

SHARE CAPITAL

OVERVIEW

Immediately Before the [REDACTED]

As of the Latest Practicable Date, our registered capital was RMB672,046,703, comprising 672,046,703 Unlisted Shares with a nominal value of RMB1.00 each.

In the course of the [REDACTED], the Shareholders of our Company [have applied] to the CSRC, the Stock Exchange and other relevant regulatory authorities to convert the Unlisted Shares held by them into H Shares, details of which are set out below:

<u>Name of Shareholder</u>	<u>Number of Unlisted Shares held as of the Latest Practicable Date</u>	<u>Number of Unlisted Shares applied for conversion into H Shares</u>	<u>% of Number of Unlisted Shares applied for conversion into H Shares to number of Shares held by the Shareholder(s) as of the Latest Practicable Date</u>
PAG Highlander	299,896,978	[149,948,489]	[50.00]%
Hisun Pharmaceutical	266,250,000	[133,125,000]	[50.00]%
Cliff	31,208,791	[31,208,791]	[100]%
Shanghai Pinzhan	30,803,571	[30,803,571]	[100]%
Taizhou Bay Investment	17,554,945	[17,554,945]	[100]%
Taizhou State-Owned Capital	14,629,121	[14,629,121]	[100]%
Fuyang Zhifu	11,703,297	[11,703,297]	[100]%
Total	<u>672,046,703</u>	<u>[388,973,214]</u>	<u>[57.88]%</u>

Upon the Completion of the [REDACTED]

Immediately following the completion of the [REDACTED] and the Conversion of Unlisted Shares into H Shares, the share capital of our Company will be as follows:

Assuming the [REDACTED] is not exercised:

<u>Description of Shares</u>	<u>Number of Shares</u>	<u>% of the total issued share capital</u>
Unlisted Shares	[283,073,489]	[REDACTED]%
H Shares converted from Unlisted Shares ⁽¹⁾	[388,973,214]	[REDACTED]%
H Shares to be issued pursuant to the [REDACTED].	[REDACTED]	[REDACTED]%
Total	<u>[REDACTED]</u>	<u>100.0%</u>

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Assuming the [REDACTED] is exercised in full:

Description of Shares	Number of Shares	% of the total issued share capital
Unlisted Shares	[283,073,489]	[REDACTED]%
H Shares converted from Unlisted Shares ⁽¹⁾	[388,973,214]	[REDACTED]%
H Shares to be issued pursuant to the [REDACTED].	[REDACTED]	[REDACTED]%
Total	[REDACTED]	100.0%

Note:

- (1) Following the completion of the [REDACTED], [388,973,214] Unlisted Shares held by our existing Shareholders will be converted into H Shares on a one-for-one basis and [REDACTED] on the Stock Exchange for [REDACTED]. Filing of such conversion of Domestic Shares into H shares has been completed with the CSRC on [•].

SHARES OF OUR COMPANY

Upon completion of the [REDACTED], our Company will consist of Unlisted Shares and H Shares. Unlisted Shares and H Shares are both ordinary Shares in the share capital of our Company and are regarded as the same class of Shares under the Articles of Association. However, the H Shares generally may not be [REDACTED] for by, or [REDACTED] between, legal or natural persons of the PRC, apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, and other persons who are entitled to hold the H Shares pursuant to relevant PRC laws and regulations or upon approval by any competent authorities.

RANKING

Unlisted Shares and the H Shares carry the same rights and will rank *pari passu* with each other in all respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. All dividends in respect of the H Shares are to be declared in RMB and paid by our Company in Hong Kong dollars or RMB, whereas all dividends for Unlisted Shares will be paid in RMB. Other than cash, dividends could also be paid in the form of Shares or a combination of cash and Shares.

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CONVERSION OF UNLISTED SHARES INTO H SHARES

According to the regulations issued by the securities regulatory authorities of the State Council and the Articles of Association, the Unlisted Shares may be converted into H Shares, and such converted Shares may be listed and traded on an overseas stock exchange provided that the conversion, [REDACTED] and [REDACTED] of such converted Shares have been filed with the CSRC. Additionally, such conversion, [REDACTED] and [REDACTED] shall meet any requirement of internal approval process and in all respects comply with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

Pursuant to the filing notice of the CSRC dated [•], [388,973,214] Unlisted Shares will be converted to H Shares on a one-for-one basis and be [REDACTED] for [REDACTED] on the Stock Exchange upon completion of the [REDACTED]. To the extent any Unlisted Shares are not converted into H Shares, all unlisted Shares will comprise such number of Unlisted Shares held by our Shareholders not converted into H Shares.

