

HISTORY AND CORPORATE STRUCTURE

OVERVIEW

The history of our Group can be traced back to December 2001, when our Company was established as a limited liability company in Chengdu, Sichuan province, the PRC.

We are a large-scale TCM decoction-ready products provider in China. Our founder and chairman, Mr. Jiang Yun, is an established figure and experienced voice in the industry, distinguished as a representative from a decoction-ready product business to serve on the 10th National Pharmacopoeia Commission. For details of the biography of Mr. Jiang Yun, see “Directors and Senior Management.”

MILESTONES

The following table summarizes various key milestones in our corporate and business development.

Year	Milestone
2001	Our Company was established in the PRC as a limited liability company
2003	Our Company became the first TCM decoction manufacturing enterprise in the PRC that has obtained the Good Manufacturing Practice (GMP) certificate from the NMPA
2010	Our Company was designated as the first batch of heritage bases for Wang Xiaotao (王孝濤), a representative inheritor of the National Intangible Cultural Heritage (TCM Processing Technology) Our Company’s product line for TCM decoction-ready product at the Chengdu High-Tech Zone manufacturing base received GMP certification issued by the NMPA and was officially put into operation
2011	Our Company was approved to establish the Sichuan Provincial Engineering Research Center for Processing Technology of Traditional Chinese Medicine Decoction Pieces (四川省中藥飲片炮製工程技術研究中心)
2013	Our Company was approved to set up key laboratory of TCM processing technology of the National Administration of Traditional Chinese Medicine (國家中醫藥管理局)
2015	Our Company was recognized as “Technology Centre of Sichuan Enterprise (四川省企業技術中心)” by Department of Economy and Information Technology of Sichuan Province (四川省經濟和信息化廳)
2023	Our Company was elected as the chair unit of the TCM Decoction Pieces Branch (中藥飲片分會) under the China Chamber of Commerce for Import & Export of Medicines & Health Products (中國醫藥保健品進出口商會)
2024	Our Company’s self-operated online B2B sales platform, “Jinfang Caotang,” was officially launched Our Company set up a representative office in Vietnam
2025	Our Company’s GMP quality management system passed the certification review by the Vietnam Ministry of Health

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OUR SUBSIDIARIES

As of the Latest Practicable Date, we had four subsidiaries. The following table sets out certain information of each of our subsidiaries as of the Latest Practicable Date.

Name	Place of establishment	Principal business	Interest held by our Company	Date of establishment
Chengdu Neautus .	PRC	R&D, manufacturing and exportation of TCM decoctions	100.0%	August 21, 2013
Neautus Hong Kong	Hong Kong	Import and export of Chinese herbs and TCM decoctions	100.0%	January 21, 2020
Neautus Pharmacy.	PRC	Retail of TCM decoctions	100.0%	April 1, 2021
Jinfang Caotang . .	PRC	No substantial business operations yet	68.0%	August 28, 2024

CORPORATE DEVELOPMENT AND MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

Establishment and Initial Shareholding Changes of Our Company

Our Company was established in Chengdu, Sichuan province, the PRC as a limited liability company on December 30, 2001 with an initial registered capital of RMB2,000,000, of which Kinna Investment, a company controlled by Mr. Jiang Yun, held 60.0% and Mr. Zhou Xiaoyuan (周小元), an associate chief pharmacist, whose decades of experience in the pharmaceutical industry helped establish our initial compliance and operational framework, (together with Kinna Investment, the “**Initial Shareholders**”) held 40.0%. Pursuant to a Shareholders’ resolution dated September 30, 2003, we converted the debts amounting to RMB10,000,000 owing to the Initial Shareholders into equity contributions from them. The debt conversion was completed in October 2003, with the registered capital of our Company increased to RMB12,000,000. Following the conversion, our Company was owned by Kinna Investment as to 70.0% and Mr. Zhou Xiaoyuan as to 30.0%.

During the period from April 2004 to December 2008, we underwent various equity transfers, and Mr. Zhou Xiaoyuan ceased to be a shareholder as he wished to pursue other business opportunities. Following these transfers, our Company was held as to 55.8% by Kinna Investment and 44.2% by other minority Shareholders.

Pursuant to the Shareholders’ resolution dated March 19, 2009, our registered capital was increased to RMB15,000,000 with an increase of RMB3,000,000 subscribed at a total consideration of RMB40,000,000 by Jiangsu Shuangliang Group Co., Ltd. (江蘇雙良集團有限公司) (currently known as Shuangliang Group Co., Ltd. (雙良集團有限公司)) (“**Shuangliang Group**”) and Mr. Wang Jinmao, both being Independent Third Parties. The consideration was determined through arm’s-length negotiations, taking into account the results of operations of our Group at that time, and our business prospects.

Upon completion of the foregoing, the shareholding structure of our Company was as follows:

Name of Shareholder	Registered capital (RMB)	Shareholding percentage
Kinna Investment	6,690,000	44.6%

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Name of Shareholder	Registered capital (RMB)	Shareholding percentage
Shuangliang Group	1,875,000	12.5%
Mr. Jiang Ping	1,440,000	9.6%
Beijing Conghui Lide Information Consulting Co., Ltd. (北京聰慧利德信息諮詢有限公司) (“ Conghui Lide ”)	1,156,800	7.7%
Mr. Wang Jinmao	1,125,000	7.5%
Mr. Chen Zhili	836,400	5.6%
Mr. Wu Xuedan	720,000	4.8%
Mr. Wang Sen	578,400	3.9%
Mr. Zhao Lijun	578,400	3.9%
Total	15,000,000	100.0%

Conversion into a Joint Stock Company

In June 2009, our Company was converted into a joint stock company with limited liability and all promoters approved the conversion of the net asset value of our Company as of March 31, 2009 into 55,000,000 Shares in a nominal value of RMB1.0 each. Accordingly, our name was changed to “Sichuan Neautus Traditional Chinese Medicine Co., Ltd. (四川新荷花中藥飲片股份有限公司).”

