REGULATIONS RELATING TO FOREIGN INVESTMENT

Restrictions on Foreign Investment

Foreign investment in the PRC made by foreign investors and foreign-invested enterprises shall abide by the Guidance Catalog of Industries for Foreign Investment (外商投資產業指導目錄) (the "**Foreign Investment Catalog**"), jointly promulgated by the Ministry of Commerce of the PRC ("**MOFCOM**") and the National Development and Reform Commission of the PRC ("**NDRC**") on June 28, 1995 and successively amended on December 31, 1997, April 1, 2002, November 30, 2004, October 31, 2007, December 24, 2011, March 10, 2015 and June 28, 2017. The Foreign Investment Catalog classifies industries into "the encouraged foreign-invested industries" and "the foreign-invested industries which are subject to the Special Administrative Measures for Access of Foreign Investment (the Negative List for Access of Foreign Investment)." Except as otherwise stipulated by other laws and regulations, foreign investors are permitted to invest in industries not in the restricted or prohibited categories. The Special Administrative Measures for Access of Foreign Investment (the Negative List for Access of Foreign Investment) under the Foreign Investment Catalog was replaced by the Special Administrative Measures for Access of Foreign Investment (外商投資准入特別管理措施(負面清單)) (the "**Negative List**") jointly promulgated by the MOFCOM and NDRC on June 28, 2018 and took effect on July 28, 2018, which was amended on June 30, 2019 and June 23, 2020, and the encouraged foreign-invested industries list under the Foreign Investment Catalog was replaced by the Encouraged Foreign Investment Catalog (鼓勵外商投資產業指導目錄) which was promulgated by the NDRC on June 30, 2019 and amended on December 27, 2020. According to the Negative List, foreign investment in online audio-visual program services are prohibited, and foreign equity share in a value-added telecommunication business shall not exceed 50% (excluding e-commerce, domestic multi-party communication, store-and-forward, and call center), and the basic telecommunication services shall be controlled by the Chinese party. Medical institutions are limited to joint venture.

According to the Regulations for the Administration of Foreign-Invested Telecommunication Enterprises (外商投資電信企業管理規定) (the "**FITE Regulations**"), promulgated by the State Council on December 11, 2001 and amended on September 10, 2008 and February 6, 2016, foreign-invested value-added telecommunication enterprises in the PRC shall be established as sino-foreign equity joint ventures, and the ultimate foreign equity ownership in a foreign-invested value-added telecommunication enterprise shall not exceed 50%. In addition, the foreign investor who intends to acquire equity interest in the value-added telecommunication businesses in the PRC shall comply with strict requirements on financial results and operating experience, such as a good track record and experience in operating value-added telecommunication businesses overseas. Moreover, foreign investors that meet these requirements shall obtain approvals from the MIIT and the MOFCOM, or their authorized local counterparts.

On March 15, 2019, the Second Session of the 13th National People's Congress ("**NPC**") of the PRC passed and promulgated the FIL, which came into force on January 1, 2020. The FIL further expands the opening up, promote foreign investment and protect the legitimate rights and interests of foreign investors. According to the FIL, the foreign investment refers to investment activities carried out directly or indirectly by foreign natural persons, enterprises or other organizations ("**Foreign Investors**") in the PRC, including the following: (a) Foreign Investors establishing foreign-invested enterprises in the PRC alone or collectively with other investors; (b) Foreign Investors acquiring shares, equities, properties or other similar rights of Chinese domestic enterprises; (c) Foreign Investors investing in new projects in the PRC alone or collectively with other investors; and (d) Foreign Investors investing through other ways prescribed by laws and regulations or the State Council. Foreign-invested enterprise refers to enterprise that are wholly or partially invested by foreign investors and registered in the PRC under the PRC laws.

The State adopts the administrative system of pre-establishment national treatment and Negative List for foreign investment. A Foreign Investor shall not invest in any field prohibited from foreign investment under the Negative List. A Foreign Investor shall meet the investment conditions stipulated under the Negative List for any restricted fields under the Negative List. For fields not mentioned in the Negative List, domestic and foreign investments shall be treated equally.

For foreign investment, the State established a foreign investment information reporting system. Foreign Investors or foreign-invested enterprises shall submit investment information to the competent commerce authorities through the enterprise registration system and the enterprise credit information publicity system. The foreign investment security review system was also in place, and security reviews will be conducted on foreign investment that affects or may affect national security.

Upon the implementation of the FIL, the Sino-Foreign Equity Joint Venture Enterprise Law of the PRC (中華人民共和國中外合資經營企業法), the Wholly Foreign-owned Enterprise Law of the PRC (中華人民共和國外資企業法) and the Sino-Foreign Cooperative Joint Venture Enterprise Law of the PRC (中華人民共和國中外合作經營企業法) have been annulled. The foreign-invested enterprises established according to the former laws may retain their original form of organizations within five years after the FIL comes into effect. The specific implementing measures will be prescribed by the State Council.

Establishment and Change of Foreign-invested Enterprises

The Interim Measures for the Record-filing Administration of the Establishment and Change of Foreign-invested Enterprises (外商投資企業設立及變更備案管理暫行辦法), promulgated on October 8, 2016 and amended on June 29, 2018 by the MOFCOM, are applicable to

foreign-invested enterprises that are not subject to the special administrative measures for access of foreign investment according to relevant PRC laws. For the purpose of incorporation of a foreign-invested enterprise, the representative designated by all investors (or the board of directors of the foreign-invested company) or the agent jointly entrusted by them shall file the incorporation and filing information of foreign-invested enterprise online when carrying out the registration of incorporation and change with the administrations of industry and commerce and market regulation. In the case of a change of information of the foreign-invested enterprises, the representative designated by or the agent entrusted by such foreign-invested enterprise shall complete the Application Form for the Recordation of Modification of Foreign-invested Enterprises (外商投資企業變更備案申報表) and submit it together with the relevant documents online through the integrated administration system within 30 days after occurrence of such changes to complete the recordation formalities in respect of the modification.

