## OVERVIEW

Our history dates back to 1986, when our founder, Mr. ZHENG Jianjiang, perceptively identified the opportunities and growth potential in the power meter industry and established our business through taking over the operation of Longguan Township Watch Parts Factory (龍觀鄉鐘表零件廠). In 2015, our Group further expanded into the healthcare sector, heralding a new chapter of dual-track growth. Over the course of nearly four decades, our Group has evolved into a globally leading provider of comprehensive smart power distribution and utilization equipment and solutions, and the largest chain rehabilitation hospital group in China.

In June 2011, the A Shares of our Company were listed on the Shanghai Stock Exchange (stock code: 601567). See "— Corporate Development and Major Shareholding Changes — Conversion into a Joint Stock Limited Liability Company and Listing on the Shanghai Stock Exchange" for more details.

For further details about Mr. ZHENG Jianjiang's extensive industry experience, please refer to the section headed "Directors and Senior Management" in this document.

## MILESTONES

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

| Year | Milestone |
|---|---|
| **1986** . . . . . . | Our founder, Mr. ZHENG Jianjiang, established our business through taking over the operation of Longguan Township Watch Parts Factory (龍觀鄉鐘表零件廠). |
| **1991** . . . . . . | We launched the "Sanxing" brand and developed our first mechanical electric meter. |
| **2001** . . . . . . | We broadened our operations to encompass the power distribution industry. |
| **2007** . . . . . . | Our Company was established and became the holding company of our Group through a series of asset acquisitions and business restructurings. |
| **2011** . . . . . . | Our Company was listed on the Shanghai Stock Exchange (stock code: 601567). |
| **2015** . . . . . . | We entered into the rehabilitation and medical services industry.<br>We acquired our Brazil subsidiary, established our local precense and expanded into overseas power utilization business. |
| **2022** . . . . . | Our product portfolio further expanded to include new energy products. |
| **2023** . . . . . . | We began expanding into the overseas power distribution business. |

## OUR MAJOR SUBSIDIARIES

We have been continuously expanding our business since inception, and had over 100 subsidiaries globally as of the Latest Practicable Date to facilitate rapid and effective implementation of our strategies. Below are the Major Subsidiaries that made material contributions to our results of operations during the Track Record Period and up to the Latest Practicable Date.

| Name | Date of establishment and commencement of business | Place of establishment | Principal business activities |
|---|---|---|---|
| AUX Smart Technology . . . . | April 18, 2001 | PRC | Sales of smart power distribution and utilization products |
| Sanxing Smart Electric . . . . . | March 1, 2010 | PRC | Sales of smart power distribution and utilization products |
| Ningbo Lianneng Instrument Co., Ltd. (寧波聯能儀表有限公司) ("**Ningbo Lianneng**")*Note* . . . . . . . . . | January 2, 2001 | PRC | Sales of smart power distribution and utilization products |
| Sanxing Electric (Hong Kong) Company Limited (三星電氣(香港)有限公司) . | September 3, 2012 | Hong Kong | Sales of smart power distribution and utilization products |
| Shanghai Sanyan Trading Co., Ltd. (上海三硯商貿股份有限公司) . . . . . . . . . . | May 14, 2013 | PRC | Commercial trade |
| Ningbo Mingzhou Hospital Co., Ltd. (寧波明州醫院有限公司) . . . . . . . . . . . . . . | November 5, 2014 | PRC | Healthcare services |
| Mingzhou Healthcare Group . | April 7, 2015 | PRC | Investment |
| Ningbo AUX Investment Management Co., Ltd. (寧波奧克斯投資管理有限公司) . . . . . . . . . . . . . . . . | April 16, 2015 | PRC | Investment |
| Ningbo Mingzhou Medical Investment Management Co., Ltd. (寧波明州醫療投資管理有限公司) . . . . . . . | April 16, 2015 | PRC | Investment |
| AUX Supply Chain . . . . . . . | May 22, 2015 | PRC | Procurement of raw materials |
| Ningbo Mingzhou Rehabilitation Medical Investment Management Co., Ltd. (寧波明州康復醫療投資管理有限公司) . . . . | May 22, 2015 | PRC | Investment |