Immediately after the conversion into a joint stock company, our Company was held by the following Shareholders who acted as promoters for the purpose of the stock conversion. The information of our promoters is set forth as follows:

Name of Shareholder ⁽¹⁾	Number of Shares	Shareholding percentage
Kinna Investment	24,530,000	44.6%
Shuangliang Group	6,875,000	12.5%
Mr. Jiang Ping	5,280,000	9.6%
Conghui Lide	4,240,500	7.7%
Mr. Wang Jinmao	4,125,000	7.5%
Mr. Chen Zhili	3,063,500	5.6%
Mr. Wu Xuedan	2,640,000	4.8%
Mr. Wang Sen	2,123,000	3.9%
Mr. Zhao Lijun	2,123,000	3.9%
Total	55,000,000	100.0%

Note:

- (1) Save for Kinna Investment, an entity controlled by Mr. Jiang Yun, and Mr. Jiang Ping, the elder sibling of Mr. Jiang Yun, all other promoters are Independent Third Parties.

Major Shareholding Changes before the Track Record Period

Shareholding Changes before 2017

Between 2010 and 2017, our Company had undergone several share transfers for the purpose of streamlining our shareholding structure and facilitating estate planning. We also issued certain new Shares in recognition of the contributions of our employees and to align their interest with the long-term goals of our Company.

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Following the above-mentioned changes, the shareholding structure of our Company was as follows:

<u>Name of Shareholder</u>	<u>Number of Shares</u>	<u>Shareholding percentage</u>
Mr. Jiang Yun	13,106,500	23.2%
Kinna Investment	24,530,000	43.5%
Shuangliang Group	6,875,000	12.2%
Mr. Jiang Ercheng	4,240,500	7.5%
Mr. Wang Jinmao	4,125,000	7.3%
Ms. Qi Guorong	2,123,000	3.8%
Mr. Feng Bin	700,000	1.2%
Mr. Liu Zhendong	580,000	1.0%
Mr. Xiong Shichao	100,000	0.2%
Total	<u>56,380,000</u>	<u>100.0%</u>

2017 Share Issuance

On March 26, 2017, to further align the interest between our key employees and our Company, the then Shareholders resolved to offer a total of 4,000,000 Shares to certain key employees of our Company at the consideration of RMB16,000,000 (the “**2017 Share Issuance**”). The consideration was determined through arm’s-length negotiations with reference to the business status of the Company at the time, and was fully settled by May 3, 2017. Upon completion of the 2017 Share Issuance, our registered capital was increased to RMB60,380,000.

For the convenience of handling corporate filing related affairs, 2,160,000 Shares issued pursuant to the 2017 Share Issuance and registered in the names of Mr. Feng Bin, an executive Director and general manager of our Company, and Mr. Liu Zhendong, a then senior management of our Company, were held on behalf of certain Shareholders. These nominee shareholding arrangements had been terminated and restored through several share transfers during the 2017-2021 Share Transfers (as defined below). To the best knowledge of our Directors, they are not aware of any disputes regarding the historical nominee shareholding arrangements, nor are they aware of any current nominee shareholding arrangements within the Company.

2017-2021 Share Transfers and 2019 Financing

During 2017 to 2021, our Company has undergone a series of share transfers among the then existing Shareholders to introduce new investors to support the development of our R&D and manufacturing capabilities in decoction-ready medicines and to restore the nominee shareholding arrangement (the “**2017-2021 Share Transfers**”).

In December 2019, Guoyao Junbai (Shandong) Equity Investment Fund Partnership (Limited Partnership) (國藥君柏(山東)股權投資基金合夥企業(有限合夥)) (“**Guoyao Junbai**”) entered into a share subscription agreement with our Company and the then Shareholders, pursuant to which, Guoyao Junbai agreed to invest in our Company by subscribing for 5,590,741 Shares at the consideration of RMB50,000,000 (the “**2019 Financing**”). The consideration was determined through arm’s-length negotiations, taking into account the results of operation of our Company at that time and prospects and development potential of our Group, and was fully settled on January 21, 2020. Upon completion of the 2019 Financing, our registered capital was increased to RMB65,970,741. For further details of the 2019 Financing, see “— Pre-[REDACTED] Investments.”

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Following the completion of the 2019 Financing and the 2017-2021 Share Transfers, the shareholding structure of our Company was as follows:

Name of Shareholder	Number of Shares	Shareholding percentage
Mr. Jiang Yun	18,498,500	28.0%
Kinna Investment	14,383,412	21.8%
Mr. Jiang Ercheng	10,645,170	16.1%
Guoyao Junbai	5,590,741	8.5%
Chengdu Chuanshang Toupengjin Taihe Enterprise Management Center (Limited Partnership) (成都川商投朋錦泰荷企業管理中心(有限合夥)) (“ Pengjin Taihe ”)	4,477,890	6.8%
Ms. Cai Yu	2,150,000	3.3%
Ms. Qi Guorong	2,123,000	3.2%
Mr. Feng Bin	1,100,000	1.7%
Ms. Mei Xiaoling	1,080,000	1.6%
Mr. Qi Jie	980,000	1.5%
Sichuan Yuandian Financial Service Outsourcing Co., Ltd. (四川原電金融服務外包有限公司) (“ Sichuan Yuandian ”)	888,890	1.3%
Ms. Duan Li	733,138	1.1%
Mr. Chen Rong	500,000	0.8%
Mr. Jiang Ping	350,000	0.5%
Mr. Tan Dong	290,000	0.4%
Mr. Liu Zhendong	240,000	0.4%
Mr. Guo Xianjun	240,000	0.4%
Ms. Hu Wenyu	200,000	0.3%
Mr. Zhang Dayong	180,000	0.3%
Ms. Zhang Li	180,000	0.3%
Mr. Luo Yujin	140,000	0.2%
Mr. Fu Zhonggen	120,000	0.2%
Ms. Chen Shuang	120,000	0.2%
Ms. Zhang Xiaojia	120,000	0.2%
Ms. Ju Youbin	100,000	0.2%
Mr. Xiong Shichao	100,000	0.2%
Mr. Liu Wenrui	100,000	0.2%
Ms. Wu Jinying	80,000	0.1%
Dr. Zhou Jingbo	50,000	0.1%
Mr. Wen Wu	50,000	0.1%
Ms. Xu Huili	50,000	0.1%
Mr. Wei Jianhua	40,000	0.1%
Ms. Li Min	30,000	0.0%*
Mr. Guo Ping	30,000	0.0%*
Mr. Ding Wei	10,000	0.0%*
Total	65,970,741	100.0%

Note:

* Denotes less than 0.05%

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2022 Share Transfers

The following table sets out the details of share transfers among our then existing Shareholders in 2022 (the “2022 Share Transfers”).

Date of the relevant share transfer agreement(s)	Transferer	Transferee	Number of Shares transferred	Consideration
October 17, 2022 . . .	Mr. Wei Jianhua	Ms. Mei Hongbin	40,000	RMB160,000
November 8, 2022 . . .	Kinna Investment	Mr. Sun Yu	735,000	RMB10,025,400
November 15, 2022 . . .		Ms. Lai Haiyan	600,000	RMB8,100,000
		Mr. Zhang Rui	100,000	RMB1,350,000
November 17, 2022 . . .		Mr. Zhong Xiangyu	100,000	RMB1,350,000
November 23, 2022 . . .		Chengdu Simeirui Enterprise Management Consultation Co., Ltd. (成都斯美瑞企業管理諮詢有限公司) (“Chengdu Simeirui”)	100,000	RMB1,350,000
November 28, 2022 . . .		Mr. Zou Changyou	100,000	RMB1,350,000
December 2, 2022 . . .	Ms. Cai Ying	Chengdu Yiyi Technology Co., Ltd. (成都壹壹科技有限公司) (“Chengdu Yiyi”)	2,150,000	RMB19,350,000

Following the completion of 2022 Share Transfers, the shareholding structure of our Company was as follows:

Name of Shareholder	Number of Shares	Shareholding percentage
Mr. Jiang Yun	18,498,500	28.0%
Kinna Investment	12,648,412	19.2%
Mr. Jiang Ercheng	10,645,170	16.1%
Guoyao Junbai	5,590,741	8.5%
Pengjin Taihe	4,477,890	6.8%
Chengdu Yiyi	2,150,000	3.3%
Ms. Qi Guorong	2,123,000	3.2%
Mr. Feng Bin	1,100,000	1.7%
Ms. Mei Xiaoling	1,080,000	1.6%
Mr. Qi Jie	980,000	1.5%
Sichuan Yuandian	888,890	1.3%
Ms. Duan Li	733,138	1.1%
Mr. Sun Yu	735,000	1.1%
Ms. Lai Haiyan	600,000	0.9%
Mr. Chen Rong	500,000	0.8%
Mr. Jiang Ping	350,000	0.5%
Mr. Tan Dong	290,000	0.4%
Mr. Liu Zhendong	240,000	0.4%
Mr. Guo Xianjun	240,000	0.4%
Ms. Hu Wenyu	200,000	0.3%
Mr. Zhang Dayong	180,000	0.3%
Ms. Zhang Li	180,000	0.3%
Mr. Luo Yujin	140,000	0.2%

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Name of Shareholder	Number of Shares	Shareholding percentage
Mr. Fu Zhonggen	120,000	0.2%
Ms. Chen Shuang	120,000	0.2%
Ms. Zhang Xiaojia	120,000	0.2%
Ms. Ju Youbin	100,000	0.2%
Mr. Xiong Shichao	100,000	0.2%
Mr. Liu Wenrui	100,000	0.2%
Mr. Zhang Rui	100,000	0.2%
Mr. Zhong Xiangyu	100,000	0.2%
Chengdu Simeirui	100,000	0.2%
Mr. Zou Changyou	100,000	0.2%
Ms. Wu Jinying	80,000	0.1%
Dr. Zhou Jingbo	50,000	0.1%
Mr. Wen Wu	50,000	0.1%
Ms. Xu Huili	50,000	0.1%
Ms. Mei Hongbin	40,000	0.1%
Ms. Li Min	30,000	0.0%*
Mr. Guo Ping	30,000	0.0%*
Mr. Ding Wei	10,000	0.0%*
Total	<u>65,970,741</u>	<u>100.0%</u>

Note:

* Denotes less than 0.05%

Major Shareholding Changes during and after the Track Record Period

2023 Share Transfers

The following table sets out the details of share transfers among our then existing Shareholders in 2023 (“2023 Share Transfers”).