On December 30, 2019, the MOFCOM and the State Administration for Market Regulation issued the Measures of Information Report of Foreign Investment (外商投資信息報告辦法). Upon its implementation on January 1, 2020, the Interim Measures for the Record-filing Administration of the Establishment and Change of Foreign-invested Enterprises was annulled at the same time. According to the Measures of Information Report of Foreign Investment, foreign investors establishing foreign investment enterprises in China shall submit an initial report through the Enterprise Registration System at the time of completion of registration formalities for establishment of foreign investment enterprises. Where there is a change in the information in the initial report which involves change registration (filing) of the enterprise, the foreign investment enterprise shall submit the change report through the enterprise registration system at the time of completion of change registration (filing) for the enterprise.

REGULATIONS RELATING TO VALUE-ADDED TELECOMMUNICATION SERVICES

License for Value-added Telecommunications Services

According to the Administrative Measures for the Licensing of Telecommunication Business (電信業務經營許可管理辦法) (the "**Telecom Licensing Measures**") promulgated by the MIIT on March 5, 2009, last amended on July 3, 2017 and took effect on September 1, 2017, the telecommunication business may be operated only after a business permit has been obtained from the telecommunication administrative department according to the law. According to the Telecommunication Regulation of the PRC (中華人民共和國電信條例), which was enacted on September 25, 2000 and amended on February 6, 2016, telecommunication services are divided into basic telecommunication services and value-added telecommunication services. The telecommunication business operator shall indicate its business license number on a prominent place such as the main business premise, website homepage and business promotion materials. In

addition, the holder of a value-added telecommunication services license is required to obtain approval from the original issuing authority in respect of any change of its operating entity, business scope or shareholders.

In addition, according to the Telecommunication Industry Classification Catalog (2015 version) (電信業務分類目錄(2015年版)) which came into force on March 1, 2016 and amended on June 6, 2019 by MIIT, "B25 Information Services" under category "B Value-added Telecommunication Services" refer to the information services provided for users via the public communication network or the Internet and by the information collection, development, processing and construction of information platforms. By technical service methods of information organization, transmission, etc., information services are classified into information release platforms and transmission services, information retrieval and inquiry services, information community platform services, instant information interaction services as well as information protection and processing services, etc.

Internet Information Services

According to the Administrative Measures on Internet Information Services (互聯網信息服務管理辦法) (the "**Internet Measures**"), which was promulgated by the State Council on September 25, 2000 and amended on January 8, 2011, Internet information services are categorized as either commercial or non-commercial services. The commercial Internet information services are subject to a permit system while the non-commercial Internet information services to a record-filing system. Entities engaged in providing commercial Internet information service shall apply for a license for value-added telecommunication services of Internet information services with the competent telecom administrative authority or State Council's department in charge of information industry. As for the operation of non-commercial Internet information services, only a filing with the competent telecom administrative authority or State Council's department in charge of information industry is required. In addition, the Internet Measures stipulate that, when the Internet information service involves areas of news, publication, education, medical treatment, health, pharmaceuticals and medical equipment, and if required by laws, administrative regulations and relevant requirements, specific approval from the respective regulatory authorities must be obtained prior to applying for the business license or carrying on filing procedures.

Foreign Investment in Valued-Added Telecommunications Business

According to the Circular on Strengthening the Administration of Foreign Investment in Value-added Telecommunication Services (關於加強外商投資經營增值電信業務管理的通知) promulgated by MIIT and took effect on July 13, 2006, foreign investors can only operate a telecommunication business in the PRC through establishing a foreign-invested telecommunication enterprise with a valid telecommunication business operation license; domestic license holders are

prohibited from leasing, transferring or selling telecommunication business operation licenses to foreign investors in any form, or providing any resource, sites or facilities to foreign investors to facilitate the unlicensed operation of telecommunication business in the PRC.

Mobile Internet Application Information Services

In addition to the Internet Measures above, mobile Internet applications are specifically regulated by the Administrative Provisions on Mobile Internet Application Information Services (移動互聯網應用程序信息服務管理規定) (the "**Mobile Application Administrative Provisions**"), which was promulgated by the Cyberspace Administration of the PRC (the "**CAC**") on June 28, 2016 and took effect on August 1, 2016. Pursuant to the Mobile Application Administrative Provisions, application information service providers shall obtain the relevant qualifications prescribed by laws and regulations, strictly implement their information security management responsibilities and carry out certain duties, including establishing and completing users' information security protection mechanism and information content inspection and management mechanism, protecting users' right to know and right to choose in the process of usage, and recording users' log information and keeping it for 60 days.

Furthermore, on December 16, 2016, the MIIT promulgated the Interim Measures on the Administration of Pre-Installation and Distribution of Applications for Mobile Smart Terminals (移動智能終端應用軟件預置和分發管理暫行規定) (the "**Mobile Application Interim Measures**"), which came into force on July 1, 2017. The Mobile Application Interim Measures requires that the Internet information service providers must ensure that the content of the application are legal, users' rights are protected, and relevant information of the application are expressed clearly, and the mobile application, as well as its ancillary resource files, configuration files and user data, among others, can be uninstalled by the users on a convenient basis, unless it is a basic function software, which refers to a software that supports the normal operation of hardware and operating system of a mobile smart device.

