from April 10, 2015 has replaced the 2011 Catalog and categorized medical institution as an industry that belongs to the restricted category for foreign investment since April 10, 2015. Pursuant to the 2015 Catalog, foreign investment in medical institutions shall be restricted to the form of sino-foreign cooperation or joint venture. The Catalog of Industries for Guiding Foreign Investment (2017 version) (《2017年外商投資產業指導目錄》) which took effect from July 28, 2017 has replaced the 2015 Catalog and continued the foreign investment restriction for medical institutions under 2015 Catalog. The Special Management Measures (Negative List) for the Access of Foreign Investment (2018 Version) (《外商投資准入特別管理措施(負面清單) (2018年版)》) (the "2018 Negative List") has replaced the special management measures in the Catalog of Industries for Guiding Foreign Investment and stipulated that, other than the more preferential measures for the qualified investors pursuant to the Mainland and Hong Kong Closer Economic Partnership Arrangement (《內地與香港關於建立更緊密經貿關係的安排》) and its supplements, foreign investment in medical institutions shall be restricted to the form of sino-foreign cooperation or joint venture. The Special Management Measures (Negative List) for the Access of Foreign Investment (2019 Version) (《外商投資准入特別管理措施(負面清單) (2019年版)》) reiterates such restriction in 2018 Negative List. The 2020 and 2021 Negative List stipulate that other than the more preferential measures for the qualified investors pursuant to the Mainland and Hong Kong Closer Economic Partnership Arrangement and its supplements, foreign investment in medical institutions shall be restricted to the form of sino-foreign joint venture.

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

Restrictions on Foreign Investment in Value-added Telecommunications Services

Pursuant to the 2021 Negative List, foreign investment in value-added telecommunications services is restricted, and the percentage of foreign ownership cannot exceed 50% (except for e-commerce, domestic multi-party communications, store-and-forward and call center).

Foreign direct investment in telecommunications companies in China is governed by the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (《外商投資電信企業管理規定》), which was promulgated by the State Council on December 11, 2001 and amended on September 10, 2008 and February 6, 2016. The Regulations for the Administration of Foreign-Invested Telecommunications Enterprises requires foreign-invested value-added telecommunications enterprises in China to be established as sino-foreign equity joint ventures, which the foreign investors may acquire up to 50% of the equity interests of such enterprise. In addition, the main foreign investor who invests in a foreign-invested value-added telecommunications enterprise operating the value-added telecommunications business in China must demonstrate a good track record and experience in operating a value-added telecommunications business. The State Council recently revised the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (外商投資電信企業管理規定) with effect from May 1, 2022 (the "2022 FITE Regulations"). The 2022 FITE Regulations, among others, no longer requires the main foreign investor who invests in a value-added telecommunications business in the PRC to have a good track record and experience in operating a value-added telecommunications business. The 2022 FITE Regulations prescribes that foreign investors are not allowed to hold more than 50% of the equity interests of a company engaged in value-added telecommunications business, except as otherwise stipulated by the state, and that a foreign-invested enterprise must be approved by the MIIT to engage in value-added telecommunications business. In July 2006, the MIIT released the Notice on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Business (《信息產業部關於加強外商投資經營增值電信業務管理的通知》) (the "MIIT Notice"), pursuant to which, domestic telecommunications enterprises are prohibited to rent, transfer or sell a telecommunications business operation license to foreign investors in any form, or provide any resources, premises, facilities and other assistance in any form to foreign investors for their illegal operation of any telecommunications business in China. In addition, under the MIIT Notice, the Internet domain names and registered trademarks used by a foreign-invested value-added telecommunication service operator shall be legally owned by that operator (or its shareholders).

REGULATIONS RELATING TO VALUE-ADDED TELECOMMUNICATION SERVICES

The Telecommunications Regulations of the PRC (《中華人民共和國電信條例》) (the "Telecommunications Regulations"), promulgated by the State Council on September 25, 2000 and last amended on February 6, 2016, provide a regulatory framework for telecommunications services providers in the PRC. The Telecommunications Regulations require telecommunications services providers to obtain an operating license prior to the