Date of the relevant equity transfer agreement(s)	Transferer	Transferee	Number of Shares transferred	Consideration
March 31, 2023	Kinna Investment	Mr. Yu Runmin	461,795	RMB7,000,000
		Mr. Du Qinglong	131,941	RMB2,000,000
		Ms. Liu Tong	131,941	RMB2,000,000
		Mr. Xie Li	131,941	RMB2,000,000
		Ms. Xue Ping	131,941	RMB2,000,000
June 1, 2023		Mr. Wang Yong	197,912	RMB3,000,000
June 19, 2023		Zhongshan Zhongzhi Pharmaceutical Group Co., Ltd. (中山市中智藥業集團有限公司) (“Zhongzhi Pharmaceutical”)	2,308,976	RMB35,000,000
June 27, 2023	Mr. Guo Ping	Mr. Li Guoyuan	10,000	RMB151,600
		Mr. Wang Cheng	10,000	RMB151,600
		Ms. Ai Xuehua	10,000	RMB151,600
June 30, 2023	Mr. Guo Xianjun	Ms. Zhang Wei	160,000	RMB2,908,800

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Date of the relevant equity transfer agreement(s)	Transferer	Transferee	Number of Shares transferred	Consideration
	Mr. Liu Zhendong		80,000	RMB1,454,400
October 11, 2023	Ms. Lai Haiyan	Guangfa Xinde Lanhu	600,000	RMB10,908,000
	Mr. Zhang Rui	Phase II (Suzhou)	100,000	RMB1,818,000
	Mr. Zhong Xiangyu	Health Industry Venture Capital Partnership	100,000	RMB1,818,000
	Chengdu Simeirui	(Limited Partnership)	100,000	RMB1,818,000
	Mr. Zou Changyou	(廣發信德嵐湖二期(蘇州)健康產業創業投資合夥企業(有限合夥))	100,000	RMB1,818,000
		(“GF Xinde”)		

Following the completion of the 2023 Share Transfers, the shareholding structure of our Company was as follows:

Name of Shareholder	Number of Shares	Shareholding percentage
Mr. Jiang Yun	18,498,500	28.0%
Kinna Investment	9,151,965	13.9%
Mr. Jiang Ercheng	10,645,170	16.1%
Guoyao Junbai	5,590,741	8.5%
Pengjin Taihe	4,477,890	6.8%
Zhongzhi Pharmaceutical	2,308,976	3.5%
Chengdu Yiyi	2,150,000	3.3%
Ms. Qi Guorong	2,123,000	3.2%
Mr. Feng Bin	1,100,000	1.7%
Ms. Mei Xiaoling	1,080,000	1.6%
GF Xinde	1,000,000	1.5%
Mr. Qi Jie	980,000	1.5%
Sichuan Yuandian	888,890	1.3%
Mr. Sun Yu	735,000	1.1%
Ms. Duan Li	733,138	1.1%
Mr. Chen Rong	500,000	0.8%
Mr. Yu Runmin	461,795	0.7%
Mr. Jiang Ping	350,000	0.5%
Mr. Tan Dong	290,000	0.4%
Ms. Zhang Wei	240,000	0.4%
Ms. Hu Wenyu	200,000	0.3%
Mr. Wang Yong	197,912	0.3%
Mr. Zhang Dayong	180,000	0.3%
Ms. Zhang Li	180,000	0.3%
Mr. Liu Zhendong	160,000	0.2%
Mr. Luo Yujin	140,000	0.2%
Mr. Du Qinglong	131,941	0.2%
Ms. Liu Tong	131,941	0.2%
Mr. Xie Li	131,941	0.2%
Ms. Xue Ping	131,941	0.2%
Mr. Fu Zhonggen	120,000	0.2%
Ms. Zhang Xiaojia	120,000	0.2%
Ms. Chen Shuang	120,000	0.2%
Mr. Xiong Shichao	100,000	0.2%

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Name of Shareholder	Number of Shares	Shareholding percentage
Ms. Ju Youbin	100,000	0.2%
Mr. Liu Wenrui	100,000	0.2%
Mr. Guo Xianjun	80,000	0.1%
Ms. Wu Jinying	80,000	0.1%
Mr. Wen Wu	50,000	0.1%
Ms. Xu Huili	50,000	0.1%
Dr. Zhou Jingbo	50,000	0.1%
Ms. Mei Hongbin	40,000	0.1%
Ms. Li Min	30,000	0.0%*
Mr. Ding Wei	10,000	0.0%*
Mr. Li Guoyuan	10,000	0.0%*
Mr. Wang Cheng	10,000	0.0%*
Ms. Ai Xuehua	10,000	0.0%*
Total	65,970,741	100.0%

Note:

* Denotes less than 0.05%

Share Repurchase and Reduction of Registered Capital

In December 2024 and January 2025, our Company entered into several share repurchase agreements with certain Pre-[REDACTED] Investors and repurchased a total of 7,315,300 Shares, including (i) 5,590,741 Shares held by Guoyao Junbai at a repurchase price of approximately RMB11.9 per Share, (ii) 735,000 Shares held by Mr. Sun Yu at a repurchase price of approximately RMB14.6 per Share, (iii) a total of 527,764 Shares held by Mr. Du Qinglong, Ms. Liu Tong, Mr. Xie Li and Ms. Xue Ping at a repurchase price of approximately RMB16.8 per Share, and (iv) 461,795 Shares held by Mr. Yu Runmin at a repurchase price of approximately RMB16.8 per Share. The considerations were determined based on the terms set out in the respective investment agreements with the relevant investors, and were fully settled on March 11, 2025.

Upon the completion of the above share repurchases, our registered capital was decreased to RMB58,655,441.