REGULATIONS RELATING TO INTERNET HOSPITAL BUSINESS

General Regulations and Policies in Relation to Internet Hospital Business

According to the Guiding Opinions of the State Council on Actively Propelling the "Internet Plus" Action Plan (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, the new mode of online medical treatment and public health shall be promoted. It is imperative to develop online medical treatment and public health services based on the Internet, support third-party institutions to build the service platforms for sharing medical information such as medical image, health archives, testing reports, electronic medical records and other medical information, and gradually set up the standard system for cross-hospital sharing and exchange of

medical data. The mobile Internet shall be vigorously used to provide online appointment for diagnosis and treatment, reminder of waiting for diagnosis, pricing and payment, inquiry about diagnosis and treatment reports, drug delivery and other services. Medical institutions shall be guided in providing basic-level examination, higher-level diagnosis and other remote medical treatment to small and medium-sized cities and rural areas. Internet enterprises shall be encouraged to cooperate with medical institutions in establishing online medical information platforms, strengthen the integration of regional medical treatment and public health service resources, make full use of the Internet, big data and other means, and improve the capability to prevent and control major diseases and public health emergencies. Internet-extended physician's advice, electronic prescription and other Internet medical service applications shall be vigorously explored. The qualified medical inspection institutions and medical service institutions shall be encouraged to collaborate with Internet enterprises to develop gene testing, disease prevention and other health service modes.

In April 2018, the Opinions on Promoting the Development of "Internet Plus Health Care" (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 encouraged medical institutions to apply the Internet and other information technologies to expand the space and content of medical services, developed an online and offline integrated medical service model that covers the whole process of medical service. Internet hospitals under the support of medical institutions shall be allowed. Medical institutions may use Internet hospital as their secondary name and, based on the physical hospitals, use Internet technology to provide safe and appropriate medical services, allowing follow-up online diagnosis for some common diseases and chronic diseases. After acquiring documents on the medical records of patients, physicians shall be allowed to prescribe online for some common diseases and chronic diseases.

On July 17, 2018, the National Health Commission 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 Hospitals (Trial) (互聯網醫院管理辦法(試行)) and the Specifications for the Administration of Remote Medical Services (Trial) (遠程醫療服務管理規範(試行)). Pursuant to the Measures for the Administration of Internet Hospitals (Trial), "Internet hospitals" include: (a) Internet hospitals as the second name of physical medical institutions, and (b) Internet hospitals that are independently established on the support of physical medical institutions.

Establishment Requirements of Internet Hospital

According to the Measures for the Administration of Internet Hospitals (Trial), the PRC implements access management for Internet hospitals pursuant to the Administrative Regulations on Medical Institutions (醫療機構管理條例) and the Implementation Measures of the

Administrative Regulations on Medical Institutions (醫療機構管理條例實施細則). Before implementing access for Internet hospitals, provincial health administrative departments shall establish provincial Internet medical service supervision platforms to connect with information platforms of Internet hospitals to achieve real-time supervision. Establishing an Internet hospital is governed by the administrative approval process as stipulated in the Measures for the Administration of Internet Hospitals (Trial). According to the Measures for the Administration of Internet Hospitals (Trial), applying for establishing an Internet hospital is required to submit an application to the practice registration authority of its supported physical medical institution, and submit the application form, the feasibility study report on the establishment, the address of the supported physical medical institution, and the agreement jointly signed by the applicant and the supported physical medical institution in relation to establishing an Internet hospital through cooperation. If an Internet hospital information platform is set up through cooperation with a third-party institution, the relevant cooperation agreement should be submitted. For an Internet hospital sets up through cooperation, if the cooperation partner changes or other factors exist that will invalidate the cooperation agreement, reapplication for establishing an Internet hospital is required.

On January 7, 2019, the Health Commission of Ningxia Autonomous Region issued the Implementation Measures for the Administration of Internet Hospitals in Ningxia Hui Autonomous Region (Trial) (寧夏回族自治區互聯網醫院管理實施辦法(試行)) ("**Measures for Internet Hospitals in Ningxia**"). In terms of access of Internet hospitals, on the basis of the Measures for the Administration of Internet Hospitals (Trial), the Measures for Internet Hospitals in Ningxia clearly stipulate that the autonomous region should establish a provincial Internet medical service supervision platform and its Internet hospitals should connect with relevant information platform to achieve real-time supervision. Where an Internet hospital is established under the support of a physical medical institution, it shall submit an application for practice registration to the license issuing authority of that physical medical institution, together with relevant cooperation agreement and materials about the connections between the physical medical institution and the Internet medical service supervision platform of the autonomous region.

On August 19, 2020, the Health Commission of Yinchuan issued the Specification for the Internet Diagnosis and Treatment Service (Trial) (銀川市互聯網診療服務規範(試行)) ("**Specification**") which has been implemented on September 1, 2020, to further set forth requirements for the conduct of Internet hospital and physicians, and provide guideline for Internet diagnosis, medical records, rational drug use, medical quality supervision and data security.

General Policies about the Regulation and Supervision of Internet Hospital

The health administrative department of the State Council and the competent departments of Chinese medicine shall be responsible for the supervision and administration of the Internet hospitals across the PRC. The local health administrative departments at all levels (including the competent departments of Chinese medicine) shall be responsible for the supervision and management of Internet hospitals within their respective jurisdictions.