commencement of their operations. The Telecommunications Regulations categorize telecommunications services into infrastructure telecommunications services and value-added telecommunications services. Pursuant to the Telecommunications Regulations, operators of value-added telecommunications services (增值電信業務) (the "VATS"), must first obtain a Value-added Telecommunications Business Operating License (增值電信業務經營許可證) (the "VATS License"), from the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) (the "MIIT"), or its provincial level counterparts. On July 3, 2017, the MIIT promulgated the Administrative Measures on Telecommunications Business Operating Licenses (《電信業務經營許可管理辦法》), which set forth more specific provisions regarding the types of licenses required to operate VATS, the qualifications and procedures for obtaining such licenses and the administration and supervision of such licenses. According to the Catalog of Telecommunications Business (《電信業務分類目錄》), attached to the Telecommunications Regulations on February 21, 2003 and amended by the MIIT on December 28, 2015 and June 6, 2019, the Internet information services and the online data processing and transaction processing services fall within the value-added telecommunications services.

The Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》) (the "ICP Measures"), promulgated by the PRC State Council (國務院) on September 25, 2000 and most recently amended on January 8, 2011, set forth more specific rules on the provision of internet information services. According to ICP Measures, any company that engages in the provision of commercial internet information services shall obtain a sub-category VATS License for Internet Information Services (互聯網信息服務增值電信業務經營許可證) (the "ICP License"), from the relevant government authorities before providing any commercial internet information services within the PRC. Pursuant to the above-mentioned regulations, "commercial internet information services" generally refer to provision of specific information content, online advertising, web page construction and other online application services through internet for profit making purpose.

REGULATIONS RELATING TO INTERNET ADVERTISING

The Advertising Law of the People's Republic of China (《中華人 民共和國廣告法》) provides that the Internet information service providers shall not publish medical, drugs, medical devices or dietary supplement advertisements in disguised form such as introduction of healthcare and wellness knowledge.

The Interim Measures for Administration of Internet Advertising (《互聯網廣告管理暫行辦法》) (the "Internet Advertising Measures") regulating the Internet-based advertising activities, were adopted by the SAIC on July 4, 2016. According to the Internet Advertising Measures, Internet advertisers are responsible for the authenticity of the advertisements content. Publishing and circulating advertisements through the Internet shall not affect the normal use of the Internet by users. It is not allowed to induce users to click on the content of advertisements by any fraudulent means, or to attach advertisements or advertising links in the emails without permission.

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

REGULATIONS RELATING TO MOBILE INTERNET APPLICATIONS INFORMATION SERVICES

Mobile Internet applications (the "APPs") and the Internet application store (the "APP Store") are especially regulated by the Administrative Provisions on Mobile Internet Applications Information Services (《移動互聯網應用程序信息服務管理規定》) (the "APP Provisions"), which was last amended in June 2022 and with effect from August 2022. The APP Provisions regulate the APP information service providers and the APP distribution service providers, while the CAC and local offices of cyberspace administration shall be responsible for the supervision and administration of APP information content at the nationwide or local respectively. The APP information service providers shall acquire relevant qualifications required by laws and regulations and implement the information security management responsibilities strictly and fulfill their obligations provided by the APP Provisions.

REGULATIONS RELATING TO FOOD SAFETY

In accordance with the Food Safety Law of the PRC (《中華人民共和國食品安全法》) (the "Food Safety Law"), and the Implementation Regulations of the Food Safety Law of the PRC (《中華人 民共和國食品安全法實施條例》), or the Implementation Regulations, with the purpose of guaranteeing food safety and safe guarding the health and life safety of the public, the PRC sets up a system of the supervision, monitoring and appraisal on the food safety risks, compulsory adoption of food safety standards. To engage in food production, sale or catering services, the business operators shall obtain a license in accordance with the laws and regulations. Furthermore, the State Council implements strict supervision and administration for special categories of foods such as dietary supplement, special formula foods for medical purposes and infant formula.

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

REGULATIONS ON IMPORT AND EXPORT OF GOODS

Pursuant to the Provisions of Customs of the PRC on the Administration of Filing of Customs Declaration Entities (《中華人民共和國海關報關單位備案管理規定》) with effect from January 1, 2022, a customs declaration entity which provides customs declaration services shall file with the customs office.