2025 Share Transfer

In March 2025, GF Xinde entered into a share transfer agreement with Shanghai Jidajian Enterprise Management Partnership (Limited Partnership) (上海吉達健企業管理合夥企業(有限合夥)) (“**Shanghai Jidajian**”), pursuant to which, GF Xinde transferred all the Shares it held in our Company to Shanghai Jidajian at a consideration of RMB19,941,218.63. The consideration was fully settled on March 25, 2025.

For the shareholding structure of our Company as of the Latest Practicable Date, see “— Our Capitalization” below.

PRC LEGAL ADVISORS’ CONFIRMATION

As advised by our PRC Legal Advisors, our Company has made necessary industrial and commercial registrations or filings in relation to the changes of shareholdings as set out above.

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PRE-[REDACTED] INVESTMENTS

The following table summarizes the key terms of the Pre-[REDACTED] Investments:

Equity Financing of our Company

	2019 Financing
Date of payment of full consideration . . .	January 21, 2020
Approximate cost per Share	RMB8.9
Discount to the [REDACTED]⁽¹⁾ . . .	[REDACTED]%
Post-money valuation of our Company . . .	RMB590 million
Basis of determination of the valuation and consideration	The consideration for the 2019 Financing was determined through arm’s-length negotiations between Guoyao Junbai and our Group with reference to, among others, the timing of the investment, the operational and financial performance of our Group, and the prospects of our business.
Lock-up period	Pursuant to the applicable PRC laws, within the 12 months following the [REDACTED], all existing Shareholders (including the Pre-[REDACTED] Investors) of our Company could not dispose of any of the Shares held by them.
Strategic benefits	We are of the view that our Company can benefit from the investment by Guoyao Junbai as the investment demonstrated its confidence in our Group’s operations and served as an endorsement of our Company’s performance and strengths. Our Company is also of the view that Guoyao Junbai has good presence in our industry which can provide us with professional insights and advice on our Group’s development and can help us achieve business synergies through enhanced business cooperation.
Use of proceeds from the 2019 Financing	We utilized the proceeds from the 2019 Financing for the growth and expansion of our Company’s business and as our general working capital. As of the Latest Practicable Date, proceeds from the 2019 Financing had been fully utilized.

Transfer of Shares of our Company

	Share Transfers Before 2017	2017-2021 Share Transfers	2022 Share Transfers	2023 Share Transfers	2025 Share Transfer
Date of payment of full consideration	December 20, 2018	February 26, 2019 to November 11, 2021	December 5, 2022	January 10, 2024	March 25, 2025
Approximate cost per Share	RMB0.3 to RMB5.9	RMB4.0 to RMB13.6	RMB4.0 to RMB13.6	RMB15.2 to RMB18.2	RMB19.9
Discount to the [REDACTED]⁽¹⁾	[REDACTED]% to [REDACTED]%	[REDACTED]% to [REDACTED]%	[REDACTED]% to [REDACTED]%	[REDACTED]% to [REDACTED]%	[REDACTED]%
Basis of determination of the consideration	The consideration for each Share transfer was determined through arm’s-length negotiations between the then existing Shareholders with reference to, among others, the original acquisition cost per Share (if applicable), the operational and financial performance of our Group, and the prospects of our business.				
Lock-up period	Pursuant to the applicable PRC laws, within the 12 months following the [REDACTED], all existing Shareholders (including the Pre-[REDACTED] Investors) of our Company could not dispose of any of the Shares held by them.				

Note:

(1) The discount to the [REDACTED] is calculated based on the foreign exchange rate as of the Latest Practicable Date and the assumption that the [REDACTED] is HK\$[REDACTED] per H Share (being the mid-point of the indicative [REDACTED] range).

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Special rights of the Pre-[REDACTED] Investors

None of our existing Pre-[REDACTED] Investors was granted any special rights as of the Latest Practicable Date.

Information Relating to Our Major Existing Pre-[REDACTED] Investors

Set out below are details of our major Pre-[REDACTED] Investors who held more than 1.0% of the total issued share capital of our Company as of the Latest Practicable Date.

To the best of our Company’s knowledge, information and belief and having made all reasonable enquiries, save for Ms. Qi Guorong (the mother of Mr. Jiang Ercheng, an executive Director), Mr. Qi Jie (the maternal uncle of Mr. Jiang Ercheng), Mr. Jiang Ping (the elder sibling of Mr. Jiang Yun, an executive Director), and Zhongzhi Pharmaceutical, all the other Pre-[REDACTED] Investors and their ultimate beneficial owners are Independent Third Parties.