In terms of practicing rules on Internet hospitals, the Measures for the Administration of Internet Hospitals (Trial) provide that where a third-party institution jointly establishes an Internet hospital under the support of a physical medical institution, it shall provide the physical medical institution with professional services such as physicians and pharmacists, and information technology support services, and well-define the responsibilities and rights of all parties in respect of medical services, information security, and privacy protection through agreements and contracts. In terms of supervision and management of Internet hospitals, the Measures for the Administration of Internet Hospitals (Trial) clarify that provincial health administrative departments and the registration authorities for Internet hospitals jointly implement supervision on Internet hospitals through the provincial Internet medical service supervision platform, focusing on the supervision on Internet hospitals' personnel, prescriptions, treatment behaviors, patients' privacy protection and information security. Additionally, the Basic Standards for Internet Hospitals (Trial) (互聯網醫院基本標準(試行)) as attached to the Measures for the Administration of Internet Hospitals (Trial) set forth requirements for diagnosis and treatment items, departments, personnel, buildings and device and equipment, and rules and regulations of Internet hospitals.

In terms of supervision and management and basic standards of Internet hospitals, the Measures for Internet Hospitals in Ningxia put forward stricter requirements when compared with the Measures for the Administration of Internet Hospitals (Trial). For example, the former requires that physicians providing medical services in Internet hospitals shall have independent clinical working experience of more than five years and have been qualified with intermediate titles. For one applying for establishing an Internet hospital, its supported physical medical institution must be a medical institution above the second level, with independent corporate capacity and corresponding qualifications assessed by the expert committee.

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 medical institutions which have obtained a "Practicing License for a Medical Institution." 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.

Internet hospitals must inform patients about risks of Internet hospitals and obtain their consents for Internet diagnosis and treatment. When a patient receives medical treatment in a physical medical institution and the attending physician consults other physicians through Internet hospitals, the physicians providing 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 follow-up diagnosis for a patient of some common diseases and chronic diseases through Internet hospitals, Internet hospitals may provide signing service for contract of family physicians. When a patient's condition changes or there are other circumstances under which online diagnosis and treatment services are inappropriate, the physician shall refer the patient to a physical medical institution. Internet diagnosis and treatment activities shall not be allowed for any patient receiving initial diagnosis.

Management of Prescription and Medical Records

Internet hospitals who provides Internet diagnosis and treatment activities shall strictly comply with the Measures for the Administration of Prescriptions (處方管理辦法) and other provisions on the administration of prescriptions. Before issuing a prescription online, the physician shall have the patient's medical records and issue a prescription online for the same disease diagnosed after confirming that the patient is specifically diagnosed in a physical medical institution to have a common disease or chronic disease or several common diseases or chronic diseases. The physicians are subject to making prescription recommendations to patients based on treatment standards and drug instructions. Under any of the following circumstances, the health administrative department at or above the county level shall request the medical institutions to make corrections within a grace period, and may impose a fine no more than RMB5,000; and under serious circumstances, Practice License for Medical Institutions (醫療機構執業許可證) shall be revoked: (i) prescribing by a pharmacist who has not obtained the right to prescribe or whose prescription right has been canceled; (ii) prescribing narcotic drugs and the psychotropic drugs of category I by pharmacists who have not obtained the prescription right for such narcotic drugs and psychotropic drugs; (iii) employing persons who have not obtained the qualifications for the professional and technical positions of pharmaceutical science to conduct the prescription adjustment. If the physicians issue prescriptions without obtaining prescription rights at a medical institution not registered in their licenses, during their practicing activities, they will be given a warning or be ordered to suspend their practicing activities for a period of not less than six months but not more than one year and under the serious circumstances, their Practice Certificates for Physicians will be revoked. In addition, for the standardization of prescription verification in

medical institutions, National Health Committee, State Administration of Traditional Chinese Medicine and Logistics Department of the Military Commission of the CPC Central Committee jointly issued the Rules for Prescriptions Verification in Medical Institution (醫療機構處方審核規範), which provides for detailed requirements for prescription verification from different perspectives, including but not limited to the validity, standardization and appropriateness of prescription.

Electronic signatures of physicians must be affixed to all online diagnoses and prescriptions. An e-prescription is valid only after examined by the pharmacist. The medical institution and the drug business enterprise may entrust a third-party institution meeting the conditions to distribute the drugs. No prescription of any narcotic drug, psychotropic drug, or any other drug with relatively high risk of drug use and under other special control shall be issued online. The physician issuing an e-prescription for a young child (under the age of six) shall confirm that the child is accompanied by a guardian and a relevant professional physician.

An Internet hospital carrying out Internet diagnosis and treatment activities shall, in accordance with the requirements of the Provisions on the Administration of Medical Records in Medical Institutions (醫療機構病歷管理規定), the Specifications for Application and Management of Electronic Medical Records (for Trial Implementation)(電子病歷應用管理規範(試行)), and other relevant documents, set up electronic medical records for patients and conduct management according to the provisions. Patients may check his/her medical records online such as examination and test results and materials, diagnosis treatment plans, prescriptions, physicians' advice, etc.

Practicing Physicians

On June 26, 1998, the Standing Committee of NPC (the "**SCNPC**") issued the Law on Licensed Practicing Physicians of the PRC (the "**Practicing Physicians 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 Practicing Physicians Law, when taking medical, preventive or healthcare measures and when signing relevant medical certificate, the practicing physicians shall conduct diagnosis and investigation personally and fill out the medical files without delay as required. No practicing physicians may conceal, forge or destroy any medical files or the relevant data. On November 5, 2014, the National Health and Family Planning Commission of PRC (the "**NHFPC**", now known as the National Health Commission of PRC), the NDRC, the Ministry of Human Resources and Social Security, the State Administration of Traditional Chinese Medicine, and the China Insurance Regulatory Commission (now known as the China Banking and Insurance Regulatory Commission), 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 Practicing

physicians (醫師執業註冊管理辦法), promulgated by the NHFPC on February 28, 2017, effective on April 1, 2017, practicing physicians shall obtain the practice certificate for practicing physicians to practice upon registration. Person who fails to obtain the practice certificate for practicing physicians shall not engage in medical treatment, prevention and healthcare activities. A physician 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 physician is to practice, respectively apply for recordation to the administrative health and family planning authority. According to the Implementing Plan for the Filing of Internet Physicians (互聯網醫師執業「電子證」備案實施方案), promogulated by Yinchuan Administrative Approval Service Bureau on February 11, 2018, so as to promote administration efficiency, the physicians employed by the Internet hospital registered in Yinchuan, shall be able to practice and obtain the corresponding prescription right in such Internet hospital after filing with the Yinchuan Internet Hospital Physicians Service Platform.