REGULATIONS RELATING TO CONSUMER PROTECTION AND PRODUCT QUALITY

Consumers Protection

The Consumer Protection Law of the PRC (《中華人民共和國消費者權益保護法》) promulgated by SCNPC, which was latest amended on October 25, 2013 and effective on March 15, 2014, sets out the obligations of business operators and the rights and interests of the consumers in China. Pursuant to this law, business operators must guarantee that the commodities they sell satisfy the requirements for personal or property safety, provide consumers with authentic information about the commodities, and guarantee the quality, function, usage and term of validity of the commodities. Failure to comply with the Consumer Protection Law may subject business operators to civil liabilities such as refunding purchase prices, replacement of commodities, repairing, ceasing damages, compensation, and restoring reputation, and even subject the business operators to criminal penalties. Where the operators of the online trading platforms are unable to provide the real names, addresses and valid contact details of the sellers or service providers, the consumers may also claim damages to the providers of the online trading platforms. Operators of online trading platforms that clearly knew or should have known that sellers or service providers use their platforms to infringe upon the legitimate rights and interests of consumers but fail to take necessary measures must bear joint and several liabilities with the sellers or service providers. Moreover, if business operators deceive consumers, they should not only compensate consumers for their losses, but also pay additional damages equal to three times the price of the goods or services.

Product Quality

The Product Quality Law (《產品質量法》), which effective from December 29, 2018, applies to all production and sale activities in China. Pursuant to this law, products offered for sale must satisfy relevant quality and safety standards. Enterprises may not produce or sell counterfeit products in any fashion, including forging brand labels or giving false information regarding a product's manufacturer. Violations of state or industrial standards for health and

safety and any other related violations may result in civil liabilities and administrative penalties, such as compensation for damages, fines, shutdown of business, as well as confiscation of products illegally produced and sold and the proceeds from such sales. Severe violations may subject the responsible individual or enterprise to criminal liabilities. Where a defective product causes physical injury or damage of property, the victim may claim compensation from the manufacturer or from the seller of the product. If the seller pays compensation and it is the manufacturer that should bear the liability, the seller has a right of recourse against the manufacturer. Similarly, if the manufacturer pays compensation and it is the seller that should bear the liability, the manufacturer has a right of recourse against the seller.

REGULATIONS RELATING TO ANTI-MONOPOLY IN CHINA

The PRC Anti-monopoly Law (《中華人民共和國反壟斷法》), which took effect on August 1, 2008 and was last amended in June 2022 with effect from August 1, 2022, prohibits monopolistic conduct such as entering into monopoly agreements, abuse of dominant market position and concentration of undertakings that have the effect of eliminating or restricting competition.

A business operator with a dominant market position may not abuse its dominant market position to conduct acts such as selling commodities at unfairly high prices or buying commodities at unfairly low prices, selling products at prices below cost without any justifiable cause, and refusing to trade with a trading party without any justifiable cause. Penalties for the violations of the prohibition on the abuse of dominant market position include an order to cease the relevant activities, confiscation of the illegal gains and fines (from 1% to 10% of sales revenue from the previous year). On June 26, 2019, the SAMR issued the Interim Provisions on the Prohibitions of Acts of Abuse of Dominant Market Positions (《禁止濫用市場支配地位行為暫行規定》), which took effect on September 1, 2019 and was further amended in March 2022, to further prevent and prohibit the abuse of dominant market positions. The State Administration for Market Regulation, or the SAMR, promulgated on February 7, 2021 the Guideline on Anti-Monopoly of Platform Economy Sector (《關於平台經濟領域的反壟斷指南》) (the "Platform Economy Anti- Monopoly Guideline"), which is effective upon the date of promulgation, aiming to improve anti-monopoly administration on online platforms. According to the Platform Economy Anti-Monopoly Guideline, the term "platform" refers to a form of business organization that enables interdependent two or multilateral entities to interact under the rules provided by a specific medium through network information technology, to jointly create value. Antimonopoly law enforcement authorities shall adhere to the following principles when carrying out anti-monopoly supervision and administration over the platform economy sector: to protect fair market competition, to achieve efficient supervision pursuant to law, to stimulate innovation and to safeguard legitimate rights and interests of various market players.