Pre-[REDACTED] Investors	Backgrounds
Pengjin Taihe	<p>Pengjin Taihe, a limited partnership established in the PRC on November 27, 2017, is managed by its general partner Chengdu Chuanshang Toupengjin Equity Investment Fund Management Co., LTD (成都川商投朋錦私募基金管理有限公司) (“Chuanshang Toupengjin”). Established in the PRC on December 14, 2012 and registered with the Asset Management Association of China (the “AMAC”) as a private equity fund manager since August 20, 2015, Chuanshang Toupengjin is controlled of by Sichuan Business Investment Group Co., Ltd. (四川省商業投資集團有限責任公司) (“Sichuan Shangtou Group”), which is in turn controlled by Sichuan Provincial Government State-owned Assets Supervision and Administration Commission (四川省政府國有資產監督管理委員會). As of the Latest Practicable Date, all five limited partners of Pengjin Taihe were Independent Third Parties, of which Chengdu Juzhong Investment Co., Ltd. (成都聚眾投資有限公司) (“Chengdu Juzhong”) held 49.6% partnership interests in Pengjin Taihe, being its largest limited partner. Chengdu Juzhong was controlled by Zhong Ming (鐘明), an Independent Third Party. Chengdu Southwest Building Materials (Group) Co., Ltd. (成都西南建材(集團)有限公司) (“Chengdu Southwest Building Materials”) holds 32.25% partnership interest in Pengjin Taihe, being its second largest limited partner. Chengdu Southwest Building Materials was controlled by Wang Jinrong (王金蓉), an Independent Third Party. Pengjin Taihe has no other limited partners holding more than 30% partnership interest.</p> <p>Pengjin Taihe is a professional institutional investor in the PRC principally engaged in equity investments.</p>
Zhongzhi Pharmaceutical .	<p>Zhongzhi Pharmaceutical is a company established in the PRC on March 5, 1993 and ultimately controlled by Mr. Lai Zhitian (賴智填), a non-executive Director.</p> <p>Zhongzhi Pharmaceutical is an affiliate of Zhongzhi Pharmaceutical Holdings Limited (中智藥業控股有限公司), a company listed on the Stock Exchange (stock code: 3737) and principally engaged in pharmaceutical manufacturing and operation of chain pharmacies.</p>

HISTORY AND CORPORATE STRUCTURE

Pre-[REDACTED] Investors	Backgrounds
Shanghai Jidajian .	Shanghai Jidajian is a limited partnership established in the PRC and managed by its general partner, Shanghai Daixing Private Equity Fund Management Partnership (Limited Partnership) (上海岱興私募基金管理合夥企業(有限合夥)), which is in turn ultimately controlled by Zhang Fan, an Independent Third Party. As of the Latest Practicable Date, Luo Jie (羅劫), an Independent Third Party, was the sole limited partner of Shanghai Jidajian, holding 99.67% partnership interest in Shanghai Jidajian. Shanghai Jidajian is an institutional investor that primarily focuses on equity investment.
Chengdu Yiyi	Chengdu Yiyi is a company established in the PRC on November 15, 2006 and ultimately jointly controlled by Mr. Zha Bo (查波) and Ms. Cai Ying (蔡穎), both Independent Third Parties. Chengdu Yiyi was primarily engaged in the provision of technical consultation.
Sichuan Yuandian .	Sichuan Yuandian is a company established in the PRC on July 29, 2014 and ultimately controlled by Ms. Jin Wenfeng (金文鳳), an Independent Third Party. Sichuan Yuandian was primarily engaged in the provision of technology support and business development assistance outsourced by the financial institutions.
Individual Investors	Each of Ms. Mei Xiaoling and Ms. Duan Li is an Independent Third Party and an individual investor with extensive investment experience in the broader healthcare and biopharmaceutical industries.

Joint Sponsors' Confirmation

On the basis that (1) the [REDACTED] will take place more than 120 clear days after the completion of the Pre-[REDACTED] Investments; and (2) none of the existing Pre-[REDACTED] Investors was granted any special rights as of the Latest Practicable Date, the Joint Sponsors confirm that the Pre-[REDACTED] Investments are in compliance with Chapter 4.2 of the Guide for New Listing Applicants.

[REDACTED]

HISTORY AND CORPORATE STRUCTURE

[REDACTED]

MAJOR ACQUISITIONS AND DISPOSALS

During the Track Record Period and up to the Latest Practicable Date, we did not conduct any acquisitions, disposals or mergers that we consider to be material to us.

PREVIOUS LISTING APPLICATIONS AND REASONS FOR [REDACTED]

In March 2011, our Company submitted an application for listing of our Shares on the ChiNext Market of the Shenzhen Stock Exchange (the “**First A-share Listing Application**”). In August 2012, after taking into account a number of factors, including our then business and operational status, our Company voluntarily withdrew the First A-Share Listing Application. In January 2020, our Company re-submitted an application for listing of our Shares on the ChiNext Market of the Shenzhen Stock Exchange (the “**Second A-share Listing Application**,” collectively with the First A-share Listing Application, the “**A-share Listing Applications**”). Taking into account the prevailing market conditions, our Company voluntarily withdrew the Second A-share Listing Application in April 2021.

In October 2023, we initiated the tutoring filing with the Sichuan Bureau of the CSRC (中國證券監督管理委員會四川監管局) for a potential application for listing on the main board of the Shenzhen Stock Exchange. In April 2024, we voluntarily terminated the tutoring filing and decided to seek a [REDACTED] of our Shares on the Stock Exchange after considering, among others, our future business strategic positioning. The tutoring filing is an administrative step for listing preparation and did not constitute a formal listing application by itself. The Sichuan Bureau of the CSRC did not raise any questions or comments in relation to the tutoring filing or the relevant listing plan.

Our Directors consider that the Stock Exchange, as an internationally recognized and reputable stock exchange, can provide us with a platform to access the international capital markets and expand our global business footprint, the [REDACTED] will provide us with the necessary funding to increase our competitiveness by expanding our operations and strengthening our business prospects, and the [REDACTED] on the Stock Exchange will raise our profile and market awareness of our brand name and present us with an opportunity to further expand our investor base. Taking into account, among others, the aforementioned factors and the long-term business development strategies of our Group, our Directors consider the Stock Exchange to be a suitable venue to access international equity markets, and the [REDACTED] will be in the best interests of our Company and our Shareholders as a whole.