Protection of Patients' Information

Internet hospitals shall strictly comply with the relevant laws and regulations in the PRC on information security and confidentiality of medical data, and appropriately keep patients' information, and shall not illegally trade or disclose patients' information. When patients' information and medical data are illegally or improperly disclosed, a medical institution shall report to the competent health administrative department in a timely manner and immediately take effective rectification.

Medical Liability Insurance

According to the Law on the Promotion of Basic Medical and Health Care of the PRC (中華人民共和國基本醫療衛生與健康促進法) issued by SCNPC on December 28, 2019, medical institutions are encouraged to participate in medical liability insurance or establish medical risk funds. If any damage is caused to a patient in the course of medical diagnosis and treatment due to the fault of the medical institution or its employees and registered physicians, according to the Article 1218 of PRC Civil Code (民法典), the medical institution shall be liable to pay compensation. Therefore, If the medical institution fails to purchase medical liability insurance, it may suffer severe losses when there is a claim against it or its registered physicians or staff, which may materially and adversely affect its operations and financial results.

REGULATIONS RELATING TO ONLINE DRUG INFORMATION SERVICES

According to the Measures Regarding the Administration of Drug Information Service over the Internet (互聯網藥品信息服務管理辦法), promulgated by the SFDA on July 8, 2004 and amended on November 17, 2017, the operational Internet drug information service refers to the activities of providing medical information (including medical devices) and other services to Internet users through the Internet, and where any website intends to provide Internet drug information services, it shall, prior to applying for an operation permit or record-filing from the State Council's department in charge of information industry or the telecom administrative authority at the provincial level, file an application with the provincial FDA, and shall be subject to the examination and approval thereof for obtaining the qualifications for providing Internet drug information services. The validity term for a Qualification Certificate for Internet Drug Information Services is five years and may be renewed at least six months prior to its expiration date upon a re-examination by the relevant authority. Pursuant to the Measures Regarding the Administration of Drug Information Service over the Internet, the Internet drug information services are classified into two categories, namely, profit-making services and non-profitmaking services. Profit-making services refers to that of providing Internet users with drug information in return for service fees whilst non-profit-making services refers to that of providing Internet users with drug information which is shared and accessible by the public through the Internet free of charge. Furthermore, information relating to drugs must be accurate and scientific in nature, and its provision shall comply with the relevant laws and regulations. No product information of stupefacient, psychotropic drugs, medicinal toxic drugs, radiopharmaceutical, detoxification drugs and pharmaceutics made by medical institutes shall be distributed on the website. In addition, advertisements relating to drugs (including medical devices) shall be approved by the NMPA or its competent branches, and shall specify the approval document number.

REGULATIONS RELATING TO INTERNET ADVERTISING

The SCNPC released the Advertising Law of the People's Republic of China (中華人民共和國廣告法) on October 27, 1994 and latest amended on October 26, 2018, which provides that the Internet information service providers shall not publish medical, drugs, medical machinery or health food advertisements in disguised form of introduction of healthcare and wellness knowledge.

The Interim Measures for Administration of Internet Advertising (互聯網廣告管理暫行辦法) (the "**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 INTERNET CULTURAL BUSINESS

According to the Interim Provisions for the Administration of Internet Culture (互聯網文化管理暫行規定) which was promulgated by the MOC on December 15, 2017, the term "Internet culture products" refers to the cultural products produced, spread, and circulated via the Internet, mainly including: (i) Internet culture products specially produced for Internet, such as online music and entertainment, online games, online shows (programs), online performances, online artworks and online cartoons; and (ii) Internet culture products that are produced by certain technical means and copied to the Internet for spreading such cultural products as music and entertainment, games, shows (programs), performance, artworks and cartoons. The term "Internet culture activities" refers to the activities of providing Internet culture products and services, mainly including: (i) producing, reproducing, importing, distributing and broadcasting Internet culture products and other activities; (ii) online communication activities of publishing cultural products on Internet, or sending cultural products via information network such as the Internet and mobile communication network to such clients as computers, fixed telephones, mobile telephones, televisions, game players, etc. as well as Internet cafes and other Internet access service business places for users to browse, enjoy, use or download; and (iii) exhibitions, competitions and other activities of Internet culture products. Internet cultural activities are divided into two categories: commercial and non-commercial. The term "commercial Internet culture activities" refers to the activities of providing Internet culture products and services for the purpose of making profits by charging fees from the users accessing the Internet or by means of electronic commerce, advertisement, sponsorship, etc. And the term "non-commercial Internet cultural activities" refers

to the activities of providing Internet cultural products and services to users accessing the Internet not for the purpose of making profits. To apply for engaging in commercial Internet culture activities, the applicant shall file an application with the administrative department of culture of the people's government of the province, autonomous region or municipality directly under the Central Government where it is located, and the said administrative department shall examine and approve the application.