REGULATIONS RELATING TO TAXATION

Enterprise Income Tax

On March 16, 2007, the NPC promulgated the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》) which was latest amended on December 29, 2018, and the State Council enacted the Regulations for the Implementation of the Law on Enterprise Income Tax (《企業所得税法實施條例》) which were latest amended on April 23, 2019 (collectively, the "EIT Law"). According to the EIT Law, taxpayers consist of resident enterprises and non-resident enterprises. Resident enterprises are defined as enterprises that are established in China in accordance with PRC laws, or that are established in accordance with the laws of foreign countries but whose actual or de facto control is administered from within the PRC. Non-resident enterprises are defined as enterprises that are set up in accordance with the laws of foreign countries and whose actual administration is conducted outside the PRC, but have established institutions or premises in the PRC, or have no such established institutions or premises but have income generated from inside the PRC. Under the EIT Law and relevant implementing regulations, a uniform corporate income tax rate of 25% is applicable. However, if non-resident enterprises have not formed permanent establishments or premises in the PRC, or if they have formed permanent establishment institutions or premises in the PRC but there is no actual relationship between the relevant income derived in the PRC and the established institutions or premises set up by them, the enterprise income tax is, in that case, set at the rate of 10% for their income sourced from inside the PRC.

Value-Added Tax

Pursuant to the Provisional Regulations of the PRC on Value-Added Tax (《中華人民共和國增值税暫行條例》), which was promulgated by the State Council on December 13, 1993 and latest amended on November 19, 2017, and the Implementation Rules for the Implementation of the Provisional Regulations of the PRC on Value-Added Tax (《中華人民共和國增值税暫行條例實施細則》), which was promulgated by the MOF on December 25, 1993 and latest as amended on October 28, 2011, and became effective on November 1, 2011, entities or individuals engaging in sale of goods, provision of processing services, repairs and replacement services or importation of goods within the territory of the PRC shall pay value-added tax (the "VAT").

According to the Notice on Overall Implementation of the Pilot Program of Replacing Business Tax with Value-added Tax (《財政部、國家税務總局關於全面推開營業税改徵增值税試點的通知》) (the "Circular 36"), which was promulgated by the MOF and the SAT on March 23, 2016 and came into effective on May 1, 2016, medical services provided by medical institutions shall be exempted from VAT.

On March 20, 2019, the MOF, the SAT and the General Administration of Customs jointly issued the Announcement on Policies for Deepening the VAT Reform (《關於深化增值税改革有關政策的公告》), or Announcement 39, to further slash value-added tax rates. According to the Announcement 39, (i) for general VAT payers' sales activities or imports that are subject

to VAT at an existing applicable rate of 16% or 10%, the applicable VAT rate is adjusted to 13% or 9% respectively; (ii) for the agricultural products purchased by taxpayers to which an existing 10% deduction rate is applicable, the deduction rate is adjusted to 9%; (iii) for the agricultural products purchased by taxpayers for production or commissioned processing, which are subject to VAT at 13%, the input VAT will be calculated at a 10% deduction rate; (iv) for the exportation of goods or labor services that are subject to VAT at 16%, with the applicable export refund at the same rate, the export refund rate is adjusted to 13%; and (v) for the exportation of goods or cross-border taxable activities that are subject to VAT at 10%, with the export refund at the same rate, the export refund rate is adjusted to 9%. The Announcement 39 came into effect on April 1, 2019 and shall prevail in case of any conflict with existing provisions.

Dividend Withholding Tax

Pursuant to the EIT law, if a non-resident enterprise has not set up an organization or establishment in the PRC, or has set up an organization or establishment but the income derived has no actual connection with such organization or establishment, it will be subject to a withholding tax on its PRC-sourced income at a rate of 10%. Pursuant to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》), the withholding tax rate in respect to the payment of dividends by a PRC enterprise to a Hong Kong enterprise is reduced to 5% from a standard rate of 10% if the Hong Kong enterprise directly holds at least 25% of the PRC enterprise.

Pursuant to the Notice of the State Administration of Taxation on the Issues concerning the Application of the Dividend Clauses of Tax Agreements (《國家税務總局關於執行税收協定股息條款有關問題的通知》), or Circular 81, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment. Furthermore, the Administrative Measures for Non-Resident Taxpayer to Enjoy Treatments under Tax Treaties (《非居民納税人享受税收協定待遇管理辦法》), or SAT Circular 60, which became effective in November 2015, require that non-resident enterprises which satisfy the criteria for entitlement to tax treaty benefits may, at the time of tax declaration or withholding declaration through a withholding agent, enjoy the tax treaty benefits, and be subject to ongoing administration by the tax authorities. In the case where the non-resident enterprises do not apply to the withholding agent to claim the tax treaty benefits, or the materials and the information stated in the relevant reports and statements provided to the withholding agent do not satisfy the criteria for entitlement to tax treaty benefits, the withholding agent should withhold tax pursuant to the provisions of the PRC tax laws. The SAT issued the Announcement of State Taxation Administration on Promulgation of the Administrative Measures on Non-resident Taxpayers Enjoying Treaty Benefits (《國家税務總局關於發佈<非居民納税人享受協定待遇管理辦法>的公告》), the SAT Circular 35 on October 14, 2019, which became effective on January 1, 2020. The SAT Circular 35 further simplified the procedures for enjoying treaty benefits and replaced the SAT Circular 60. According to the SAT Circular 35, no approvals from the tax authorities are required for a