Listing Review and Filing with the CSRC

In accordance with the Guidelines for the “Full Circulation Program for Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請全流通業務指引》)” announced by the CSRC, H-share listed companies which apply for the conversion of shares into H shares for listing and circulation on the Stock Exchange shall file the application with the CSRC. An unlisted domestic joint stock company may apply for “full circulation” when applying for an overseas listing.

Our Company has applied for a “full circulation” filing when applying for an overseas listing filing with the CSRC on [•] and [submitted] the filing reports, authorization documents of the shareholders of unlisted shares for which an H-share “full circulation” filing was applied, undertaking about the compliance of share acquisition and other documents in accordance with the requirements of the CSRC. Our Company [has received] the filing notice from the CSRC dated [•] in relation to the filing of the overseas [REDACTED] and “Full Circulation,” pursuant to which:

- (i) our Company filed with the CSRC to issue no more than [REDACTED] H Shares (before the [REDACTED] is exercised) with a nominal value of RMB1.00 each, which are all ordinary shares, and upon this issuance, our Company may be [REDACTED] on the Stock Exchange;
- (ii) our Company [filed] with the CSRC to convert a total of [388,973,214] Unlisted Shares (with a nominal value of RMB1.00 each) held by certain Shareholders of our Company (the “**Full Circulation Participating Shareholders**”) into H Shares, and the relevant Shares may be [REDACTED] on the Stock Exchange upon completion of the conversion.

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Where the [REDACTED] cannot be completed within [one year] upon receipt of the filing notice, and our Company will continue to conduct overseas [REDACTED] and [REDACTED] after that, it shall update the filing materials, and the CSRC will update the public filing information accordingly.

[REDACTED] Approval by the Stock Exchange

We [have applied] to the Listing Committee for the granting of [REDACTED] of, and permission to [REDACTED], (i) our H Shares to be issued pursuant to the [REDACTED] (including any H Shares which may be issued pursuant to the exercise of the [REDACTED]); (ii) the H Share which may be issued pursuant to the Post-[REDACTED] New Share Incentive Scheme; and (iii) the H Shares to be converted from [388,973,214] Unlisted Shares on the Stock Exchange, which is subject to the approval by the Stock Exchange.

We will perform the following procedures for the Conversion of Unlisted Shares into H Shares after receiving the approval of the Stock Exchange: (i) giving instructions to our [REDACTED] regarding relevant share certificates of the converted H Shares; and (ii) enabling the converted H Shares to be accepted as eligible [REDACTED] by [REDACTED] for [REDACTED] in [REDACTED]. Registration on our H Share register will be conditional on (a) our [REDACTED] lodging with the Hong Kong Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register of members and the due dispatch of H Share certificates; and (b) the admission of the H Shares to [REDACTED] on the Hong Kong Stock Exchange in compliance with the Listing Rules, the General Rules of HKSCC and the [REDACTED] in force from time to time. Until the converted shares are re-registered on our H Share register, such Shares would not be [REDACTED] as H Shares. The Full Circulation Participating Shareholders may only [REDACTED] the Shares upon completion of the domestic procedures disclosed below. No approval by the general meeting of Shareholders is required for the [REDACTED] and [REDACTED] of such converted Shares on an overseas stock exchange. Any application for [REDACTED] of the converted Shares on the Stock Exchange after the [REDACTED] is subject to prior notification by way of announcement to inform our Shareholders and the public of any proposed conversion.

