

## GLOSSARY OF TECHNICAL TERMS

*In this document, unless the context otherwise requires, explanations and definitions of certain terms used in this document in connection with our Company and our business shall have the meanings set out below. The terms and their meanings may not always correspond to standard industry meaning or usage of these terms.*

“ <i>Aconitum carmichaelii</i> (附片)”	a processed product from the roots of <i>Monkshood</i> (烏頭) in the Ranunculaceae family and a toxic TCM material to enhance vital energy, strengthen body functions and relieve pain
“ <i>Angelica sinensis</i> (當歸)”	a medicinal herb commonly used in TCM to nourish blood, promote blood circulation, regulate menstruation, alleviate pain, and strengthen the immune system
“ <i>Astragalus</i> (黃芪)”	a medicinal herb commonly used in TCM to enhance energy, maintain body fluid balance, and help relieve water retention and swelling
“ <i>Black aconitum carmichaelii</i> (黑順片)”	a processed product from the roots of <i>Monkshood</i> (烏頭) in the Ranunculaceae family, processed by soaking fresh aconite in bile, steaming, boiling, slicing, dyeing and other processing techniques
“B2B”	business to business, a commercial transaction model between businesses, such as between a manufacturer and a wholesaler, or between a wholesaler and a retailer
“CAGR”	compound annual growth rate
“centralized procurement”	a centralized procurement mechanism implemented by the PRC government to purchase pharmaceutical products in bulk at negotiated prices
“Chinese Pharmacopoeia”	Chinese Pharmacopoeia (《中國藥典》), the official compendium of drugs, officially published and updated from time to time by the Chinese Pharmacopoeia Commission, which is divided into four parts. The first part includes medicinal materials and decoction products, plant oils and extracts, compound formulations and single-ingredient preparations
“ <i>Coptis root</i> (黃連)”	a medicinal herb commonly used in TCM to relieve internal heat and moisture retention, supporting the heart, stomach, and liver functions
“decoction-ready products”	medicines that have been processed and prepared to be directly used in TCM clinical practice or in the production of pharmaceutical preparations

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“DNA barcoding system”	a molecular biology technique that uses a concise, standardized DNA sequence to identify and authenticate TCM materials by comparing genetic labels against a reference database
“ <i>Dwarf lilyturf</i> (麥冬)”	a medicinal herb commonly used in TCM to nourish yin, promote body fluid secretion, nourish the lung, and clear the heart
“formula granules”	granules made from single TCM decoction-ready products through water extraction, separation, concentration, drying, and granulation processes
“ <i>Fritillaria cirrhosa</i> (川貝母)”	a medicinal herb commonly used in TCM to clear heat, nourish the lung, reduce phlegm and relieve cough
“GAP”	Good Agricultural Practice, a set of principles, regulations and technical recommendations applicable to agricultural production processes, ensuring safety and quality of crops, including TCM raw materials
“geo-authentic TCM materials”	TCM raw materials that originate from specific geographical regions renowned for producing the high quality types due to unique environmental conditions, cultivation techniques, and processing methods
“ <i>Ginger processed pinelliae</i> (薑半夏)”	a processed product of <i>Pinellia ternata</i> (半夏), using ginger and alum as auxiliary materials to reduce toxicity and enhance therapeutic effects
“GMP”	Good Manufacturing Practice of Pharmaceutical Products, a system of regulations, codes, and guidelines for pharmaceutical production management and quality control to ensure the consistent production of pharmaceutical products that comply with their intended use and registration requirements
“IoT”	internet of things
“molecular biology”	a branch of biology that deals with the molecular basis of biological activity, particularly the study of DNA, RNA, proteins and their interactions, applied in TCM for authentication and quality control
“NDA”	new drug application, a formal submission to drug regulatory authorities seeking permission to market a new pharmaceutical product
“O2O”	online to offline, a business strategy that draws potential customers from online channels to physical stores

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“OTC”	over-the-counter, referring to medicines that can be purchased directly by consumers without a prescription from a healthcare professional
“ <i>Pinellia ternata</i> (半夏)”	a medicinal herb commonly used in TCM to eliminate blood stasis, control bleeding, reduce edema, and alleviate pain
“prepared <i>Rehmannia</i> (熟地黄)”	a processed product of <i>Rehmannia glutinosa</i> (地黄) and a TCM decoction-ready product to improve blood nourishment and relieve fatigue
“processed <i>Pinellia ternata</i> (製半夏)”	<i>Pinellia ternata</i> (半夏) decoction-ready products that has undergone specific processing methods to reduce toxicity and enhance therapeutic effects with common types including <i>Rhizoma pinelliae preparatum</i> (法半夏), <i>Ginger processed pinelliae</i> (薑半夏) and <i>Rhizoma pinelliae preparata</i> (清半夏)
“products”	collectively TCM decoction pieces and standardized TCM decoction-ready products produced and sold by us under valid Drug Production Licences and Drug Distribution Licences, which are legally recognized medicines that comply with the Drug Administration Law of the PRC and related regulations
“ <i>Rhizoma pinelliae preparatum</i> (法半夏)”	a processed product of <i>Pinellia ternata</i> (半夏), using licorice and lime as auxiliary materials to reduce toxicity and enhance therapeutic effects
“ <i>Rhizoma pinelliae preparata</i> (清半夏)”	a processed product of <i>Pinellia ternata</i> (半夏), using alum as auxiliary material, with boiling and soaking as two processing methods
“SKU”	stock keeping unit, distinct item offered for sale with unique identifiers that enable inventory tracking
“SME”	small and middle-sized enterprise
“TCM”	traditional Chinese medicine, referring to medicines for the prevention and treatment of diseases under the guidance of Chinese medicinal theories, including medicines with herbal, animal or mineral materials
“TCM raw material(s)”	unprocessed natural substances derived from plants, animals or minerals
“TCM wellness products”	TCM-based products used alternatively for health maintenance and enhancement in addition to disease treatment

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“type (品種)”	a broad category of TCM decoction pieces, which are raw herbal materials processed in accordance with the Chinese Pharmacopoeia and intended for use in clinical prescription and dispensing
“variety (規格)”	distinct herbal species or processed form or product type with different quality grade or commercial classification within a given type, as identified by its pharmacopoeial name or specific processing method
“ <i>White aconitum carmichaelii</i> (白附片)”	a processed product from the roots of <i>Monkshood</i> (烏頭) in the Ranunculaceae family, processed by soaking fresh aconite in bile, peeling, slicing, steaming, boiling and other processing techniques
“ <i>Ziziphi spinosae semen</i> (酸棗仁)”	a medicinal herb commonly used in TCM to nourish the heart and liver, calm the mind and relieve mental stress, reduce sweating, and stimulate body fluid secretion