non-resident taxpayer to enjoy treaty benefits, where a non-resident taxpayer self-assesses and concludes that it satisfies the criteria for claiming treaty benefits, it may enjoy treaty benefits at the time of tax declaration or at the time of withholding through the withholding agent, but it shall gather and retain the relevant materials as required for future inspection, and accept follow-up administration by the tax authorities. There are also other conditions for enjoying the reduced withholding tax rate according to other relevant tax rules and regulations. According to the Circular on Several Issues regarding the "Beneficial Owner" in Tax Treaties (《關於税收協定中"受益所有人"有關問題的公告》), or Circular 9, which was issued on February 3, 2018 by the SAT, effective as of April 1, 2018, when determining the applicant's status of the "beneficial owner" regarding tax treatments in connection with dividends, interests or royalties in the tax treaties, several factors, including without limitation, whether the applicant is obligated to pay more than 50% of its income in twelve months to residents in third country or region, whether the business operated by the applicant constitutes the actual business activities, and whether the counterparty country or region to the tax treaties does not levy any tax or grant tax exemption on relevant incomes or levy tax at an extremely low rate, will be taken into account, and it will be analyzed according to the actual circumstances of the specific cases. This circular further provides that applicants who intend to prove his or her status of the "beneficial owner" shall submit the relevant documents to the relevant tax bureau according to the Administrative Measures for Non-Resident Enterprises to Enjoy Treatments under Tax Treaties.

REGULATIONS RELATING TO INTELLECTUAL PROPERTY RIGHTS

The PRC has adopted comprehensive legislation governing intellectual property rights, including copyrights, patents, trademarks and domain names.

Copyright. Copyright in the PRC is principally protected under the Copyright Law of the PRC (《中華人民共和國著作權法》) and its implementation rules. Reproducing, distributing, performing, projecting, broadcasting or compiling a work or communicating the same to the public via an information network without permission from the owner of the copyright therein, unless otherwise provided in the Copyright Law of the PRC and related rules and regulations, shall constitute infringements of copyrights. The infringer shall, according to the circumstances of the case, undertake to cease the infringement, eliminate impacts, publicly apologize, and pay damages, etc. In addition, the Regulations on the Protection of Rights to Information Network Communication (《信息網絡傳播權保護條例》) promulgated by the State Council on May 18, 2006 as amended in 2013, provides specific rules on fair use, statutory license, and a safe harbor for use of copyrights and copyright management technology and specifies the liabilities of various entities for violations, including copyright holders, libraries and Internet service providers.

Patent. The Patent Law (《專利法》) provides for three types of patents, "invention", "utility model" and "design". To be patentable, invention or utility models must meet three criteria: novelty, inventiveness and practicability. The National Intellectual Property Administration is responsible for examining and approving patent applications.

Trademark. The Trademark Law (《商標法》) and its implementation rules protect registered trademarks. The Trademark Office of National Intellectual Property Administration is responsible for the registration and administration of trademarks throughout the PRC. The Trademark Law has adopted a "first-to-file" principle with respect to trademark registration.

Domain Name. Domain names are protected under the Administrative Measures on the Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and applicants become domain name holders upon successful registration. In November 2017, the MIIT promulgated the Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Providing Internet-based Information Services (《工業和信息化部關於規範互聯網信息服務使用域名的通知》), which became effective on January 1, 2018. Pursuant to the notice, the domain name used by an Internet-based information service provider in providing Internet-based information services must be registered and owned by such provider in accordance with the law. If the Internet-based information service provider is an entity, the domain name registrant must be the entity (or any of the entity's shareholders), or the entity's principal or senior manager.

REGULATIONS RELATING TO FOREIGN EXCHANGE

The principal regulation governing foreign currency exchange in China is the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》) which was promulgated by the State Council on January 29, 1996 and was latest amended on August 5, 2008. Pursuant to this regulation and other PRC rules and regulations on currency conversion, Renminbi is freely convertible for payments of current account items, such as trade and service-related foreign exchange transactions and dividend payments, but not freely convertible for capital account items, such as direct investment, loan or investment in securities outside China unless prior approval of the State Administration of Foreign Exchange (the "SAFE") or its local counterpart is obtained.