| Name | Date of establishment and commencement of business | Place of establishment | Principal business activities |
|---|---|---|---|
| Ningbo AUX Yongneng Technology Co., Ltd. (寧波奧克斯甬能科技有限公司) . | November 4, 2015 | PRC | Sales of new energy products |
| Ningbo AUX Power Internet of Things Technology Co., Ltd. (寧波奧克斯電力物聯網技術有限公司) . . . . | April 22, 2020 | PRC | Sales of smart power distribution and utilization products |
| Ningbo Aogao Supply Chain Co., Ltd. (寧波奧高供應鏈有限公司) . . . . . . . . . . . . | December 10, 2021 | PRC | Procurement of raw materials |
| Ningbo Aoneng Electric Co., Ltd. (寧波奧能電氣有限公司) . . . . . . . . . . . . . . . . . | January 25, 2024 | PRC | Sales of smart power distribution and utilization products |
| Brazil Nansen Precision Instruments Co., Ltd. (巴西南森精密儀器有限責任公司) . . . . . . . . . . . . . . | July 20, 1972 | Brazil | Sales of smart power distribution and utilization products |

*Note:* As of the Latest Practicable Date, our Company held 100% equity interests in all of the above Major Subsidiaries, except for Ningbo Lianneng, which was held as to 95% by our Company and 5% by Shanghai Tongling Electric Co., Ltd. (上海通領電氣有限公司), an Independent Third Party.

## CORPORATE DEVELOPMENT AND MAJOR SHAREHOLDING CHANGES

### Establishment and Early Development

Our history dates back to 1986, when our founder, Mr. ZHENG Jianjiang, perceptively identified the opportunities and growth potential in the instrumentation industry and established our business by taking over the operation of Longguan Township Watch Parts Factory (龍觀鄉鐘表零件廠). From 1991 to 1999, our business was operated through our predecessor, Ningbo Sanxing Instrument Factory (寧波三星儀表廠), formerly known as Yin County Instrument and Electrical Appliance Factory (鄞縣儀表電器廠). During this period, we launched the "Sanxing" brand and developed our first mechanical electric meter.

In May 1999, our predecessor, Ningbo Sanqiang Electrical Appliance Co., Ltd. (寧波三強電器有限公司), which was subsequently renamed Ningbo Sanxing Technology Co., Ltd. (寧波三星科技有限公司) ("**Ningbo Sanxing Tech**"), was established with an initial registered capital of RMB1.5 million. At the time of its establishment, Ningbo Sanxing Tech was owned 70% by Ningbo Sanxing Group Co., Ltd. (寧波三星集團股份有限公司), 20% by Ningbo AUX Electrical Appliance Factory (寧波奧克斯電器廠), and 10% by Ningbo Huaqing Electrical Appliance Co., Ltd. (寧波華強電器有限公司). In 2004, Ningbo Sanxing Tech became a wholly-owned subsidiary of China Bloom Industrial Co., Ltd., which was ultimately controlled by our Controlling Shareholders.

On February 1, 2007, our Company was incorporated as a limited liability company in the PRC to serve as the holding company of our business. In the same year, in preparation for the A-Share Listing and to strengthen the operations of our Group, we undertook a series of restructurings. As part of these efforts, all assets and businesses related to power distribution and utilization equipment previously held by Ningbo Sanxing Tech and other entities directly or indirectly controlled by our Controlling Shareholders were consolidated into our Group upon the completion of these transactions.

### Conversion into a Joint Stock Limited Liability Company and Listing on the Shanghai Stock Exchange

In March 2008, our Company accomplished all procedures required to convert from a limited liability company to a joint stock limited liability company.

In June 2011, we completed the issuance and listing of our A Shares (the "**A-Share Listing**") on the Shanghai Stock Exchange (stock code: 601567). In the A-Shares Listing, we issued an aggregate of 67,000,000 A Shares, accounting for approximately 25% of our Company's total share capital immediately following the A-Share Listing.

### Private Placement of A Shares in 2015

As approved by our Shareholders in July 2014 and the CSRC in March 2015, our Company conducted a private placement of our A Shares to raise funds mainly for the repayment of our Company's bank loans and the supplement of our Company's working capital. A total of 70,000,000 A Shares were issued in the placement to ten investors. The placement raised net proceeds of approximately RMB610.74 million. Following the completion of the private placement in April 2015, our Company's total issued share capital increased to 477,530,000 A Shares.

### Private Placement of A Shares in 2016

As approved by our Shareholders in June 2015 and November 2015 and the CSRC in January 2016, our Company conducted a private placement of our A Shares to raise funds mainly for the operation and investment of our Company's principal business. A total of 220,102,714 A Shares were issued in the placement to five investors. The placement raised net proceeds of approximately RMB2.97 billion. Following the completion of the private placement in June 2016, our Company's total issued share capital increased to 1,419,045,964 A Shares.