REGULATIONS RELATING TO RADIO AND TELEVISION PROGRAM PRODUCTION

According to the Provisions for the Administration of the Production and Distribution of Radio and Television Programs (廣播電視節目製作經營管理規定) which were promulgated by the State Administration of Radio, Film and Television (now known as National Radio and Television Administration) on July 19, 2004, came into effect on August 20, 2004 and amended on August 28, 2015, the state adopts a licensing system regarding the establishment of the institutions that produce and distribute radio and television programs or engaging in production and distribution of radio and television programs. License to Produce and Distribute Radio or Television Programs shall be obtained for establishing institutions that produce and distribute radio and television programs or engaging in production and distribution of radio and television programs. The state encourages domestic social organizations, enterprises and institutions (excluding wholly foreign-owned enterprises or Sino-foreign cooperative joint ventures established in China) to establish institutions that produce and distribute radio and television programs or engage in production and distribution of radio and television programs. The local broadcasting and television administrations and the license holders shall not rent, transfer or sell such license to any third parties. Those who violate the Provisions for the Administration of the Production and Distribution of Radio and Television Programs shall be punished according to the Regulations on the Administration of Radio and Television (廣播電視管理條例). Any act that constitutes a crime shall be subject to prosecution for criminal responsibility.

REGULATIONS RELATING TO INTERNET SECURITY

The SCNPC, has promulgated and 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.

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.

REGULATIONS RELATING TO PERSONAL INFORMATION OR DATA PROTECTION

In December 2011, 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, "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 generally shall, during their operations in the PRC, store the personal information and important data collected and produced within the territory of the PRC.

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 NPC adopted the PRC Civil Code, which came into effect on January 1, 2021. Pursuant to the PRC 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 physicians 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 offshore servers shall not be hosted or leased. 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 which became effective on the same date, 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.

REGULATIONS RELATING TO FOREIGN EXCHANGE

General Provisions on Foreign Exchange

Due to the foreign exchange control policy of the PRC, cross-border currency transactions in the business activities and dividend distribution to the foreign investors of our PRC Subsidiaries shall comply with various administration of foreign exchange in the PRC.

The principal regulation governing foreign exchange in the PRC are the Foreign Exchange Administration Rules of the PRC (中華人民共和國外匯管理條例) which were promulgated by the State Council on January 29, 1996, came into force on April 1, 1996 and amended on January 14, 1997 and August 5, 2008, respectively. Under these rules, the current account incomes of foreign exchanges can be retained or sold to financial authorities which manage exchange settlement and sale and purchase of foreign exchange. However, approval from the State Administration of Foreign Exchange (the "**SAFE**") or its local branches is required for the relevant capital account transactions of the foreign invested enterprises, such as the capital increase and decrease. Foreign invested enterprises may purchase foreign exchange without the approval of the SAFE for trade and service-related foreign exchange transactions by providing documents evidencing such transactions. In addition, foreign exchange transactions involving direct investment, loans and investment in securities outside the PRC are subject to limitations and require approvals from the SAFE.

According to the Notice on Further Simplifying and Improving the Foreign Exchange Management Policies for Direct Investment (關於進一步簡化和改進直接投資外匯管理政策的通知) or SAFE Circular 13, which was promulgated by the SAFE on February 13, 2015 and took effect on June 1, 2015, the SAFE has canceled (a) confirmation of foreign exchange registration under domestic direct investment and confirmation of foreign exchange registration under overseas direct investment; (b) registration for confirmation of the non-cash capital contribution of foreign investors under domestic direct investment and the registration for confirmation of the capital contribution made by foreign investors for acquisition of the equity interests of the Chinese side; (c) filling of overseas re-investment; and (d) annual inspection on direct investment foreign exchange. Pursuant to SAFE Circular 13, investors should register with banks for direct domestic investment and direct overseas investment.

According to the Circular of the SAFE on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知) which was promulgated on June 9, 2016 and took effect on the same day, the settlement of foreign exchange under the capital account (including foreign exchange capital, external debts, funds repatriated from overseas listing, etc.) entitled to discretionary settlement according to relevant policies, shall be conducted in the banks for real business needs. The use of

foreign exchange under capital accounts of a domestic institution and the RMB funds obtained thereby from foreign exchange settlement are prohibited from the following uses: (a) direct or indirect expenditure beyond the enterprise's business scope or expenditure prohibited by laws and regulations of the State; (b) direct or indirect investments in securities or other investments than banks' principal-secured products, unless otherwise provided; (c) granting of loans to non-affiliated enterprises, except where it is expressly permitted in the business license; and (d) construction or purchase of real estate for purposes other than self-use (except for real estate enterprises).

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.

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 "**SAFE 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.

Dividend Distribution

According to the Notice of the SAFE on Issuing the Provisions on the Foreign Exchange Administration of Service Trade (國家外匯管理局關於印發服務貿易外匯管理法規的通知) which was promulgated by the SAFE on July 18, 2013 and took effect on September 1, 2013 and the Circular of the SAFE on Repealing and Revising the Regulatory Documents concerning the Reform for Registered Capital Registration System (國家外匯管理局關於廢止和修改涉及註冊資本登記制度改革相關規範性文件的通知) which was promulgated on May 4, 2015, remittance of

profits, dividends and bonuses shall fall into the scope of current foreign exchange receipts and payments under trade in services, and shall be subject to the regulations of foreign exchange of trade in services. For external payments of profits, dividends and bonuses in an amount over US$50,000, the payer shall submit the resolutions of the board of directors on the distribution of profits in connection with the remittance to banks for their review.

According to the Circular of the SAFE on Further Facilitating Trades and Investments and Improving Authenticity Check (國家外匯管理局關於進一步促進貿易投資便利化完善真實性審核的通知) which was promulgated on April 26, 2016, when handling outward remittance of profits exceeding equivalent USD50,000 (exclusive) for a domestic institution, a bank shall, based on the real transaction principle, review the board resolution on profit distribution in connection with the remittance, original of the tax registration form and financial statements proving the profits. Upon completion of the remittance, the bank shall affix the seal and endorsement to the original of the tax registration form stating the actual amount remitted and date of remittance.