On February 13, 2015, SAFE promulgated the Notice on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《關於進一步簡化和改進直接投資外匯管理政策的通知》), according to which, entities and individuals may apply for such foreign exchange registrations from qualified banks. The qualified banks, under the supervision of SAFE, may directly review the applications and conduct the registration. On March 30, 2015, SAFE promulgated the Circular on Reforming the Management Approach regarding the Settlement of Foreign Capital of Foreign-invested Enterprise (《關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the "Circular 19"). According to Circular 19, the foreign exchange capital of foreign-invested enterprises shall be subject to the Discretionary Foreign Exchange Settlement, which means that the foreign exchange capital in the capital account of a foreign-invested enterprise for which the rights and interests of monetary contribution have been confirmed by the local foreign exchange bureau (or the book-entry registration of monetary contribution by the banks) can be settled at the banks based on the actual operational needs of the foreign-invested enterprise, and if a foreign-invested enterprise needs to make further payment from such account, it still needs to provide supporting documents and proceed with the review process with the banks.

Furthermore, Circular 19 stipulates that the use of capital by foreign-invested enterprises shall follow the principles of authenticity and self-use within the business scope of enterprises. The capital of a foreign-invested enterprise and capital in Renminbi obtained by the foreign invested enterprise from foreign exchange settlement shall not be used for the following purposes: (i) directly or indirectly used for payments beyond the business scope of the enterprises or payments as prohibited by relevant laws and regulations; (ii) directly or indirectly used for investment in securities unless otherwise provided by the relevant laws and regulations; (iii) directly or indirectly used for granting entrust loans in Renminbi (unless permitted by the scope of business), repaying inter- enterprise borrowings (including advances by the third-party) or repaying the bank loans in Renminbi that have been sub-lent to third parties; or (iv) directly or indirectly used for expenses related to the purchase of real estate that is not for self-use (except for the foreign-invested real estate enterprises).

The Circular on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (《關於改革和規範資本項目結匯管理政策的通知》) (the "Circular 16"), was promulgated by SAFE on June 9, 2016. Pursuant to Circular 16, enterprises registered in the PRC may also convert their foreign debts from foreign currency to Renminbi on a self-discretionary basis. Circular 16 reiterates the principle that Renminbi converted from foreign currency-denominated capital of a company may not be directly or indirectly used for purposes beyond its business scope or prohibited by PRC Laws, while such converted Renminbi shall not be provided as loans to its non-affiliated entities.

On January 26, 2017, SAFE promulgated the Circular on Further Improving Reform of Foreign Exchange Administration and Optimizing Genuineness and Compliance Verification (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》), which stipulates several capital control measures with respect to the outbound remittance of profit from domestic entities to offshore entities, including: (i) banks should check board resolutions regarding profit distribution, the original version of tax filing records, and audited financial statements pursuant to the principle of genuine transactions; and (ii) domestic entities should hold income to account for previous years' losses before remitting the profits. Moreover, pursuant to this circular, domestic entities should make detailed explanations of the sources of capital and utilization arrangements, and provide board resolutions, contracts, and other proof when completing the registration procedures in connection with an outbound investment.

On October 23, 2019, the SAFE promulgated the Notice for Further Advancing the Facilitation of Cross-border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) (the "Circular 28"), which, among other things, allows all FIEs to use Renminbi converted from foreign currency-denominated capital for equity investments in China, as long as the equity investment is genuine, does not violate applicable laws, and complies with the negative list on foreign investment. On December 31, 2020, the People's Bank of China, SAFE and other government authorities jointly issued the Circular on Further Optimizing Cross-border Renminbi Policies to Support the Stabilization of Foreign Trade and Foreign Investment (《關於進一步優化跨境人民幣政策支持穩外貿穩外資的通知》) (the "Circular 330"), which, among other things, reiterates the above provisions in Circular 28. However, since the Circular 28 and Circular 330 are relevantly new, it is unclear how SAFE and other government authorities as well as competent banks will carry this out in practice.