As of the Latest Practicable Date, there were no outstanding options, warrants or convertible securities that could potentially affect the shareholding structure of our Company.

## MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

Our Company did not carry out any major acquisitions, disposals or mergers during the Track Record Period and up to the Latest Practicable Date.

## LISTING ON THE SHANGHAI STOCK EXCHANGE AND REASONS FOR THE [REDACTED] ON THE HONG KONG STOCK EXCHANGE

On June 15, 2011, our Company completed the A-Share Listing and our A Shares commenced trading on the Shanghai Stock Exchange (stock code: 601567). Our Directors confirm that, since our listing on the Shanghai Stock Exchange and up to the Latest Practicable Date, we had no instances of material non-compliance with the rules of the Shanghai Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the [**REDACTED**]' attention in relation to our compliance record on the Shanghai Stock Exchange. Based on the public searches on the websites of Shanghai Stock Exchange and CSRC and its Ningbo Office, there are no records of material non-compliance of our Company with the rules of the Shanghai Stock Exchange and other applicable securities laws and regulations, therefore, nothing has come to the PRC Legal Advisor's attention that, during the Track Record Period and as of the Latest Practicable Date, our Company had any instance of material non-compliance with the rules of the Shanghai Stock Exchange and other applicable securities laws and regulations in any material respect. Based on the independent due diligence conducted by the Sole Sponsor and the PRC Legal Advisor's view above, no material matter has come to the Sole Sponsor's attention that would cause them to disagree with the Directors' confirmation with regard to the compliance records of our Company on the Shanghai Stock Exchange.

Our Company seeks to [**REDACTED**] on the Hong Kong Stock Exchange to further enhance our capital strength and overall competitiveness, improve our international image and profile, meet the needs of the development of our overseas business and advance our globalization strategy. For details, see "Business — Our Strategies" and "Future Plans and Use of [**REDACTED**]."

[**REDACTED**]

Pursuant to Rule 8.08(1) (as amended and replaced by Rule 19A.13A of the Listing Rules) of the Listing Rules, where a new applicant is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public, at the time of listing, must (a) represent at least 10% of the issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares); or (b) have an expected market value of not less than HK$3.0 billion.

Our A Shares are listed on the Shanghai Stock Exchange. Assuming that (i) [**REDACTED**] H Shares are [**REDACTED**] and [**REDACTED**] in the [**REDACTED**] and none of which will be [**REDACTED**] to any core connected person of our Company, (ii) the [**REDACTED**] is not exercised, and (iii) 1,405,209,400 A Shares are in issue and outstanding upon completion of the [**REDACTED**], [**REDACTED**] H Shares, representing [**REDACTED**]% of our total issued Shares (excluding any treasury Shares), will be counted towards the [**REDACTED**]. Based on the above, it is expected that our Company will satisfy the [**REDACTED**] requirements as required under Rule 19A.13A(2) of the Listing Rules. With respect to the minimum [**REDACTED**], the mid-point [**REDACTED**] and the maximum [**REDACTED**] of HK$[**REDACTED**], HK$[**REDACTED**] and HK$[**REDACTED**] per [**REDACTED**], the expected [**REDACTED**] of our H Shares held by the [**REDACTED**] would be HK$[**REDACTED**], HK$[**REDACTED**] and HK$[**REDACTED**], respectively.

[**REDACTED**]