Foreign Exchange Registration of Offshore Investment by PRC Residents

According to the Notice on Issues Relating to the Administration of Foreign Exchange in Fund-Raising and Round-Trip Investment Activities of Domestic Residents Conducted via Offshore Special Purposes Companies (國家外匯管理局關於境內居民通過境外特殊目標公司融資及返程投資外匯管理有關問題的通知), or SAFE Circular 75, witch promulgated on October 21, 2005 and amended on May 29, 2007, PRC residents must register with the SAFE before establishing or controlling any company outside of China, referred to as an offshore special purpose company, for the purpose of raising funds from overseas to acquire or exchange the assets of, or acquiring equity interests in, PRC entities held by such PRC residents and to update such registration in the event of any significant changes with respect to that offshore company. the SAFE promulgated the Notice on Relevant Issues Concerning Foreign Exchange Administration of Overseas Investment and Financing and Return Investment Conducted by Domestic Residents through Special Purpose Vehicles (關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知), or the SAFE Circular 37, which replaced the SAFE Circular 75.

Pursuant to SAFE Circular 37, (a) "a special purpose vehicle" is defined as offshore enterprise directly established or indirectly controlled by domestic residents (including domestic institution and individual resident) with their legally owned assets or equity of domestic enterprises, or legally owned offshore assets or equity, for the purpose of offshore investment and financing; (b) a domestic resident must register with the SAFE before he or she contributes assets or equity interests to a special purpose vehicle; (c) following the initial registration, any major changes such as change in the overseas special purpose vehicle's domestic resident shareholders, names of the special purpose vehicle and terms of operation or any increase or reduction of the

special purpose vehicle, registered capital, share transfer or swap, merger or division, or similar development, shall be reported to the SAFE for registration in time, and failing to comply with the registration procedures as set out in SAFE Circular 37 may result in penalties.

REGULATIONS RELATING TO MERGER AND ACQUISITION OF DOMESTIC ENTERPRISES BY FOREIGN INVESTORS

According to the Provisions on Merger and Acquisition of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定) ("**M&A Rules**") which were jointly adopted by the MOFCOM, the SAFE and other four ministries on August 8, 2006, took effect on September 8, 2006 and amended on June 22, 2009, "mergers and acquisitions of domestic enterprises by foreign investors" refers to: (a) a foreign investor converts a non-foreign invested enterprise (domestic company) to a foreign invested enterprise by purchasing the equity interest from the shareholder of such domestic company or the increased capital of the domestic company ("**Equity Merger and Acquisition**"); or (b) a foreign investor establishes a foreign invested enterprise to purchase the assets from a domestic enterprise by agreement and operates the assets therefrom; or (c) a foreign investor purchases the assets from a domestic enterprise by agreement and uses these assets to establish a foreign invested enterprise for the purpose of operation of such assets ("**Assets Merger and Acquisition**").

M&A Rules provides that mergers and acquisitions of domestic enterprises by foreign investors shall be subject to the approval of the MOFCOM or its delegates at provincial level. In the event that any domestic company, enterprise or natural person merges or acquires a domestic company that has affiliated relationship with it through an overseas company legally established or controlled by such domestic company, enterprise or natural person, the merger and acquisition applications shall be submitted to the MOFCOM for approval. Any circumvention on the requirement including domestic re-investment of a foreign invested enterprise is not allowed.

REGULATIONS RELATING TO TAXATION

Enterprise Income Tax

On March 16, 2007, the NPC passed the PRC Enterprise Income Tax Law (中華人民共和國企業所得税法) (the "**Enterprise Income Tax Law**") with effect from January 1, 2008. The SCNPC amended the Enterprise Income Tax Law on February 24, 2017 and December 29, 2018. According to the Enterprise Income Tax Law, the enterprise income tax rate is 25%, and that for high and new technology enterprise is 15%. A non-resident enterprise refers to an enterprise established under the law of a foreign country (region), whose actual institution of management is not within the PRC but which has offices or establishments within the PRC; or which does not have any offices or establishments within the PRC but has income sources in the PRC, and shall

pay enterprise income tax on its incomes derived from the PRC at a rate of 20%. The Implementing Regulations of the PRC Enterprise Income Tax Law (企業所得税法實施條例) which were promulgated by the State Council on December 6, 2007 and amended on April 23, 2019 reduced the tax rate applicable to the aforesaid non-resident enterprises from 20% to 10%.

According to the Arrangement between mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (內地和香港特別行政區關於對所得税避免雙重徵税和防止偷漏税的安排) which was signed on August 21, 2006 and came into force from July 1, 2007 in mainland China, a resident living in either region who receives dividends distributed by an enterprise from the other region may be subject to tax of the region where the resident lives. However, if the enterprise distributing the dividends is located at the same region of the resident, the taxation law of that region shall apply. If the individual receiving the dividend is the resident of the other region, the taxation amount shall not exceed: (a) 5% of the total dividend in case the individual receiving the dividends directly owns at least 25% of the shares of the enterprise distributing the dividends; (b) 10% of the total dividend in other circumstances.

Value-Added Tax

The Interim Value-Added Tax Regulations of the PRC (中華人民共和國增值税暫行條例) (the "**VAT Regulations**") were promulgated by the State Council on December 13, 1993, implemented on January 1, 1994, and amended on November 10, 2008, February 6, 2016 and November 19, 2017. The Detailed Rules for the Implementation of the PRC on VAT (中華人民共和國增值税暫行條例實施細則) were promulgated by the MOF on December 25, 1993, and amended on December 15, 2008, October 28, 2011. Under the aforesaid regulations, entities and individuals selling goods, providing labor services of processing, repairs or maintenance, or selling services, intangible assets or real property in the PRC, or importing goods to the PRC, shall be identified as taxpayers of value-added tax, and shall pay value-added tax.