According to the Circular of SAFE on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) (the "Circular 8") promulgated and effective on April 10, 2020 by the SAFE, the reform of facilitating the payments of incomes under the capital accounts shall be promoted nationwide. Under the prerequisite of ensuring true and compliant use of funds and compliance and complying with the prevailing administrative provisions on use of income from capital projects, enterprises which satisfy the criteria are allowed to use income under the capital account, such as capital funds, foreign debt and overseas listing, etc., for domestic payment, without the need to provide proof materials for veracity to the bank beforehand for each transaction.

REGULATIONS RELATING TO STOCK INCENTIVE PLAN

SAFE promulgated the Circular of the State Administration of Foreign Exchange on Issues concerning the Administration of Foreign Exchange Used for Domestic Individuals' Participation in Equity Incentive Plans of Companies Listed Overseas (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) (the "Stock Option Rules") on February 15, 2012. Under the Stock Option Rules and other relevant rules and regulations, PRC residents who participate in stock incentive plan in an overseas publicly listed company are required to register with SAFE or its local branches and complete certain other procedures. Participants of a stock incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas publicly listed company or another qualified institution selected by the PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive plan on behalf of the participants. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or other material changes. The PRC agent must, on behalf of the PRC residents who have the right to exercise the employee share options, apply to SAFE or its local branches for an annual quota for the payment of foreign currencies in connection with the PRC residents' exercise of the employee share options. The foreign exchange proceeds received by the PRC residents from the sale of shares under the stock incentive plans granted and dividends distributed by the overseas listed companies must be remitted into the bank accounts in China opened by the PRC agents before distribution to such PRC residents.

In addition, the SAT, has issued certain circulars concerning employee share options or restricted shares. Under these circulars, the employees working in China who exercise share options or are granted restricted shares will be subject to PRC individual income tax. The PRC subsidiaries of such overseas listed company have obligations to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold individual income taxes of those employees who exercise their share options. If the employees fail to pay or the PRC subsidiaries fail to withhold their income taxes according to relevant laws and regulations, the PRC subsidiaries may face sanctions imposed by the tax authorities or other PRC government authorities.

REGULATIONS RELATING TO LABOR

The Labor Contract Law (《劳動合同法》) as promulgated by the SCNPC on June 29, 2007 and amended on December 28, 2012 and effective as from July 1, 2013, and its implementation rules provide requirements concerning employment contracts between an employer and its employees. If an employer fails to enter into a written employment contract with an employee within one year from the date on which the employment relationship is established, the employer must rectify the situation by entering into a written employment contract with the employee and pay the employee twice the employee's salary for the period from the day following the lapse of one month from the date of establishment of the employment relationship to the day prior to the execution of the written employment contract. The Labor Contract Law and its implementation rules also require compensation to be paid upon certain terminations, which significantly affects the cost of reducing workforce for employers. In addition, if an employer intends to enforce a non-compete provision with an employee in an employment contract or non-competition agreement, it has to compensate the employee on a monthly basis during the term of the restriction period after the termination or ending of the labor contract. Employers in most cases are also required to provide a severance payment to their employees after their employment relationships are terminated.

Enterprises in China are required by PRC laws and regulations to participate in certain employee benefit plans, including social insurance funds, namely a pension plan, a medical insurance plan, an unemployment insurance plan, a work-related injury insurance plan and a maternity insurance plan, and a housing provident fund, and contribute to the plans or funds in amounts equal to certain percentages of salaries, including bonuses and allowances, of the employees as specified by the local government from time to time at locations where they operate their businesses or where they are located. According to the Social Insurance Law (《社會保險法》) which was promulgated by the SCNPC on October 28, 2010 and became effective on July 1, 2011 and as amended on December 29, 2018, an employer that fails to make social insurance contributions may be ordered to pay the required contributions within a stipulated time limit and be subject to a late fee. If the employer still fails to rectify the failure to make social insurance contributions within the stipulated deadline, it may be subject to a fine ranging from one to three times the amount overdue. According to the Regulations on Management of Housing Fund (《住房公積金管理條例》) which was promulgated by the State Council on April 3, 1999 and became effective on April 3, 1999 and as amended on March 24, 2019, an enterprise that fails to make housing fund contributions may be ordered to rectify the noncompliance and pay the required contributions within a stipulated time limit; otherwise, an application may be made to a local court for compulsory enforcement.