Our Directors are not aware of (i) any matters or findings from the A-share Listing Applications or the aforementioned tutoring filing which have been brought to their attention that would have a material adverse implication on the [REDACTED], (ii) any disagreement or dispute between us and the professional parties involving in the A-share Listing Applications or the aforementioned tutoring filing, or (iii) any matters that might materially and adversely affect our Company’s suitability for the [REDACTED]. Our Directors further confirm that there is no other matter in relation to the A-share Listing Applications or the aforementioned tutoring filing that needs to be brought to the attention of the Stock Exchange or potential [REDACTED].

Based on the independent due diligence work performed by the Joint Sponsors and the information and representation given to the Joint Sponsors, nothing material has come to the Joint Sponsors’ attention that could reasonably cause the Joint Sponsors to cast doubts on the Directors’ views set out above.

HISTORY AND CORPORATE STRUCTURE

OUR CAPITALIZATION

The below table is a summary of the capitalization of our Company as of the Latest Practicable Date and immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised):

Name of Shareholder	As of the Latest Practicable Date		Immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised)	
	Number of Shares	% as to the total issued share capital of our Company	Number of Shares ⁽³⁾	% as to the total issued share capital of our Company
Mr. Jiang Yun ⁽¹⁾⁽²⁾	18,498,500	31.5%	18,498,500	[REDACTED]%
Kinna Investment	9,151,965	15.6%	9,151,965	[REDACTED]%
Mr. Jiang Ercheng ⁽¹⁾⁽²⁾	10,645,170	18.1%	10,645,170	[REDACTED]%
Pengjin Taihe	4,477,890	7.6%	4,477,890	[REDACTED]%
Zhongzhi Pharmaceutical	2,308,976	3.9%	2,308,976	[REDACTED]%
Chengdu Yiyi	2,150,000	3.7%	2,150,000	[REDACTED]%
Ms. Qi Guorong ⁽²⁾	2,123,000	3.6%	2,123,000	[REDACTED]%
Mr. Feng Bin	1,100,000	1.9%	1,100,000	[REDACTED]%
Ms. Mei Xiaoling	1,080,000	1.8%	1,080,000	[REDACTED]%
Shanghai Jidajian	1,000,000	1.7%	1,000,000	[REDACTED]%
Mr. Qi Jie ⁽²⁾	980,000	1.7%	980,000	[REDACTED]%
Sichuan Yuandian	888,890	1.5%	888,890	[REDACTED]%
Ms. Duan Li	733,138	1.2%	733,138	[REDACTED]%
Mr. Chen Rong	500,000	0.9%	500,000	[REDACTED]%
Mr. Jiang Ping ⁽¹⁾	350,000	0.6%	350,000	[REDACTED]%
Mr. Tan Dong	290,000	0.5%	290,000	[REDACTED]%
Ms. Zhang Wei	240,000	0.4%	240,000	[REDACTED]%
Ms. Hu Wenyu	200,000	0.3%	200,000	[REDACTED]%
Mr. Wang Yong	197,912	0.3%	197,912	[REDACTED]%
Mr. Zhang Dayong	180,000	0.3%	180,000	[REDACTED]%
Ms. Zhang Li	180,000	0.3%	180,000	[REDACTED]%
Mr. Liu Zhendong	160,000	0.3%	160,000	[REDACTED]%
Mr. Luo Yujin	140,000	0.2%	140,000	[REDACTED]%
Mr. Fu Zhonggen	120,000	0.2%	120,000	[REDACTED]%
Ms. Zhang Xiaojia	120,000	0.2%	120,000	[REDACTED]%
Ms. Chen Shuang	120,000	0.2%	120,000	[REDACTED]%
Mr. Xiong Shichao	100,000	0.2%	100,000	[REDACTED]%
Ms. Ju Youbin	100,000	0.2%	100,000	[REDACTED]%
Mr. Liu Wenrui	100,000	0.2%	100,000	[REDACTED]%
Mr. Guo Xianjun	80,000	0.1%	80,000	[REDACTED]%
Ms. Wu Jinying	80,000	0.1%	80,000	[REDACTED]%
Mr. Wen Wu	50,000	0.1%	50,000	[REDACTED]%
Ms. Xu Huili	50,000	0.1%	50,000	[REDACTED]%
Dr. Zhou Jingbo	50,000	0.1%	50,000	[REDACTED]%
Ms. Mei Hongbin	40,000	0.1%	40,000	[REDACTED]%
Ms. Li Min	30,000	0.1%	30,000	[REDACTED]%*
Mr. Ding Wei	10,000	0.0%*	10,000	[REDACTED]%*
Mr. Li Guoyuan	10,000	0.0%*	10,000	[REDACTED]%*
Mr. Wang Cheng	10,000	0.0%*	10,000	[REDACTED]%*
Ms. Ai Xuehua	10,000	0.0%*	10,000	[REDACTED]%*

HISTORY AND CORPORATE STRUCTURE

Name of Shareholder	As of the Latest Practicable Date		Immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised)	
	Number of Shares	% as to the total issued share capital of our Company	Number of Shares ⁽³⁾	% as to the total issued share capital of our Company
[REDACTED] from the [REDACTED]	—	—	[REDACTED]	[REDACTED]%
Total	58,655,441	100.0%	[REDACTED]	100.0%

Notes:

- (1) Mr. Jiang Yun is the father of Mr. Jiang Ercheng.
- (2) Mr. Jiang Ping is the elder sibling of Mr. Jiang Yun. Ms. Qi Guorong is the mother of Mr. Jiang Ercheng. Mr. Qi Jie is the maternal uncle of Mr. Jiang Ercheng.
- (3) All of our Shareholders have applied to the CSRC, the Stock Exchange and other relevant regulatory authorities to convert the Unlisted Shares held by them into H Shares. For details, see “Share Capital.”