According to the Notice on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner (關於全面推開營業税改徵增值税試點的通知) which was promulgated on March 23, 2016 and came into force on May 1, 2016, entities and individuals engaging in the sale of services, intangible assets or fixed assets within the territory of the PRC are required to pay value-added tax instead of business tax.

REGULATIONS RELATING TO INTELLECTUAL PROPERTY

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

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, Internet service providers, etc.

In order to further implement the Regulations on Protection of Computer Software (計算機軟件保護條例) promulgated by the State Council on June 4, 1991 and revised on December 20,2001, January 8, 2011 and January 30, 2013 respectively, the National Copyright Administration promulgated the Computer Software Copyright Registration Procedures (計算機軟件著作權登記辦法) on February 20, 2002, which applies to software copyright registration, license contract registration and transfer contract registration. The National Copyright Administration administers the management of software copyright registration and accredits the Copyright Protection Center of China as the software registration agency. The Copyright Protection Center of China should grant registration certificates to qualified applicants of computer software copyrights.

Domain Names

According to the Internet Domain Name Regulations (互聯網域名管理辦法) issued by the MIIT on August 24, 2017 and effective on November 1, 2017, a "domain name" refers to the character mark of hierarchical structure, which identifies and locates a computer on the Internet and corresponds to the Internet protocol (IP) address of such computer. The principle of "first come, first serve" applies to domain name registration. The applicant of domain name registration should provide its true, accurate and complete domain name information and enter into registration agreements with the domain name registration service agencies. After completing the domain name registration, the applicant will become the holder of the registered domain name. Furthermore, the applicant should pay the operating expense of the registered domain name on schedule.

Patents

The Patent Law of the PRC (中華人民共和國專利法) was issued by the SCNPC on March 12, 1984, and revised on September 4, 1992, August 25, 2000, December 27, 2008 and October 17, 2020 respectively, which would take effect on June 1, 2021. A patentable invention, utility model or design must meet three conditions: novelty, inventiveness and practical applicability. Patents cannot be granted for scientific discoveries, rules and methods for intellectual activities, methods used to diagnose or treat diseases, animal and plant breeds or substances obtained by means of nuclear transformation. A patent is valid for a twenty-year term for an invention and a ten-year term for a utility model or design, starting from the application date. Except under certain specific circumstances provided by law, any third-party user must obtain consent or a proper license from the patent owner to use the patent, or else the use will constitute an infringement of the rights of the patent holder.

Trademarks

The PRC Trademark Law (中華人民共和國商標法) which was promulgated by the SCNPC in 1982 and subsequently amended in February 22, 1993, October 27, 2001, August 30, 2013 and April 23, 2019 and effective from November 1, 2019, and the Implementation Regulation of the PRC Trademark Law (中華人民共和國商標法實施條例) promulgated by the State Council in August 3, 2002, amended on April 29, 2014 and effective from May 1, 2014, both provide legal protection for holders of registered trademarks. In China, registered trademarks include commodity trademarks, service trademarks, collective marks, and certification marks.

Registered trademarks are valid for a period of ten years. The registered owner should proceed with renewal procedures with 12 months before the expiry of the valid period to be able to continue the use of the registered trademarks upon its expiry, with a six-month grace period allowed. The valid period for every renewed registration is ten years from the next day of the expiry of the trademark's last valid period.

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 THE LEASING OF PROPERTY

Pursuant to the Administrative Measures for the Leasing of Commodity Housing (商品房屋租賃管理辦法) issued by the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部) on December 1, 2010 and coming into force on February 1, 2011, within 30 days after the execution of the housing lease contract, parties to the leasing of housing shall handle the registration and filing procedure of the leasing of housing at the departments in charge of construction (real estate) of the governments in the municipality directly under the Central Government, city and county where the leased housing is located. Parties to the leasing of housing may entrust in writing another party to handle the registration and filing procedure of the leasing. In the event that parties to the leasing of housing fail to handle the registration and filing procedure of the leasing of housing, the department in charge of construction (real estate) of the people's government in the municipality directly under the Central Government, the cities or the

counties shall order rectification within a time limit. If rectification is not made by an individual within the time limit, a fine of less than RMB1,000 shall be imposed. If rectification is not made by an entity within the time limit, a fine of more than RMB1,000 but less than RMB10,000 shall be imposed.

Furthermore, under any of the following circumstances, the properties shall not be let out: (i) Illegal buildings; (ii) Buildings which do not comply with mandatory project construction standards such as safety, disaster prevention, etc.; (iii) Change of nature of property use which violates the provisions; or (iv) Any other circumstances for which leasing is prohibited as stipulated by laws and regulations. Persons who violate the provisions above shall be ordered by the development (real estate) department of the People's Governments of centrally-administered municipalities, municipalities or counties to make correction within a stipulated period; where there is no illegal income, a fine of not more than RMB5,000 may be imposed; where there is an illegal income, a fine ranging from one to three times the amount of illegal income may be imposed, subject to a maximum of RMB30,000.

Pursuant to the Law of the People's Republic of China on Administration of Urban Real Estate (中華人民共和國城市房地產管理法) issued by the SCNPC on August 26, 2019 and became effective on January 1, 2020, Where the owner of a building leases, with a profit-making objective, buildings on State-owned land for which the land use right is granted to the owner of the building by way of allocation, the gains on land included in the rental shall be turned over to the State.