REGULATIONS RELATING TO LEASING

Pursuant to the Law on Administration of Urban Real Estate (《城市房地產管理法》), when leasing premises, the lessor and lessee are required to enter into a written lease contract, containing such provisions as the leasing term, use of the premises, rental and repair liabilities, and other rights and obligations of both parties. Both lessor and lessee are also required to register the lease with the real estate administration department. If the lessor and lessee fail to go through the registration procedures, both lessor and lessee may be subject to fines.

According to the Civil Code, the lessee may sublease the leased premises to a third party, subject to the consent of the lessor. Where the lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease contract if the lessee subleases the premises without the consent of the lessor. In addition, if the lessor transfers the premises, the lease contract between the lessee and the lessor will still remain valid.

Pursuant to the Civil Code, if a mortgagor leases the mortgaged property and the possession of the mortgaged property has been transferred before the creation of mortgage interest, the previously established leasehold interest will not be affected by the subsequent mortgage.

Regulations Relating to Overseas Listing

On February 17, 2023, with the approval of the State Council, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) (the "Trial Measures") and five supporting guidelines, which came into effect on March 31, 2023. According to the Trial Measures, (1) domestic companies that seek to offer or list securities overseas, both directly and indirectly, should fulfill the filing procedure and report relevant information to the CSRC, and in the event of subsequent offering and occurrence of certain major events, domestic companies shall also fulfill relevant filing procedures and report information to the CSRC; if a domestic company fails to complete the filing procedure, omits any material fact, falsifies any content or contains any misleading statement in its filing documents, such domestic company may be subject to administrative penalties, such as order to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines; (2) if the issuer meets both of the following conditions, the overseas offering and listing shall be determined as an indirect overseas offering and listing by a domestic company: (i) any of the total assets, net assets, revenues or profits of the domestic operating entities of the issuer in the most recent accounting year accounts for more than 50% of the corresponding figure in the issuer's audited consolidated financial statements for the same period; (ii) its major operational activities are carried out in China or its main places of business are located in China, or the senior managers in charge of operation and management of the issuer are mostly Chinese citizens or are domiciled in China; and (3) where a domestic company seeks to indirectly offer and list securities in an overseas market, the issuer shall designate a major domestic operating entity responsible for all filing procedures with the CSRC, and where an issuer makes an application for initial public offering and listing in an overseas market, the issuer shall submit filings with the CSRC within three business days after such application is submitted.

On the same day, the CSRC also held a press conference for the release of the Trial Measures and issued the Notice on Administration for the Filing of Overseas Offering and Listing by Domestic Companies (關於境內企業境外發行上市備案管理安排的通知), which, among others, clarifies that (1) prior to the effective date of the Trial Measures, domestic companies that have already submitted valid applications for overseas offering and listing but have not obtained approval from overseas regulatory authorities or stock exchanges may reasonably arrange the timing for submitting their filing applications with the CSRC, and must complete the filing before the completion of their overseas offering and listing; (2) a six-month transition period will be granted to domestic companies which, prior to the effective date of the Trial Measures, have already obtained the approval from overseas regulatory authorities or stock exchanges (such as the completion of hearing in the market of Hong Kong or the completion of registration in the market of the United States), but have not completed the indirect overseas listing; if such domestic companies complete the overseas listing within such six-month transition period and there is no re-hearing required by the Stock Exchange during such period, they are not subject to the filing procedure with respect to such overseas listing; and (3) the CSRC will solicit opinions from relevant regulatory authorities and complete the filing of the overseas listing of companies with contractual arrangements which duly meet the compliance requirements, and support the development and growth of these companies by enabling them to utilize two markets and two kinds of resources.

Furthermore, on February 25, 2023, the CSRC released the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises (關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定) (the "Confidentiality and Archives Administration Provisions"), which came into effect on March 31, 2023. The Confidentiality and Archives Administration Provisions require, among others, that PRC domestic enterprises seeking offering and listing of securities in overseas markets, either directly or indirectly, shall establish the confidentiality and archives system, and shall complete approval and filing procedures with competent authorities, if such PRC domestic enterprises or their overseas listing entities provide or publicly disclose documents or materials involving state secrets and work secrets of PRC government agencies to relevant securities companies, securities service institutions, overseas regulatory agencies and other entities and individuals. It further stipulates that providing or publicly disclosing documents and materials which may adversely affect national security or public interests to relevant securities companies, securities service institutions, overseas regulatory agencies and other entities and individuals shall be subject to corresponding procedures in accordance with relevant laws and regulations.