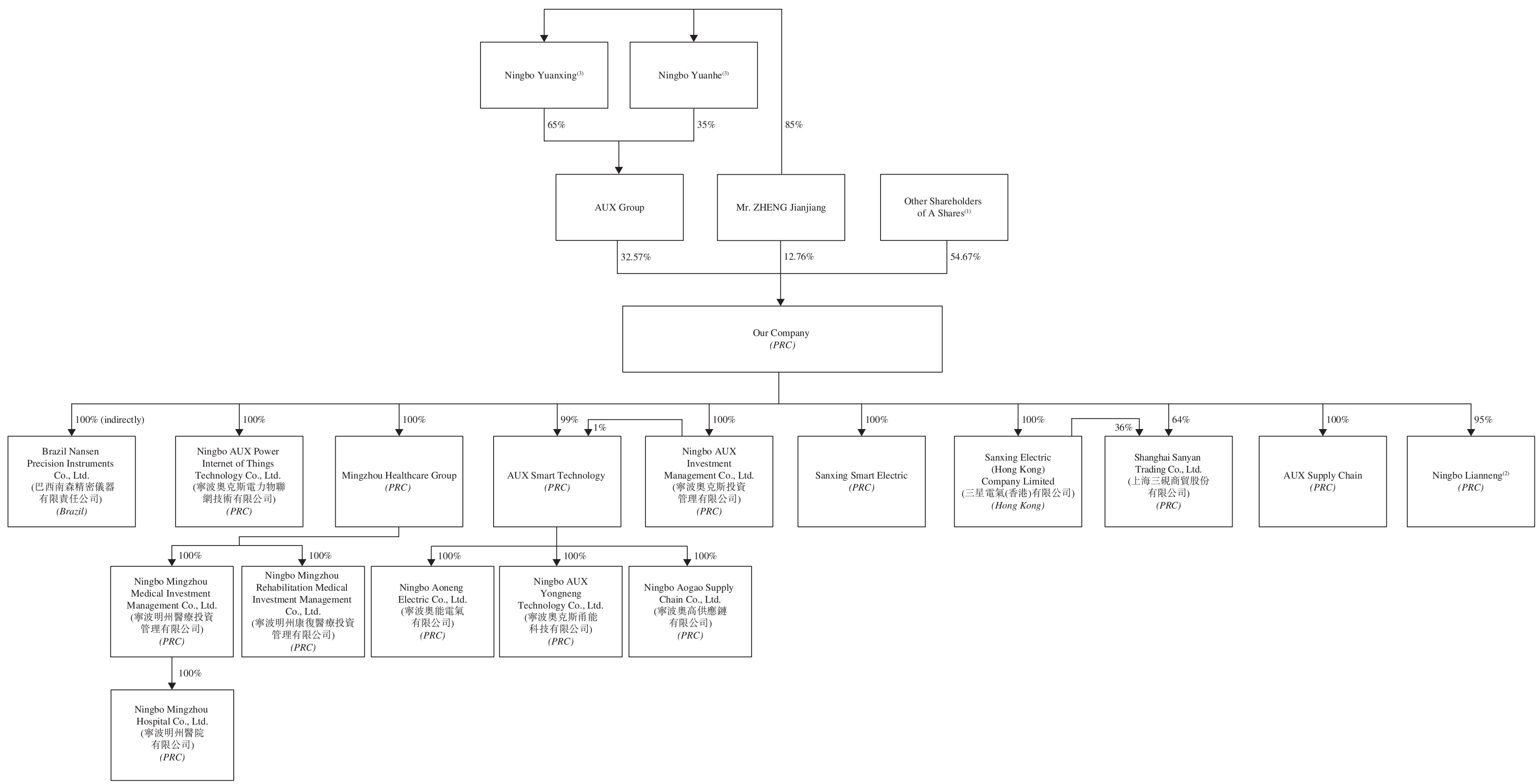
Pursuant to Rule 8.08A (as amended and replaced by Rule 19A.13C) of the Listing Rules, where a new applicant is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of listing, must: (a) represent at least 5% of the total number of issued shares in the class to which H shares belong at the time of listing (excluding treasury shares), with an expected market value at the time of listing of not less than HK$50.0 million; or (b) have an expected market value at the time of listing of not less than HK$600.0 million.

Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), the total market value of H Shares required to be held in [**REDACTED**] and not subject to any disposal restrictions is expected to be approximately HK$[**REDACTED**], calculated based on the [**REDACTED**] of HK$[**REDACTED**] per H Share (being the minimum [**REDACTED**]), which is higher than the prescribed expected market value of H Shares required to be held in public hands of not less than HK$600,000,000.

## OUR SHAREHOLDING AND CORPORATE STRUCTURE

### Shareholding and Corporate Structure Immediately before the [REDACTED]

The following chart depicts a simplified shareholding and corporate structure of our Group immediately before the completion of the [**REDACTED**], assuming that no changes are made to the total issued share capital of our Company since the Latest Practicable Date and up to the [**REDACTED**]:




*Notes:*

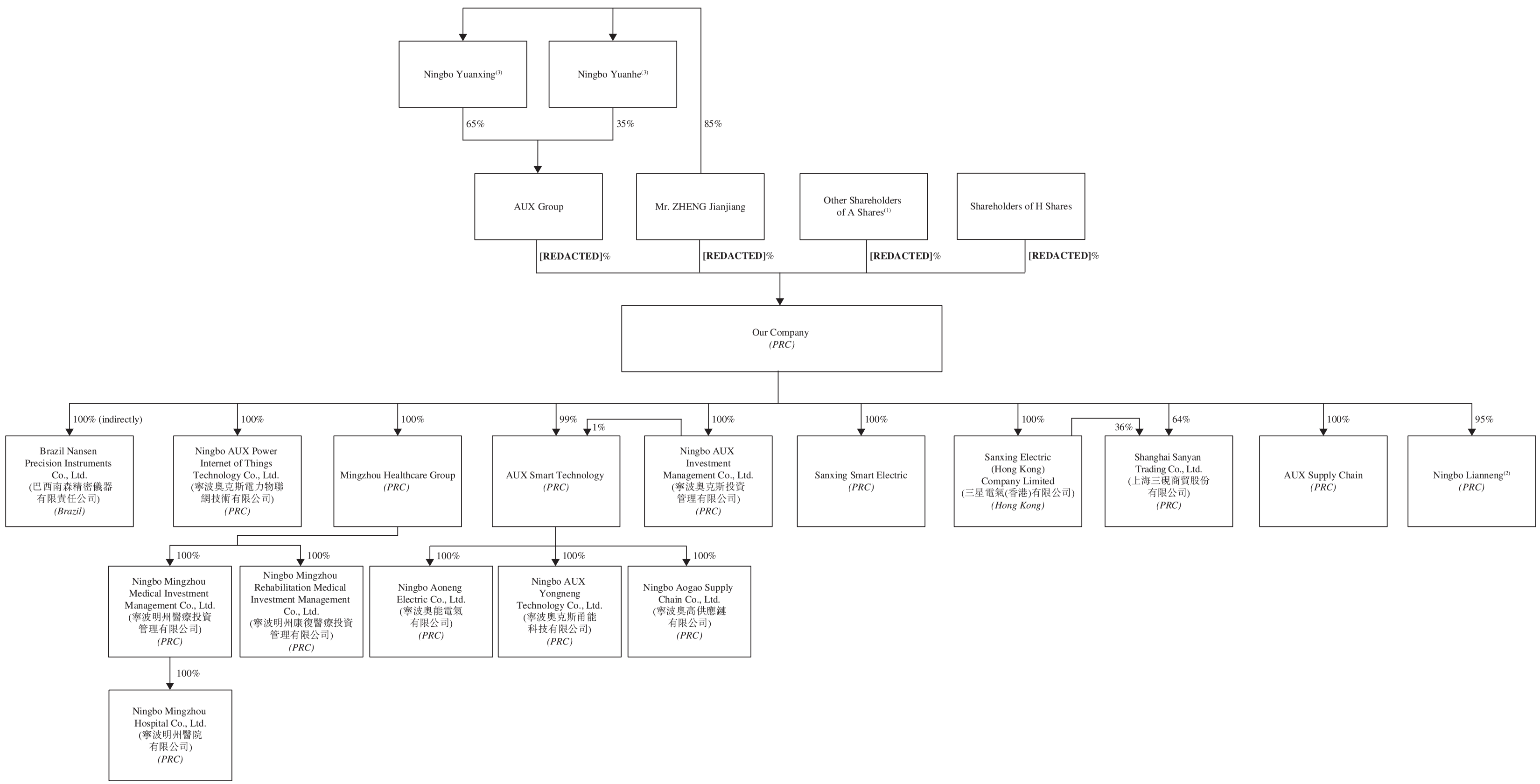
(1) Including 5,755,371 A Shares held by our Company as treasury Shares as of the Latest Practicable Date.

(2) As of the Latest Practicable Date, Ningbo Lianneng was held as to 95% by our Company and 5% by Shanghai Tongling Electric Co., Ltd. (上海通領電氣有限公司), an Independent Third Party.

(3) As of the Latest Practicable Date, each of Ningbo Yuanxing and Ningbo Yuanhe was owned as to 10% and 5% by Mr. ZHENG Jiang and Mr. HE Xiwan. Mr. ZHENG Jianjiang is the elder brother of Mr. ZHENG Jiang and Mr. HE Xiwan is the brother-in-law of Mr. ZHENG Jianjiang. Mr. ZHENG Jiang and Mr. HE Xiwan directly held approximately 4.19% and 2.01% of the issued share capital of our Company as of the Latest Practicable Date.

**Shareholding and Corporate Structure Immediately upon Completion of the [REDACTED]**

The following chart depicts a simplified shareholding and corporate structure of our Group immediately upon completion of the [**REDACTED**], assuming that the [**REDACTED**] is not exercised and no changes are made to the total issued share capital of our Company since the Latest Practicable Date and up to the [**REDACTED**]:




*Notes (1) to (3):* See "— Shareholding and Corporate Structure Immediately before the [**REDACTED**]."