Domestic Procedures

The Full Circulation Participating Shareholders may only [REDACTED] the Shares upon completion of the following arrangement procedures for the registration, deposit and transaction settlement in relation to the conversion and [REDACTED]:

- (i) We will appoint China Securities Depository and Clearing Corporation Limited (“CSDC”) as the nominal holder to deposit the relevant securities at CSDC (Hong Kong), which will then deposit the securities at [REDACTED] in its own name. CSDC, as the nominal holder of the Full Circulation Participating Shareholders, shall handle all custody, maintenance of detailed records, cross-border settlement and corporate actions, etc. relating to the converted H Shares for the Full Circulation Participating Shareholders;

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- (ii) We will engage a domestic securities company (the “**Domestic Securities Company**”) to provide services such as sending orders for trading of the converted H Shares and receipt of transaction returns. The Domestic Securities Company will engage a Hong Kong securities company (the “**Hong Kong Securities Company**”) for settlement of share transactions. We will make an application to CSDC, Shenzhen Branch for the maintenance of a detailed record of the initial holding of the converted H Shares held by our Shareholders. Meanwhile, we will submit applications for a domestic transaction commission code and abbreviation, which shall be confirmed by CSDC, Shenzhen Branch as authorized by the Shenzhen Stock Exchange;
- (iii) The Shenzhen Stock Exchange shall authorize Shenzhen Securities Communication Co., Ltd. to provide services relating to transmission of trading orders and transaction returns in respect of the converted H Shares between the Domestic Securities Company and the Hong Kong Securities Company, and the real-time market forwarding services of the H Shares;
- (iv) The Full Circulation Participating Shareholders shall complete the necessary overseas shareholding registration or filing procedure in accordance with applicable laws and regulations; and
- (v) The Full Circulation Participating Shareholders shall submit trading orders of the converted H Shares through the Domestic Securities Company. Trading orders of the Full Circulation Participating Shareholders for the relevant Shares will be submitted to the Stock Exchange through the securities trading account opened by the Domestic Securities Company at the Hong Kong Securities Company. Upon completion of the transaction, settlements between each of the Hong Kong Securities Company and CSDC (Hong Kong), CSDC (Hong Kong) and CSDC, CSDC and the Domestic Securities Company, and the Domestic Securities Company and the Full Circulation Participating Shareholders, will all be conducted separately.

As a result of the conversion, the shareholding of the relevant Full Circulation Participating Shareholders in our Unlisted Shares shall be reduced by the number of the Unlisted Shares converted and the number of H Shares shall be increased by the number of converted H Shares.

RESTRICTION ON TRANSFER OF SHARES ISSUED PRIOR TO THE [REDACTED]

The PRC Company Law provides that in relation to the public share offering of a company, the shares of the company which have been issued prior to the offering shall not be transferred within one year from the date of the listing. Accordingly, Shares issued by our Company prior to the [REDACTED] shall be subject to this statutory restriction and shall not be transferred for a period of one year from the [REDACTED].

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Pursuant to the PRC Company Law, Shares transferred by our Directors, Supervisors and members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in our Company. The Shares that the aforementioned persons held in our Company cannot be transferred within one year from the date on which the Shares are [REDACTED] and [REDACTED], nor within half a year after they leave their positions in our Company. Our Articles of Association may contain other restrictions on the transfer of our Shares held by our Directors, Supervisors and members of senior management, a summary of which is set out in “Appendix III — Summary of Articles of Association.”

SHAREHOLDERS’ GENERAL MEETINGS

For details of circumstances under which our Shareholders’ general meeting required, see “Appendix III — Summary of Articles of Association.”

GENERAL MANDATES TO ISSUE H SHARES AND REPURCHASE H SHARES

Subject to the completion of the [REDACTED], the Board has been granted with (i) a general mandate to issue our H Shares; and (ii) a general mandate to repurchase our H Shares. For details, see “Appendix IV — Statutory and General Information — A. Further Information about Our Company and Our Subsidiaries — 4. Shareholders’ Resolutions.” Any reference to an allotment, issue, grant, offer or disposal of Shares therein shall include the sale or transfer of treasury Shares in the capital of the Company (including to satisfy any obligation upon the conversion or exercise of any convertible securities, options, warrants or similar rights to subscribe for Shares) to the extent permitted by, and subject to the provisions of the Listing Rules and applicable laws and regulations.

SHARE INCENTIVE SCHEMES

As of the Latest Practicable Date, we had one share incentive scheme, namely the Pre-[REDACTED] Employee Stock Option Plan. In addition, our Company adopted the Post-[REDACTED] Existing Share Incentive Scheme and Post-[REDACTED] New Share Incentive Scheme on December 23, 2025, each with effect upon [REDACTED]. For details, please see “Appendix IV — Statutory and General Information — D. Employee Incentive Schemes.”