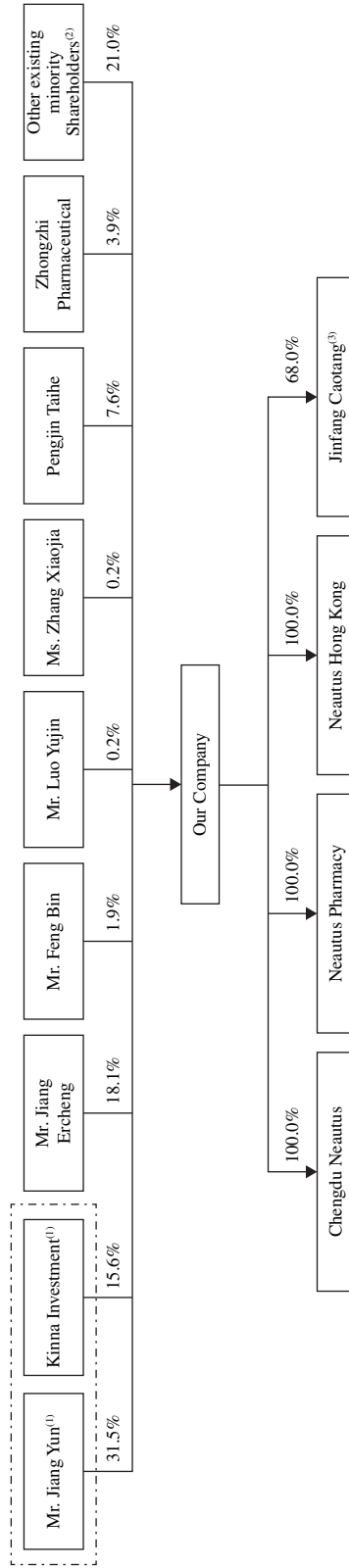
* [REDACTED]

HISTORY AND CORPORATE STRUCTURE

OUR SHAREHOLDING AND CORPORATE STRUCTURE

Immediately Prior to the [REDACTED]

The following chart sets forth our corporate and shareholding structure immediately prior to the [REDACTED]:



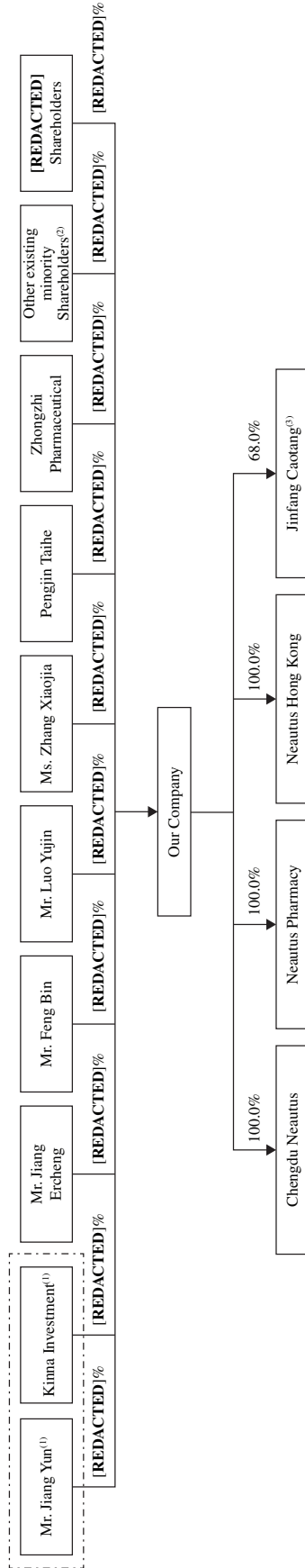
Notes:

- (1) As of the date of this document, Mr. Jiang Yun was able to exercise 47.1% of the voting rights in our Company through (i) 18,498,500 Shares directly held by himself; (ii) 9,151,965 Shares held by Kinna Investment by virtue of his capacity as its ultimate beneficial owner.
- (2) These were 32 existing minority Shareholders and each of them held less than 5.0% of our Company as of the Latest Practicable Date. For details, see “— Our Capitalization” above.
- (3) As of the Latest Practicable Date, Jinfang Caotang was owned by our Company, Ms. Zhang Xiaojia (deputy general manager of our Company), Mr. Luo Yujin (an executive Director and deputy general manager of our Company), Mr. Li Xueran (an Independent Third Party) and Ms. Liu Jing (an Independent Third Party) as to 68.0%, 20.0%, 8.0%, 2.0% and 2.0%, respectively.

HISTORY AND CORPORATE STRUCTURE

Immediately Upon Completion of the [REDACTED]

The following chart sets forth our corporate and shareholding structure immediately upon completion of the [REDACTED], assuming the [REDACTED] is not exercised:



Notes:

- (1) Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Mr. Jiang Yun was able to exercise [REDACTED] % of the voting rights in our Company through (i) 18,498,500 Shares directly held by himself; (ii) 9,151,965 Shares held by Kinma Investment by virtue of his capacity as its ultimate beneficial owner.
- (2) These were 32 existing minority Shareholders and each of whom held less than 5.0% of our Company as of the Latest Practicable Date. For details, see “— Our Capitalization” above.
- (3) As of the Latest Practicable Date, Jinfang Caotang was owned by our Company, Ms. Zhang Xiaojia, Mr. Luo Yujin, Mr. Li Xueran and Ms. Liu Jing as to 68.0%, 20.0%, 8.0%, 2.0% and 2.0%, respectively.